The Group's net deferred tax assets and liabilities consist of the following:

	2023	2022
Deferred tax assets – net		
Allowance for ECL	**₱41,807**	₱35,648
Retirement asset	**6,101**	2,924
Deferred school fees	**630**	(1,047)
Unrealized foreign exchange loss	**(30)**	(1)
	48,508	37,524
Deferred tax liabilities – net		
Revaluation increment on land	**781,557**	565,577
Intellectual property rights and student relationship	**44,855**	59,987
Accruals	**(15,739)**	(16,479)
Retirement liabilities	**(15,469)**	(9,773)
Allowance for ECL – net	**(10,499)**	(9,691)
Allowance for inventory obsolescence	**(53)**	(53)
Others	**10,200**	743
	794,852	590,311
	₱746,343	₱552,787

The Group did not recognize deferred tax assets on the following temporary differences because the Group believes that it may not be probable that sufficient taxable income will be available in the future against which the tax benefit can be realized.

	2023	2022
NOLCO	**₱32,276**	₱23,968
Allowance for ECL	**2,092**	1,742
MCIT	**1,176**	682
Provision for retirement and others	**609**	723
Others	–	(49)
	₱36,153	₱27,066

As at December 31, 2023 and 2022, the details of NOLCO and MCIT, which are available for offset against future taxable income and tax payable, respectively, follow:

	NOLCO		MCIT	
	2023	2022	2023	2022
Beginning balance	**₱309,001**	₱424,906	**₱2,520**	₱1,838
Additions	**50,429**	59,702	**1,176**	682
Application/Expiration	**(4,662)**	(175,607)	–	–
Ending balance	**₱354,768**	₱309,001	**₱3,696**	₱2,520

		NOLCO			MCIT	
Year Incurred	Year of Expiration	2023	2022	Year of Expiration	2023	2022
2023	2026	**₱50,429**	₱–	2026	**₱1,176**	₱–
2022	2025	**59,702**	59,702	2025	**682**	682
2021	2026	**88,418**	88,418	2024	**528**	528

2020	2025	**160,881**	160,881	2023	**730**	730
		₱359,430	₱309,001		**₱3,116**	₱1,940

NOLCO incurred in 2021 and 2020 can be carried over for the next five years by the respective entities in accordance with the provision of Republic Act (RA) No. 11494, Bayanihan to Recover As One Act, with implementing guidelines covered by Revenue Regulations No. 25-2020.

24. Personnel Expenses

a. Details of personnel expenses are as follows:

	2023	2022	2021
Compensation	**₱1,313,220**	₱1,186,567	₱1,125,482
Retirement benefits (Note 25)	**22,424**	33,208	45,590
Miscellaneous benefits	**107,498**	70,013	57,260
	₱1,443,142	₱1,289,788	₱1,228,332

Miscellaneous benefits pertain to honoraria and mandatory government benefits, among others.

b. Personnel expenses as function of expense follows:

	2023	2022	2021
Cost of schools and related operations (Note 20)	**₱1,218,803**	₱1,086,585	₱1,032,944
General and administrative expenses (Note 21)	**224,339**	203,203	195,388
	₱1,443,142	₱1,289,788	₱1,228,332

25. Retirement Plans

The Group has a noncontributory and defined benefit retirement plan covering all of its regular employees. The benefits are based on the years of service and percentage of latest monthly salary. The retirement benefit is the only long-term benefit given to employees. Short-term benefits are expensed outright.

The most recent actuarial valuations were carried out in January and February 2024 for the retirement plan of the Group as at December 31, 2023.

The following tables summarize the components of the benefit expense recognized in the consolidated statements of comprehensive income and amounts recognized in the consolidated statements of financial position for the retirement obligation/asset.

	2023	2022
Net pension assets	**₱20,139**	₱38,701
Net pension liabilities	**162,452**	129,811

Components of pension expense follow:

	2023	2022	2021
Current service cost	**₱31,082**	₱35,115	₱40,870
Net interest cost on defined benefit obligation	**4,787**	909	4,720
Curtailment gain	**(13,445)**	(2,816)	–
Net pension expense (Note 24)	**₱22,424**	₱33,208	₱45,590

The net pension assets recognized in the consolidated statements of financial position as at December 31, 2023 and 2022 is as follows:

	2023	2022
Fair value of plan assets	**₱57,849**	₱121,985
Present value of defined benefit obligation	**(27,145)**	(77,599)
Effect of asset ceiling	**(10,565)**	(5,685)
	₱20,139	₱38,701

The net pension liabilities recognized in the consolidated statements of financial position as at December 31, 2023 and 2022 is as follows:

	2023	2022
Fair value of plan assets	**₱260,785**	₱204,514
Present value of defined benefit obligation	**(423,237)**	(334,325)
	(₱162,452)	(₱129,811)

The Group's combined net pension liabilities are derived as follows:

	2023	2022
Net pension assets	**₱20,139**	₱38,701
Net pension liabilities	**(162,452)**	(129,811)
	₱142,313	₱91,110

The movements in the Group's combined net pension liabilities follow:

	2023	2022
At beginning of year	**₱91,110**	₱106,023
Contribution paid	**(11,884)**	(18,165)
Net pension expense	**22,424**	33,208
Remeasurement losses (gains) recognized in OCI	**44,471**	(26,806)
Adjustments and reversals	**(344)**	33
Benefits paid	**(3,464)**	(3,183)
At end of the year	**₱142,313**	₱91,110

The Group's combined net pension liabilities as of December 31 were derived as follows:

	2023	2022
Present value of defined benefit obligation	**₱451,114**	₱411,644
Fair value of plan assets	**(319,367)**	(326,219)
Effect of asset ceiling	**10,566**	5,685
Net pension liabilities	**₱142,313**	₱91,110

The reconciliation of the present value of defined benefit obligation is as follows:

	2023	2022
Beginning balance	**₱411,644**	₱440,079
Interest cost	**27,720**	16,498
Current service cost	**31,082**	24,696
Benefits paid	**(37,193)**	(21,934)
Curtailment gain	**(13,445)**	(2,816)
Remeasurement losses (gains) on obligation:		
Experience adjustments	**17,432**	3,847
Changes in demographic assumptions	**(18,864)**	293
Changes in financial assumptions	**32,738**	(49,019)
Ending balance	**₱451,114**	₱411,644

The reconciliation of the fair value of plan assets is as follows:

	2023	2022
Beginning balance	**₱326,219**	₱334,403
Interest income	**23,389**	20,695
Contributions paid	**11,883**	12,938
Benefits paid	**(30,674)**	(24,238)
Remeasurement gains (losses) on plan assets	**(6,431)**	(22,592)
Adjustment to plan assets	**(5,019)**	5,013
Ending balance	**₱319,367**	₱326,219

Remeasurement losses (gains) recognized in OCI follow:

	2023	2022
Remeasurement losses (gains)	**₱38,040**	(₱39,507)
Return on assets excluding amount included in net interest cost	**6,431**	12,701
Total remeasurement losses (gains) recognized in OCI	**₱44,471**	(₱26,806)

The distribution of plan assets as at December 31, 2023 and 2022 is as follows:

	2023		2022	
	Amount	**%**	Amount	%
Cash and cash equivalents	**₱108,076**	**33.84%**	₱139,555	36.48%
Investments in:				
Government securities	**95,133**	**29.79%**	126,730	45.21%
Equity instruments	**107,176**	**33.56%**	50,695	15.58%
Interest and other receivables	**9,445**	**2.96%**	9,640	3.11%
Accrued trust fees	**(463)**	**-0.14%**	(401)	-0.37%
	₱319,367	**100.00%**	₱326,219	100.00%

Actual return on plan assets amounted to ₱6.5 million and ₱12.7 million in 2023 and 2022, respectively.

The Group plans to contribute ₱34.3 million in 2024.

The principal actuarial assumptions used in determining retirement expense are as follows:

	2023	2022
Discount rate:		
Beginning	**7.17%-8.03%**	4.95%-5.17%
End	**6.07%-6.15%**	7.17%-8.03%
Salary increase rate:		
Beginning	**2.95%-5.00%**	3.31%-5.00%
End	**3.07%-5.00%**	2.95%-5.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of reporting period, assuming all other assumptions were held constant.

As at December 31, 2023

	Rate	**Increase (Decrease)**	**PVO**
Discount rate	**3.45%**	**+100bps**	**₱417,179**
	2.65%	**-100bps**	**486,060**
Salary rate	**3.00%**	**+100bps**	**487,707**
	2.20%	**-100bps**	**415,213**

As at December 31, 2022

	Rate	Increase (Decrease))	PVO
Discount rate	3.92%	+100bps	₱361,759
	3.12%	-100bps	420,781
Salary rate	3.00%	+100bps	422,523
	2.20%	-100bps	359,817

The sensitivity analysis above has been determined based on a method that extrapolates the impact of defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the balance sheet date. There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Group's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.

26. Earnings Per Share

Earnings per share amounts attributable to equity holders of Parent Company are computed as follows:

	2023	2022	2021
Net income attributable to equity holders of Parent Company (a)	**₱645,325**	₱769,302	₱659,108
Weighted average number of outstanding shares – net of treasury shares (b)	**1,044,263**	1,044,263	1,044,263
Earnings per share (a/b)	**₱0.6180**	₱0.7367	₱0.6312

There are no dilutive potential shares that would require disclosure of diluted earnings per share in the consolidated financial statements.

27. Non-controlling Interest in Consolidated Subsidiaries

This represents shareholdings in material subsidiaries not held by the Group. Proportion of equity interest held by non-controlling interests (NCI) in material subsidiaries for 2023 and 2022 follows:

	2023	2022
University of Nueva Caceres	**16.99%**	16.99%
National Teachers College	**0.21%**	0.21%

Non-controlling interests in material subsidiaries as at December 31 follows (in million pesos):

	2023	2022
University of Nueva Caceres	**₱321**	₱295
National Teachers College	**5**	3

Dividends paid to non-controlling interest in consolidated subsidiaries amounted to ₱0.3 million in 2023, ₱25.6 million in 2022 (nil in 2021).

As at December 31, 2023 and 2022, the summarized financial information attributable to non-controlling interests in material subsidiaries is shown below.

(In million pesos)

	University of Nueva Caceres		National Teachers College	
	2023	2022	**2023**	2022
Assets				
Current assets	**₱380**	₱455	**₱1,038**	₱715
Noncurrent assets	**1,685**	1,634	**2,629**	1,467
	₱2,065	₱2,089	**₱3,667**	₱2,182
Liabilities and Equity				
Current liabilities	**₱139**	₱298	**₱560**	₱253
Noncurrent liabilities	**166**	153	**817**	424
	305	451	**1,377**	677
Equity	**1,760**	1,638	**2,290**	1,505
	₱2,065	₱2,089	**₱3,667**	₱2,182
Attributable to:				
Equity holders of parent	**₱1,461**	₱1,343	**₱2,285**	₱1,502
Non-controlling interest	**299**	295	**5**	3
Net revenue	**₱472**	₱378	**₱705**	₱670
Gross profit (loss)	**262**	204	**443**	450
Net income (loss)	**95**	74	**303**	283
Attributable to:				
Equity holders of parent	**₱79**	₱62	**₱302**	₱283
Non-controlling interest	**16**	12	**–**	–

28. **Operating Segment Information**

Business Segment

The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resources allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRSs.

For management purposes, the Group is organized into business units based on the products and services it provides, which comprise of two (2) main groupings as follows:

Education – primarily consists of revenues of MESI, MCLI, MHSS, MCMI, NTC, UNC, and APEC in education.

Others – represent support services which cannot be directly identified with the reportable segment mentioned above.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

Segment assets and liabilities exclude deferred tax assets and liabilities.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

Capital expenditures consist of additions to property and equipment.

(In million pesos)

	Education			Others			Elimination			Consolidated		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Revenues												
Income from external customers	**₱4,491**	₱3,945	₱3,351	**₱-**	₱-	₱-	**₱-**	₱-	₱-	**₱4,491**	₱3,945	₱3,351
Total Revenues	**₱4,491**	₱3,945	₱3,351	**₱-**	₱-	₱-	**₱-**	₱-	₱-	**₱4,491**	₱3,945	₱3,351
Net Income attributable to Parent Company	**₱710**	₱941	₱814	**₱612**	₱123	₱589	**(₱676)**	(₱294)	(₱744)	**₱645**	₱769	₱659
Other Information												
Segment assets	**₱20,866**	₱18,186	₱16,336	**₱6,438**	₱6,028	₱6,067	**(₱7,340)**	(₱6,512)	(₱6,275)	**₱19,964**	₱17,701	₱16,129
Segment liabilities	**6,257**	5,555	5,436	**109**	115	114	**(1,486)**	(709)	(541)	**4,880**	4,961	5,009
Deferred tax assets	**48**	37	37	**1**	1	2	**–**	–	–	**49**	38	38
Deferred tax liabilities	**695**	487	380	**44**	43	42	**55**	60	67	**795**	590	489
Cash flows arising from:												
Operating activities	**750**	1,021	1,024	**43**	0	(75)	**326**	206	(100)	**1,119**	1,227	849
Investing activities	**(316)**	(265)	(82)	**(1)**	1	280	**(119)**	50	(391)	**(436)**	(214)	(194)
Financing activities	**(336)**	(547)	(412)	**(201)**	(0)	(301)	**(300)**	(111)	343	**(837)**	(659)	(370)
Interest expense	**177**	126	150	**1**	1	–	**(29)**	(13)	(12)	**149**	113	139
Provision for income tax	**48**	2	(28)	**1**	1	0	**(5)**	(7)	(3)	**45**	(5)	(30)
Capital expenditures	**489**	228	206	**(1)**	2	2	**(52)**	100	3	**436**	330	211
Depreciation and amortization	**491**	429	412	**7**	6	1	**9**	40	44	**507**	475	457

29. Notes on Consolidated Statements of Cash Flows

- Changes in the Group's liabilities arising from financing activities follow:

	2022	Non-cash Changes: Declaration of Cash Dividend	Amortization of debt issue cost	Additions on Lease liabilities	Interest Expense	Other Non-Cash	Cash Flows	2023
Short-term loans	₱–	₱–	₱–	₱	₱–	₱–	₱1,000,000	₱1,000,000
Current portion of long-term loans	1,521,448					2,982	(1,491,857)	32,574
Long-term loans	334,568	–	2,982	–	–	(2,982)	(40,717)	293,851
Dividends payable	26,154	198,725	–	–	–	–	(223,955)	924
Payables to related parties	16,797	–	–	–	–	–	(8,091)	8,706
Lease liabilities	429,635	–	–	4,718	29,808	–	(72,564)	391,597
	₱2,328,602	**₱198,725**	**₱2,982**	**₱4,718**	**₱29,808**	**₱–**	**(₱837,184)**	**₱1,727,652**

	2021	Non-cash Changes: Declaration of Cash Dividend	Amortization of debt issue cost	Additions on Lease liabilities	Interest Expense	Other Non-Cash	Cash Flows	2022
Short-term loans	₱400,000	₱–	₱–	₱	₱–	₱–	(₱400,000)	₱–
Current portion of long-term loans	21,001					1,521,448	(21,001)	1,521,448
Long-term loans	1,853,645	–	2,371	–	–	(1,521,448)		334,568
Dividends payable	565	167,082	–	–	–	25,590	(167,083)	26,154
Payables to related parties	14,135	–	–	–	–	–	2,662	16,797
Lease liabilities	357,826	–	–	118,006	23,630	–	(69,827)	429,635
	₱2,647,172	₱167,082	₱2,371	₱118,006	₱23,630	₱25,590	(₱655,249)	₱2,328,602

	2020	Non-cash Changes: Declaration of Cash Dividend	Amortization of debt issue cost	Additions on Lease liabilities	Interest Expense	Other Non-Cash	Cash Flows	2021
Short-term loans	₱375,000	₱–	₱–	₱	₱–	₱–	₱25,000	₱400,000
Current portion of long-term loans	–	–	–	–	–	21,001		21,001
Long-term loans	1,872,275	–	2,371	–	–	(21,001)	–	1,853,645
Dividends payable	565	312,656	–	–	–	–	(312,656)	565
Payables to related parties	29,481	–	–	–	–	–	(15,345)	14,135
Lease liabilities	392,582	–	–	3,599	28,841	–	(67,196)	357,826
	₱2,669,903	₱312,656	₱2,371	₱3,599	₱28,841	₱–	(₱370,197)	₱2,647,172

- Noncash investing activities in 2023, 2022 and 2021 pertain to the revaluation of land amounting ₱1,926.0 million, ₱1,005.0 million and ₱208.8 million, respectively (Note 11).

30. Financial Instruments

Fair Value of Financial Instruments
The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as at December 31, 2023 and 2022:

	Carrying Amount	2023 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets at FVTPL	**₱9,767**	**₱9,767**	**₱–**	**₱–**	**₱9,767**

	Carrying Amount	2022 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets at FVTPL	₱9,332	₱9,332	₱–	₱–	₱9,332

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation techniques:

- *Level–1* – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- *Level–2* – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- *Level–3* – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, receivables, receivables from related parties, short-term investments, refundable deposits, accounts payable and accrued expenses, payables to related parties, dividends payable, and short-term loans* – carrying amounts approximate fair values due to the short-term nature of these accounts.

- *Financial assets at FVTPL* – the fair values are based on net assets value per unit (NAVPU).

- *Long-term loans* – the carrying value approximates the fair value using the EIR method because future payments are discounted based on interest at market rate.

As at December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements. There are no financial assets and financial liabilities recognized at fair value based on Level 3 and there are no transfers in and out of Level 3 categories in 2023 and 2022. No financial instrument fall within Level 3.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise of cash and cash equivalents, receivables, receivables from related parties, financial assets at FVTPL, short-term investments, refundable deposits, accounts payable and accrued expenses, payables to related parties, dividends payable, lease liabilities, and loans. The main purpose of these financial instruments is to raise finances for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks. The Audit Committee and the Risk Management Committee of the Board meets regularly and exercises an oversight role in managing risks.

The Group's risk management policies are summarized as follows:

Credit risk and concentration of credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Group's exposure to credit risk relates primarily to the inability of the debtors and students to pay and to fully settle the unpaid balance of tuition fees and other charges, respectively, which are owed to the Group based on the installment payment schemes. The Group manages its credit risk in accordance with its credit policies by maintaining strict policies like not allowing students to enroll in the following term unless the unpaid balance in the previous term has been paid. The Group also withholds the academic records and clearance of the students with unpaid balances. The Group's exposure to credit risk arising from its other receivables from debtors and related parties is managed through close account monitoring and setting of limits.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Group does not have any significant exposure to any individual customer or counterparty. With respect to credit risk arising from cash and cash equivalents, receivables, amounts due from related parties, financial assets at FVTPL, and refundable deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As at December 31, 2023 and 2022, there are no collaterals held in relation to the Group's financial assets.

The table below shows the credit risk exposure on the Group's financial assets as at December 31, 2023:

	Gross carrying amount at default	Expected credit loss (Impaired)
Cash in banks	₱711,829	₱–
Cash equivalents	1,092,009	–
Receivables from:		
Tuition and other fees	1,634,740	375,800
Related parties	1,643	–
Others	88,952	8,770
Short-term investments	208,887	–
Financial assets at FVTPL	9,767	–
Deposits	26,986	–
	₱3,774,813	₱384,570

December 31, 2022:

	Gross carrying amount at default	Expected credit loss (Impaired)
Cash in banks	₱544,228	₱–
Cash equivalents	1,414,100	–
Receivables from:		
Tuition and other fees	1,429,781	337,619
Related parties	1,825	–
Others	62,966	8,770
Short-term investments	120,962	–
Financial assets at FVTPL	9,332	–
Deposits	26,404	–
	₱3,609,598	₱346,389

As disclosed in Note 4, the Group recognizes an allowance for ECLs for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

The Group's debt instruments at amortized cost comprise of cash and cash equivalents, short-term investments, and refundable deposits that are considered to have low credit risk. Hence, it is the Group's policy to measure ECL on such instrument on a 12-month basis applying the low credit risk simplification and based on the PD which is publicly available. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses external credit ratings both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

For tuition and other fees receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group generally uses a provision matrix to calculate ECL. The provision rates are based on days past due for groupings based on school term. The provision matrix is initially based on the Group's historical observed default rates. The Group will then consider directly relevant forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are considered.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The aging of tuition and other fees (current and past due accounts) and the ECL as at December 31 follows:

	2023					
		Past Due				
	Current	< 1 quarter	1 – 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	**₱921,968**	**₱51,614**	**₱304,641**	**₱356,517**	**(₱375,800)**	**₱1,258,940**

	2022					
		Past Due				
	Current	< 1 quarter	1 – 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	₱684,401	₱22,651	₱355,466	₱367,263	(₱337,619)	₱1,092,162

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due.

The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. The Treasury Department is responsible for monitoring the short-term loans and demand deposits of the Group. It assesses the status and maturity period of the loans and deposits to be able to determine the financial standing of the Group and whether the funds being maintained will be able to accommodate any maturing liabilities. Short-term and long-term funding are obtained to finance capital expenditures and working capital. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecasts approved by BOD. As at December 31, 2023 and 2022, the Group has available short-term credit facilities with banks aggregating ₱1.78 billion. In addition, the Group also has available long-term credit facilities with a bank amounting to ₱2.1 billion as of December 31, 2023. Short-term loans obtained by the Group are renewable subject to the terms of the agreements.

The tables below summarize the maturity profile of the Group's financial assets held for liquidity purposes. The maturity groupings are based on the remaining period from the end of the financial reporting date to the contractual maturity date.

	2023			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial assets at amortized cost				
Cash	**₱711,829**	**₱–**	**₱–**	**₱711,829**
Cash equivalents	**1,092,009**	**–**	**–**	**1,092,009**
Receivables*	**464,630**	**730,763**	**143,729**	**1,339,122**
Receivables from related parties	**1,643**	**–**	**–**	**1,643**
Short-term investments	**208,887**	**–**	**–**	**208,887**
Financial assets at FVTPL	**9,767**	**–**	**–**	**9,767**
Deposits	**–**	**–**	**26,986**	**26,986**
	₱2,488,765	**₱730,763**	**₱170,715**	**₱3,390,243**

**excluding advances to officers and employees*

	2022			
	On demand	Less than 1 year	More than 1 year	Total
Financial assets at amortized cost				
Cash	₱544,228	₱–	₱–	₱544,228
Cash equivalents	1,414,100	–	–	1,414,100
Receivables*	366,030	780,328	–	1,146,358
Receivables from related parties	1,825	–	–	1,825
Short-term investments	120,962	–	–	120,962
Financial assets at FVTPL	9,332	–	–	9,332
Deposits	–	–	26,404	26,404
	₱2,456,477	₱780,328	₱26,404	₱3,263,209

**excluding advances to officers and employees*

The tables below summarize the maturity profile of the Group's other financial liabilities as at December 31 based on contractual undiscounted payments and contractual remaining maturities.

	2023			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Accounts payable and accrued expenses*	**₱579,212**	**₱146,083**	**₱–**	**₱725,295**
Payables to related parties	**8,706**	–	–	**8,706**
Dividends payable	**924**	–	–	**924**
Lease liabilities	–	**37,047**	**354,549**	**391,596**
Current portion of the long-term loans	–	**32,574**	–	**32,574**
Long-term loans	–	–	**293,851**	**293,851**
Short-term loans	–	**1,000,000**	–	**1,000,000**
	₱588,842	**₱1,215,704**	**₱648,400**	**₱2,452,946**

**excluding payables to regulatory bodies, funds payable and provisions*

	2022			
	On demand	Less than 1 year	More than 1 year	Total
Accounts payable and accrued expenses*	₱559,892	₱113,220	₱–	₱673,112
Payables to related parties	16,797	–	–	16,797
Dividends payable	26,154	–	–	26,154
Lease liabilities	–	74,235	483,509	557,744
Current portion of the long-term loans		24,430	1,497,018	1,521,448
Long-term loans	–	–	334,568	334,568
	₱602,843	₱211,885	₱2,315,095	₱3,129,823

**excluding payables to regulatory bodies, funds payable and provisions*

31. Commitments and Contingencies

Lease Commitments

Group as a lessor

The Group's Intramuros and Makati campuses lease spaces to third parties. The lease terms cover lease periods of between three (3) years to ten (10), years with escalation rates ranging from 3% to 10%.

The future minimum rentals receivable under the aforementioned lease agreements follow:

	2023	2022
Within one year	**₱8,037**	₱797
More than one year but not more than five years	**30,194**	3,643
	₱38,231	₱4,440

Group as lessee

The Group leases building spaces for office and school sites and annexes from third-party lessors for a period ranging from two to ten years. The Group applies the 'short-term lease' recognition exemption for those leases with lease terms of one year or less.

The Group, through APEC, recognized right-of-use assets and lease liabilities from these operating lease agreements. For those leases subjected to PFRS 16, the IBR used in the computation of lease liabilities ranges from 4.05% to 8.86% in 2023 and from 6.29 to 7.40% in 2022 (see Note 5).

The rollforward analysis of right-of-use assets follows:

	2023	2022
Net Book Value at January 1	**₱376,794**	₱309,391
Additions	**42,805**	139,474
Amortization (Note 20a)	**(51,420)**	(57,122)
Pre-termination/expiration	**(33,166)**	(14,949)
Net Book Value at December 31	**₱335,013**	₱376,794

The following are the amounts recognized in the 2023, 2022 and 2021 statement of comprehensive income (Note 20):

	2023	2022	2021
Depreciation expense of right-of-use assets*	**₱51,420**	₱54,167	₱54,832
Interest expense on lease liabilities	**29,808**	23,629	28,841
Gain on pre-termination of lease	**(4,920)**	(3,754)	(13,720)
Total amount recognized in profit or loss	**₱76,308**	₱74,042	₱69,953

**Net of lease concession amounting to ₱2.95 million in 2022*

The rollforward analysis of lease liabilities from APEC follows:

	2023	2022
As at January 1	**₱429,635**	₱357,826
Additions	**42,805**	139,474
Interest expense (Note 22)	**29,808**	23,630
Payments	**(72,565)**	(69,827)
Pre-termination	**(38,087)**	(21,468)
As at December 31	**₱391,596**	₱429,635

The balance of lease liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Lease liabilities – current	**₱37,047**	₱51,005
Lease liabilities – noncurrent	**354,549**	378,630
	₱391,596	₱429,635

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2023	2022
Within one year	**₱66,390**	₱74,235
More than one year but less than five years	**313,564**	315,474
Five years and more	**148,957**	168,035
	₱528,911	₱557,744

As disclosed in Notes 5 and 10, the Group performed an impairment testing of the property and equipment and right-of-use assets of APEC, the aggregate carrying value for which amounted to ₱376.7 million and ₱416.01 million as of December 31, 2023 and 2022, respectively, due to the continuing losses and significant decline in the number of students mainly brought about by the coronavirus pandemic. Key assumptions used are as follows:

- Revenue projections. The revenue projections were based on financial budgets approved by management and BOD.
- Discount rate (11.1% in 2023 and 14.0% in 2022). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.

Management assessed that these assets as of December 31, 2023 and 2022 are not impaired considering that the calculated recoverable amount is higher than the carrying value.

Provisions
The Group is involved in certain claims arising from the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. The estimate of the probable costs for the resolution of these claims has been developed in consultation with external counsels handling the defense in these matters and is based upon an analysis of potential results. The ultimate disposition of these matters cannot be determined with certainty. The Group will exhaust all legal remedies available to it in defending itself in these claims and proceedings. Provisions disclosed in Note 14 as of December 31, 2023 and 2022 amounted to ₱162.3 million and ₱168.7 million, respectively. Provisions recognized in 2023 and 2022 amounted to ₱13.8 million and ₱9.5 million, respectively (Note 21). Other provisions recognized by the Group for certain claims are presented as part of Other noncurrent liabilities in the statement of financial position.

The disclosure of additional details beyond the present disclosure may prejudice the Group's position and negotiation strategies with respect to these matters. Thus, as allowed under paragraph 92 of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided.

32. Other Matters

- In December 2022, the BOD and Stockholders of NTC and APEC approved the merger of NTC and APEC, with NTC as the surviving entity. Both entities consider it to be in their best interests to merge into a single corporation to allow them to better achieve their goal of transforming lives through innovative education at affordable prices. In August 2023, the SEC approved the merger.

- In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. This resulted to community quarantine that suspended the schools' face-to-face classes and activities.

  With the continued positive development on COVID-19 vaccination and the lifting of the community quarantine, face-to-face classes were resumed for SY2022-2023.

  The Group recognized the health and business risks posed by the virus to the general public and the need to join the collective effort in mitigating the spread of COVID-19. In the face of this global crisis, the Group remains collected and vigilant as it operates and maintains mitigation efforts to help safeguard the health and safety of its employees and students. Considering the evolving nature of this outbreak, the Group is continuously assessing at this time the impact to its financial position, performance and cash flows. The Group has taken measures to manage the risks and uncertainties brought about by the outbreak and will continue to monitor the situation.

33. Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the BOD on April 5, 2024.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
iPeople, inc.
8th Floor Mapua University Makati Campus
1191 Pablo Ocampo Sr. Extension Ave.
Brgy. Sta. Cruz, Makati City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of iPeople, inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-063-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079908, January 5, 2024, Makati City

April 5, 2024

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6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
iPeople, inc.
8th Floor Mapua University Makati Campus
1191 Pablo Ocampo Sr. Extension Ave.
Brgy. Sta. Cruz, Makati City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of iPeople, inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
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April 5, 2024

IPEOPLE, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

Schedule	Content
I	Annex 68-D Reconciliation of Retained Earnings Available for Dividend Declaration
II	Annex 68-J Schedules • Schedule A. Financial Assets • Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties) • Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements • Schedule D. Long-term Debt • Schedule E. Indebtedness to Related Parties • Schedule F. Guarantees of Securities of Other Issuers • Schedule G. Capital Stock
III	Group Structure

SCHEDULE II

IPEOPLE, INC. AND SUBSIDIARIES
ANNEX 68-J: SCHEDULES
DECEMBER 31, 2023

Below are the additional information and schedules required by Revised Securities Regulation Code Rule 68. This information is presented for purposes of filing with the SEC and is not required parts of the basic financial statements.

Schedule A. Financial Assets in Equity Securities
As at December 31, 2023, the Group has no financial assets in Equity Securities.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to officers and employees of the Group with balances above ₱100,000 as at December 31, 2023:

Name	As at December 31, 2022	Additions	Liquidations/ Collections	As at December 31, 2023
Adanza, Carina Victoria T.	₱265,780	₱–	95,480	₱170,300
Agbulos, Erlin C.	339,914	–	108,154	231,760
Aquino, Jesuniño R.	–	464,000	7,734	456,266
Austria, Maria Rhodora	–	450,109	77,758	372,351
Camacho, Margarita	–	571,410	97,907	473,503
Caparanga, Alvin	–	680,315	297,815	382,500
Delos Santos, Mira	317,186	1,395	94,055	224,526
Doma, Bonifacio T. Jr.	368,232	314,466	433,618	249,080
Hernaez, Aloida C.	377,617	–	153,942	223,675
Kikuchi, Khristian	–	452,073	77,759	374,314
Lozada, Katrina	128,764	–	–	128,764
Abalos, Mark Arthur	448,111	–	48,444	399,667
Correa, Helen	200,000	–	753	199,247
Medrano, Anthony H.	–	231,738	44,474	187,264
Paglinawan, Arnold	297,955	–	98,107	199,848
Quiasot, Concordio	111,634	210,134	209,267	112,501
Rafael, Victor V.	–	549,000	97,065	451,935
Sabino, Lilibeth	351,013	160,541	234,678	276,876
Songsong, Maribel	321,813	–	94,850	226,963
Suello, Lito	–	464,000	7,733	456,267
Teodoro, Gloria	–	1,170,653	720,653	450,000
Villa, Robert Joseph	185,523	–	13,307	172,216
Yap, Maria Elizabeth	212,668	–	109,733	102,935
Young, Michael	313,567	–	88,617	224,950
	₱4,239,777	₱5,719,834	₱3,211,903	₱6,747,708

These advances pertain to the officers and employees car plan agreements. Such advances are interest-bearing and shall be liquidated on a monthly basis. There were no amounts written off during the year.

Schedule C. Amounts Receivable/Payables from and to Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables and payables with related parties, which are eliminated in the consolidated financial statements as at December 31, 2023:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Pan Pacific Computer Center, Inc.	₱1,104,410	₱–	₱–	₱1,104,410
Malayan Education System, Inc.	9,895,099	21,743,404	(19,694,338)	11,944,165
Malayan Colleges Laguna, Inc.	4,469,295	26,106,166	(27,988,864)	2,586,597
Malayan Colleges Mindanao, Inc.	4,802,543	315,663,244	(11,463,037)	309,002,750
University of Nueva Caceres	1,344,497	5,921,883	(6,367,503)	898,877
National Teachers College	2,252,283	17,781,649	(15,770,528)	4,263,404
Affordable Private Education Center, Inc.	582,084	393,211	(975,295)	0
Landev Corporation	45,203	180,810	(211,618)	14,395
House of Investments, Inc.	23,127	103,114	(118,531)	7,710

Schedule D. Long-term debt

As at December 31, 2023, the Group has outstanding long-term debts as follow (in thousands):

Unsecured bank loans	₱326,425
Secured bank loans	–
Total	326,425
Less: current portion of unsecured bank loans	32,574
reclassification to current liability of secured loans	–
	32,574
Noncurrent portion of long-term loans	₱293,851

Unsecured

The Group, through NTC, entered into a 10-year unsecured term loan facility with a third party local bank for ₱650.00 million to finance its building refurbishment and/or expansion. The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility amounted to ₱380 million. The ₱380 million is subject to 5.5% fixed rate.

Secured

In 2019, the Group, through MCMI, entered into a ten-year secured long-term loan agreement with a third party local bank for ₱1,500.00 million to refinance the construction of MCMI's school buildings and facilities that were initially funded by short-term loans. MCMI made partial drawdowns against this agreement amounting to ₱680.00 million, ₱350.00 million and ₱470.00 million in January, June and July 2019, respectively. The loans were subject to prevailing borrower's rate, plus a minimum spread of 0.50% per annum, but in no case lower than 4% per annum, subject to quarterly repricing. MCMI shall repay the loan in 20 equal quarterly installments to start at the end of 21st quarter from the initial drawdown date. The loans were secured by the land and related improvements owned by MCMI with carrying value of ₱2,376.76 million as of December 31, 2019 and suretyship of MESI.

In July 2023, the long-term loan amounting to ₱1.5 billion was fully paid.

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)
As at December 31, 2023, the Group has no outstanding long-term debt from/to related parties.

Schedule F. Guarantees of Securities of Other Issuers
As at December 31, 2023, the Group does not guarantee any securities.

Schedule G. Capital Stock

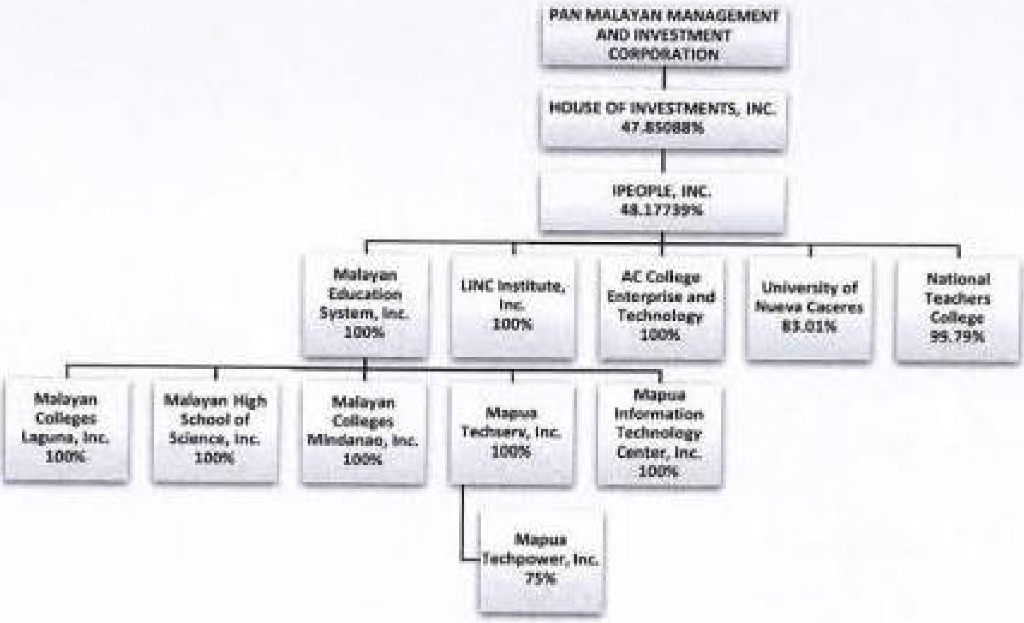
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	2,000,000,000	1,044,263,197	-	885,453,681	168,775	158,640,741

SCHEDULE III

IPEOPLE, INC. AND SUBSIDIARIES
GROUP STRUCTURE
DECEMBER 31, 2023

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company and subsidiaries as at December 31, 2023:



SCHEDULE I

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-D: RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION*

DECEMBER 31, 2023
Amounts in Thousands

Items	Amount	
Unappropriated retained earnings, *as adjusted to available for distribution, beginning*		₱1,215,333
Add: Net income actually earned/realized during the period		
Net income (loss) during the period closed to retained earnings	₱610,922	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	–	
Unrealized actuarial gain	–	
Fair value adjustment (M2M gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP-gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Sub-total	–	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustments due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Sub-total	–	
Net income actually realized during the period		610,922
Add (Less):		
Dividends declaration during the year	(198,410)	
Appropriations of retained earnings during the period	–	
Reversal of appropriations	–	
Effects of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Transfer to retained earnings of fair value reserve of equity instruments	–	
		(198,410)
Total Retained Earnings, End Available for Dividend		₱1,627,845

**Based on December 31, 2023 Parent Company Financial Statements.*

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-E: SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 AND 2022

Below are the financial ratios that are relevant to the Group's for the years ended December 31:

Financial ratios		**2023**	2022
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.17:1**	1.03:1
Acid-test ratio *Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately*	Current Assets – Prepaid expenses / Current Liabilities	**0.98:1**	0.90:1
Solvency Ratio *Shows how likely a Group will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.24:1**	0.25:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.33:1**	0.40:1
Asset to Equity Ratio *Shows how the Group's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.32:1**	1.39:1
Interest Rate Coverage *Shows how easily a Group can pay interest on outstanding debt*	EBIT* / Interest Expense Excluding Interest Expense on Lease Liabilities	**7.18:1**	9.93:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**4.76%**	6.56%
Net profit margin *Reflect how much net income or profit is generated as percentage of revenue*	Net Profit Margin / Revenue	**14.74%**	19.83%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**3.32%**	4.42%

**Earnings before interest and taxes (EBIT)*

ANNEX "A"

IPEOPLE, INC. AND SUBSIDIARIES

SUSTAINABILITY REPORT

ANNEX A

iPeople, inc.

Sustainability Report (2023)

Contextual Information

Company Details	
Name of Organization	**iPeople, inc.**
Location of Headquarters	**8th Floor Mapua University- Makati Campus, 1191 P. Ocampo Extension, Barangay Sta. Cruz, Makati City**
Location of Operations	With schools across Metro Manila, Calabarzon, Bicol Region, and Mindanao
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Report includes information from the following: 1. Malayan Education System, Inc. (Operating under the name Mapua University) – 1 school with 2 campuses (Mapua) 2. Mapua Malayan Colleges Laguna, Inc. (MMCL) 3. Mapua Malayan Colleges Mindanao, Inc (MMCM). 4. Malayan High School of Science, Inc. (MHSS) 5. University of Nueva Caceres (UNC) 6. National Teachers College (NTC) which includes Affordable Private Education Center, Inc. (Operating Under the Name APEC Schools) – 1 school with 14 branches (APEC)
Business Model, including Primary Activities, Brands, Products, and Services	**iPeople, Inc.** (IPO) provides quality and accessible education to students from kindergarten to post-graduate across all income segments. IPO through its subsidiary schools, aims to promote research and innovation that addresses the concerns of communities and solve problems of industries. IPO also aims to become one of the best in the fields of Science, Technology, Engineering, and Mathematics (STEM) and leverage on the strength of its subsidiary schools in STEM, Outcomes-Based Education (OBE), distance learning, and cost-effective EdTech. https://ipeople.com.ph/home/our-company/corporate-profile/
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	**Denise Jordan P. Arenillo** Legal, Compliance and Sustainability Officer

IPO Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics

Trainings and workshops were previously conducted and attended by the iPeople ("IPO") Senior Management and key personnel specifically on identifying material topics. Reviews were conducted on the role of sustainability within the company where sustainability issues were communicated with the top executives in the company, and perspectives widened to determine performance, driven not just by financial metrics, but also non-financial aspects. The materiality principles IPO employed are as follows:

1. Understanding the Sustainability Context: This step encouraged the Company to think outside financial aspects and allow a framework driven by sustainability to guide the discussions on how their core business can contribute to society.

2. Identifying material topics: An initial list of material topics was identified by the IPO Senior Management and further validated through group discussions with sustainability point persons per school, including middle management, school heads, stakeholder touch points (to grasp stakeholder perspectives), and data handlers and verifiers whose functions are highly related to the theme of each group. In finalizing the material topics, the Company used the guide questions in the memorandum:

   (a) Is it a key capital/risk/opportunity?
   (b) Does our key business activities impact it?
   (c) Does our supply chain contribute significant impacts?
   (d) Does our product/service contribute significant impacts to the topic?
   (e) Is there a trend that will make the topic material in the future?

3. Defining Performance and Management Approach: Once the list of material topics were identified, the Company gathered metrics to measure business performance under the guidance of the GRI reporting standards, a globally recognized sustainability reporting tool. To further enhance this, management approaches were created to better improve and monitor performance against the set metrics. Regular reviews are also conducted to determine the relevance of each material topic and metric related to such topics.

The UN Sustainable Development Goals (SDGs) are also used as guidelines for identifying the Company's societal, environmental, and economic impact and value. Schools also regularly monitor the applicable UN SDGs relevant to their school operations and activities.

ECONOMIC

Economic Performance

Table 1. Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	4,491,425,637.29	PhP
Direct economic value retained	662,011,383.17	PhP
Direct economic value distributed:	4,762,061,616.60	PhP
a. Employee wages and benefits	1,462,124,114.64	PhP
b. Payments to suppliers and other operating costs	1,741,750,591.66	Php
c. Payments to Providers of capital; including dividends given to stockholders and interest payments to loan providers	318,910,675.64	PhP
d. Payments to government	71,143,775.72	PhP
e. Investments to community (e.g., donations, CSR)	157,875,902.28	PhP

Direct Economic Value
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

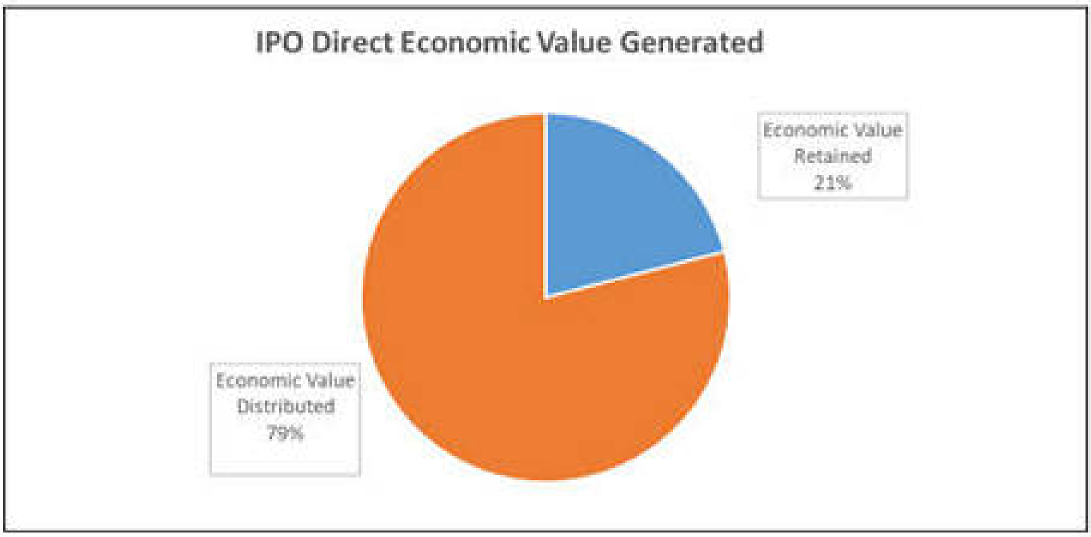
IPO's economic impact is a direct result of its business activities and that of its subsidiary schools, and the scale of the impact will increase or decrease according to the scale of IPO's business. IPO's economic performance was affected in 2019 to 2022 by the COVID pandemic and some residual effects particularly the way schools deliver their courses and services were still felt in 2023.

When the pandemic started, the IPO schools (Mapua, MMCL and MMCM) avoided the disruption of classes and operations, by immediately shifting to online classes with synchronous or asynchronous mode of delivery, using their Learning Management Systems, digital tools and online resources. These modes of delivery are still being continued albeit in their refined versions despite the lifting of the state of pandemic in the Philippines in 2023.

During the pandemic, the other IPO schools (NTC, UNC and APEC) followed suit and were able to successfully shift to remote delivery using available digital tools, LMS and online resources which likewise enhanced the IPO schools capabilities. IPO schools were able to deliver all modes, whether in hybrid or full face to face, and have successfully transitioned to the "new normal" since 2022.

Affected stakeholders in the economic aspect are students including their parents, faculty and non-teaching employees, suppliers, local communities, and government. In 2023 IPO generated ₱4,491,425,637.29 of direct economic impact, of which 79% was distributed among suppliers, employees, providers of capital, government, and community investments/donations and 21% retained. This was an increase from last year's 73% economic value distributed and 27% economic value retained. This is primarily due to the increase in costs resulting from increased enrollment and resumption of normal onsite operations, and IPO maximizing operating efficiencies despite the continuing effects of the pandemic.

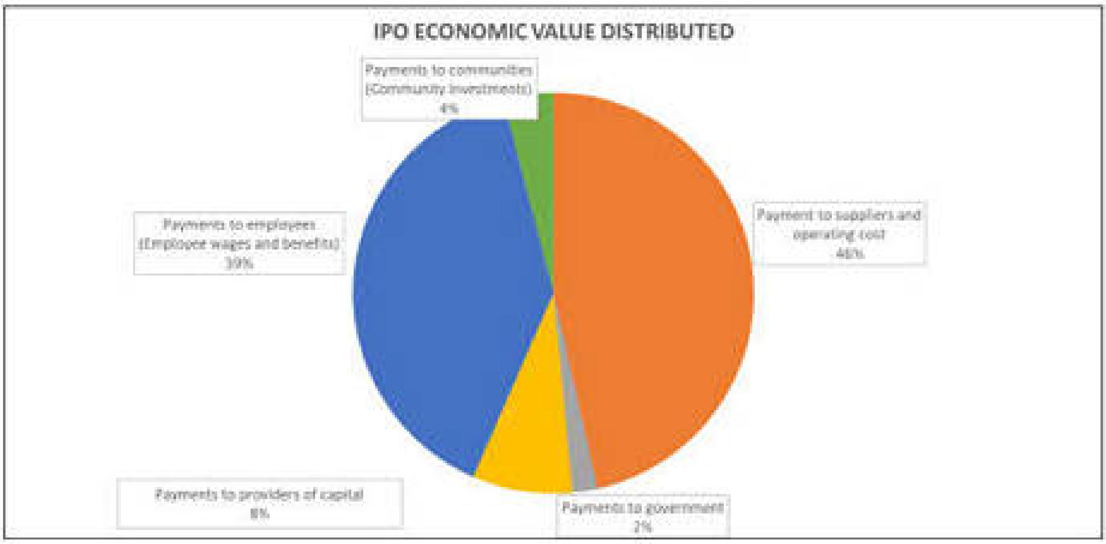
Figure 1. IPO Direct Economic Value Generated. IPO distributed 85% of direct economic value generated and retained 21%.



On the direct economic value distributed, a majority of the value was distributed to employees as wages and benefits (39%) and as payment to suppliers and operating costs (46%).

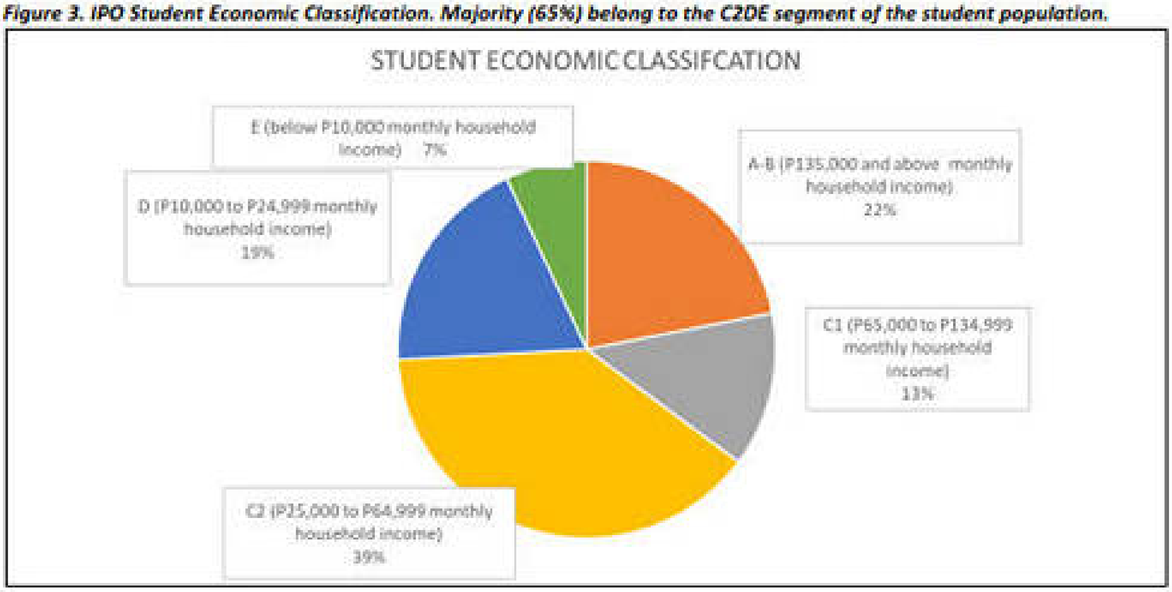
IPO's continued dedication to providing quality and accessible education which was highlighted during the COVID pandemic, which was continued in 2023, with the distribution of 4% of its direct economic value generated in the form of scholarships, tuition discounts, and corporate social responsibility (CSR) projects. CSR projects in 2023 were various projects providing technical expertise and assistance to the national and local governments and communities, and community outreach projects, and donations to various causes. These projects were initiated and implemented by the schools, their students and employees.

Figure 1. IPO Direct Economic Value Distributed. Majority of the value (44%) was distributed to operating costs and payment to suppliers, followed by payment to employees for wages and benefits (36%).



In 2023, an average of 58,344 students enrolled in IPO schools, from Elementary (K+12) to post-graduate, with a 13% increase from last year's total average term enrollment of 51,408. An average of 33,768 students also enrolled in non-degree certificate courses and trainings from across the IPO schools in 2022. Sixty-five percent (65%) of the students enrolled also belonged to the lower economic segments E, D, and C2, wherein their monthly household income ranged from below ₱10,000 to ₱64,999. This is the same as that in 2022.

Figure 3. IPO Student Economic Classification. Majority (65%) belong to the C2DE segment of the student population.



To further support lower income and high-performing students (academic) enrolled in IPO schools during the COVID pandemic, and to help ease the economic burden on their parents, IPO continued to provide scholarships amounting to ₱ 194,469,844 to around 4,482 students. IPO also continued to assist students in applying for government and privately funded scholarships. The government-funded scholarships (including partial and academic scholarships) and student subsidies amounted to ₱411,707,470 in 2023 for around 8,618 students across all the schools.

In 2023 IPO schools continued to provide discounts on tuition and fees, reasonable payment and installment arrangements, and implemented other policies to help students and their parents in the payment of their tuition fees to help ensure that students will continue their studies despite financial difficulties.

IPO's achievements in graduating students who are ready for further education or for work can also be seen in the graduates' high employment rate. In 2023, IPO schools produced a total of 8,316 graduates in senior high school, undergraduate, and post-graduate. 72% of the colleges graduates from IPO schools received job offers within 120 days of graduation which is 10% higher that the previous year's figure, with 18% receiving offers from multinational companies or from companies abroad. These graduates eventually become productive members of society. Aside from their individual benefit of earning a higher salary versus a non-graduate, graduates contribute more to economies through direct spending and taxes.

Aside from scholarships, providing affordable quality education that is accessible to lower income level segments is also embedded in the business model of some IPO schools. APEC Schools (which was merged with National Teachers College in the 3rd quarter of 2023) is a chain of private high schools offering affordable education from Grades 7 to 12, with the goal of preparing its graduates for immediate employment or to pursue higher education. It has managed to do this even while offering a tuition fee rate that is relatively lower compared to other private high schools since its establishment in 2012. In 2023, APEC Schools had enrolled students across all campuses, 20% of which belong to lower C (C2) segment, and 74% from D and E segments (with monthly household income of ₱24,999 and below). The school also provided ₱ 11,805,735 in scholarships (excluding discounts, e.g., employee benefit, family discount, etc.) to about 277 students.

At the holding company level, IPO identified risks, mostly resulting from the residual effects of the COVID pandemic which are financial in nature, as well as those on health and safety of IPO schools' employees and students and will also have direct impact to its direct economic performance.

All of the IPO schools, whether in Luzon (National Capital Region, Laguna, Naga) or Davao City in Mindanao, have already resumed normal onsite operations and face to face classes, with hybrid and fully online options for some degree courses, and have managed the risks associated with such delivery.

IPO executive management takes an active role overseeing the business operations of the IPO schools. Management oversight is conducted through various meetings such as the regular IPO Group weekly operations meeting in addition to the Monthly IPO Senior Management Committee (Mancom) meetings are also conducted. The company also has joint Mancom meetings with IPO's parent company, House of Investments, in addition to quarterly reporting to the Mancom of HI chaired by the HI Chairperson. These meetings were conducted in addition to the various management meetings held regularly at the school level to address issues, to monitor and assess the school's operations and performance during the pandemic. Discussion topics in 2023 include regulatory updates, business developments, financial, subsidiary schools' operations and performance, governance, and regulatory compliance.

Implementation of the IPO Enterprise Risk Management Framework is carried out by the IPO Risk Team, which consists of Risk Officers from the schools in coordination with various units in the schools. The IPO Chief Risk Officer (CRO) oversees the IPO Risk Team. The IPO Sustainability Team, headed by the IPO Sustainability Officer, coordinates, supports and provides necessary feedback on sustainability-related issues and risks to the IPO Risk Team. IPO Internal Audit continues to provide valuable input to risk management through their regular audits. Risk related concerns are discussed during the quarterly Board Risk Oversight Committee (BROC) meetings. For a more detailed discussion on risks faced by IPO particularly on the continuing effects of the COVID-19 pandemic, please refer to the Risk Management Section of the 2023 IPO Annual Report (Form 17A).

For 2023, IPO and all schools continued to implement protocols and procedures to manage each type of risk, particularly the health and safety risks as well as economic risks brought about by the continuing effects of the pandemic and the economic concerns due to regulatory and legislative issuances. In 2023, IPO schools continued to strictly implement health and safety protocols to manage, prevent and control the health and safety risks in compliance with minimum standards provided under IATF, DOH and CHED regulations.

Since Mapúa pioneered, tested and instituted the use of online facilities as early as 2016, it has further enhanced its Learning Management System, the Cardinal Edge (powered by Blackboard), to improve the conduct of its synchronous (real-time online classes) and asynchronous online delivery of courses. Mapua and MMCL have continued to enhance their online course offerings to include CHED-approved fully online degree programs.

Other IPO schools also conducted online classes by using Learning Management Systems, online tools, online resources and facilities. Mapua efforts to pioneer and expand the use of online digital tools has been recognized, with Mapúa University's ÚOx or Ubiquitous Online Experience Program being awarded the Gold Award for Digital Readiness from the prestigious Wharton-QS Reimagine Education Awards in 2022. Mapúa University also debuted on the Times Higher Education (THE) World University Rankings (WUR) 2023 and placed Mapua among the top six percent of the world's higher educational institutions. Mapúa ranked 1501+ among 1,799 universities across 104 countries.

IPO schools also continue to manage the economic risks (i.e., relatively low enrollment, health and safety concerns, competition). IPO schools continue their intensified online marketing campaigns through the tireless efforts of their respective marketing teams. New and effective strategies to attract more students are constantly being implemented to effectively cascade academic and other relevant information on the schools.

The IPO schools upgraded their online facilities and obtained more online resources. New online program offerings, fully online degree programs (for Mapua and MCL), certificate courses (Coursera), scholarships and discounts were likewise offered.

Fully online undergraduate degree programs started in 2020 are still being offered in 2023 with Mapua and MCL being given authority by CHED to offer fully online undergraduate courses. This is in addition to Mapua's fully online postgraduate degree courses previously offered. The IPO schools also continued implementing fully online admission and examinations, and the use of e-books and online resources instead of traditional school textbooks for all undergraduate and Senior High School students through subscriptions to online resources and libraries. The IPO schools likewise continued to invest in subscription and use of online videoconferencing facilities such as Zoom, MS Teams, BB Collaborate, etc., and various digital tools and online learning resources to facilitate and/or supplement online learning. The pandemic crisis drove creativity, resulting in expansion of course offerings by incorporating select Coursera subjects either as part of IPO schools' curricula or electives.

New programs are also being offered to enhance the existing offerings. IPO with its schools, Mapua University, MMCL and MMCM partnered with Cintana, a global alliance of schools, to expand the access of Filipino students to high-quality international education in business and health sciences. With this partnership Mapua, MMCL and MMCM continues to collaborate with Arizona State University (ASU) to offer programs which aim to provide highly differentiated education that will be built on three core pillars – international exposure, real-world experiential learning, and digital-enhanced.

IPO schools also continued to improve online processes, maintained alternative work arrangements, used videoconferencing for online meetings, online trainings and webinars, and encouraged the use of online facilities to transact business. This is in addition to online medical consultation and counselling provided for employees and students, and constant monitoring for employees and students.

Discussion on Opportunities

IPO and its subsidiary schools are currently looking for more opportunities to expand its programs, offering more and fully online undergraduate, post-graduate and certification programs. With the intensified and efficient use of other online and remote learning, and expansion of current programs offered in partnerships with various universities and online resource providers, IPO aims to overcome the continuing challenges and deliver on its promise of providing quality education and preparing the youth for the future.

Climate-related risks and opportunities

Although currently, climate-related risks are already being discussed by IPO's Board Risk Oversight Committee (BROC) and the IPO Sustainability Team, IPO does not yet have a complete working plan for addressing climate-related risks to the group. The Company is putting together and evaluating the system to understand its vulnerabilities at different climate change scenarios to be able to fully disclose on this. Due to the challenges posed by the current COVID pandemic, IPO will begin work on the plan for climate related risks after the COVID pandemic, and possibly be able to disclose in 2024.

Governance – Disclose the organization's governance around climate-related risks and opportunities

1) Describe the board's oversight of climate-related risks and opportunities

IPO has a Board Risk Oversight Committee (BROC), an extension of the full Board of Directors, which meets every quarter to discuss key risks and opportunities of the company. One of the BROC's main roles is to review management's effectiveness in managing risks. The BROC also provides direction and guidance on how the company will not only respond to risks, but also take advantage of opportunities. Starting 2023 onwards, monitoring efforts towards meeting goals set forth in the to-be-developed Environmental Impact Reduction Plan (EIRP) will be communicated and evaluated by the BROC.

Risks and opportunities related to climate change is one topic in these meetings, and its effect to operations and strategy are discussed. Typhoons and floods have become more frequent. Such phenomena impact employee safety and well-being. IPO has policies and procedures in place to protect its employees.

2) Describe management's role in assessing and managing climate- related risks and opportunities

Assessment of climate risks is led by IPO Sustainability and Risk Management, the IPO Risk Team under the IPO CRO and through the IPO Sustainability Team under the IPO Sustainability Officer. Currently, risks identified are those that relate to natural occurrences such as flood, typhoons, pandemics and earthquakes. For the next year, IPO Sustainability and Risk Management will present plans for adoption by the Board that would ensure that climate-related risks, in addition to natural calamities and pandemics, are adequately identified and addressed.

Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

1) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

Performance targets for climate change risk are currently under evaluation by IPO Sustainability Team and Risk Management. These will be part of the EIRP.

2) Describe the impact of climate- related risks and opportunities on the organization's businesses, strategy and financial planning.

IPO acknowledges the existence of climate change and its intensifying effect. The company has set aside sufficient funds for managing the effects of this risk to the company. As awareness of climate change risk increases throughout IPO, additional risks and opportunities identified and required funding (if necessary) will be integrated onto the operations of the company.

3) Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios including a 2°C or lower scenario

IPO's experience during COVID pandemic has shown that continuing the conduct of classes online can be done on a large scale, effectively and efficiently, with an inadvertent effect of reducing in the energy and water consumption in the IPO schools for the duration of the pandemic. Nonetheless, IPO will continue to assess other vulnerabilities at different climate change scenarios.

The Company is committed to identify and understand its vulnerabilities at different climate change scenarios. Due to the challenges posed by the current COVID pandemic, IPO will begin work on the plan for climate related risks after the COVID pandemic, and possibly be able to disclose in 2024.

Risk Management – Disclose how the organization identifies, assesses, and manages climate-related risks

1) Describe the organization's processes for identifying and assessing climate- related risk

The company has a Risk Management Council composed of IPO top management. It meets every quarter to discuss the top risks and opportunities to the company and strategies needed to manage such risks. All risk-related concerns are presented to the BROC. Recommendations by the BROC are implemented by management, the IPO Risk Team, and overseen by the CRO. The IPO Sustainability Team, headed by the IPO Sustainability Officer, coordinates, supports and assists the IPO Risk Team in implementation of sustainability related recommendations. For the following year, IPO aims to incorporate climate change risk strategies, mitigation measures, and opportunities. In addition, the IPO Sustainability Team will coordinate with the IPO Risk Team and the IPO CRO in initiating climate risk management.

2) Describe the organization's processes for managing climate- related risks

Managing climate-related risks will be led by IPO Sustainability Team in coordination with the IPO Risk Team and the IPO CRO. Risk identification and management strategies are formulated at this level, then elevated to the RMC, and overseen by the BROC.

3) Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization's overall risk management

Identification and assessment of climate change risks is led by the IPO Risk Team and the IPO CRO, supported the IPO Sustainability Team and the RMC, overseen by the BROC. IPO's current Risk Management process will - incorporate climate-related risks. The Company believes climate change risk is an integral part of the business and just like traditional risks, they must be prudently managed.

Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material

1) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process

From 2023 onwards, the scope of climate change risk will be expanded to possibly include the need for IPO to make a commitment in reducing the impact of its operations on the environment. The Company will decide on the metrics that will be used to measure climate change impact and incorporate into its EIRP.

2) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets

From 2024 onwards, IPO will commit to doing its part in limiting a global rise in temperature to under 2°C by 2030. IPO is currently evaluating internal processes to possibly develop strategies aimed at reducing the environmental impact of its operations including setting targets for the IPO schools, specifically those that would limit a rise in global temperatures by 2°C. Using data collected from the previous year, IPO will commit to reducing its environmental impact by consistently reducing GHG emissions, materials consumption, and waste generation.

Procurement Practices

Table 2. 2022 vs. 2023 Proportion of spending on local suppliers

Disclosure	2022 Quantity	2023 Quantity	PY % Change
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers[1]	94%	94%	0

1 "Local suppliers" were defined as suppliers with operations in the Philippines.

Procurement Practices
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

In addition to providing accessible high-quality education to Filipinos, IPO further contributes to nation-building by purchasing from local suppliers when possible. Risks related to procurement include rush orders (and thus the risk of not getting the best price due to time constraints) and lack of suppliers for goods or services needed for operations.

At the YGC Group level, all suppliers are vetted and accredited. As of 2023, APEC Schools, UNC, and NTC supplier and accreditation policies are still in the process of evaluation for possible integration into YGC procurement.

In 2023, the procurement spend on local suppliers is 94% which is the same percentage declared in 2022, IPO directly impacts its suppliers and its schools (as the end-users of the purchased goods and services). Prices for repeat items are agreed upon beforehand with suppliers to prevent price increases due to rush orders. For schools not yet enrolled into the YGC Group, there is coordination with the Procurement Departments of other schools to increase the pool of potential suppliers.

On a YGC group level, suppliers are encouraged to adopt sustainability practices, by requiring them to attest to their compliance with prescribed sustainability practices for vendors which cover social, economic, environmental and ethical criteria as part of the group wide initiatives which started in 2023. This sustainability attestation compliance is part of the accreditation requirements for suppliers. This primarily enables the profiling of the key suppliers' efforts, to measure, set goals and to improve visibility on sustainability compliance and enables easy monitoring and follow up of improvement actions. The initiative also includes a vendors' facilities checklist which covers the assessment of vendor's facilities to determine their capability to support and satisfy the goods or services requirements of YGC members.

Discussion on Opportunities

While the preference to purchase from local suppliers when possible is being practiced, there is no formal policy nor target metric for this. A formal policy and target metric is currently under consideration. Developing SME suppliers that employ PWDs and other vulnerable group to provide them access to economic opportunities may also be considered. to standardize procurement across all IPO schools, IPO plans to integrate the procurement policies of all IPO schools into the YGC Group.

Anti-corruption

Table 3. Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to[1]	61%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2]	65%	%
Percentage of directors and management that have received anti-corruption training[3]	23%	%
Percentage of employees that have received anti-corruption training[4]	2%	%

[1]Only the Mapua Schools (Mapua, MMCL, MMCM and MHSS) have communicated the anti-corruption practices to all their employees (100%).
[2]Based on Mapua, MMCL, MMCM, MHSS and IPO parent.
[3]Based on Mapua and IPO parent only. Only Mapua and IPO parent have data on the directors who received anti- corruption.
[4]Based on UNC only (no other school or entity has disclosed data on employee anti-corruption training).

Table 4. Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Anti-Corruption
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO abides by the highest ethical standards and legal principles. Pursuant to this, IPO implements strict anti-corruption protocols and procedures that cover all employees, from officers to rank-and-file employees.

Any incident of corruption within IPO's ranks or operations has serious implications and risks on the Company's operations and reputation and opens the Company to possible legal consequences. As IPO works within the education sector, damage to reputation is of particular importance since it will also affect reputation and the ability of the subsidiary schools to attract students.

IPO follows the highest ethical and legal standards set by its parent company, House of Investments (HI), and the Yuchengco Group of Companies (YGC). Among the policies issued and enforced in IPO are the following which are found in the IPO website:

- YGC Code of Business Conduct and Ethics: https://ipeople.com.ph/wp-content/uploads/2018/08/YGC-Code-of-Business-Conduct-Ethics.pdf
- HI Related Party Transactions: https://ipeople.com.ph/wp-content/uploads/2018/09/IPO-Policy-on-Related-Party-Transactions.pdf
- HI Conflict of Interest: https://ipeople.com.ph/wp-content/uploads/2018/08/CODE-OF-BUSINESS-CONDUCT-AND-ETHICS.pdf
- HI Insider Trading: https://ipeople.com.ph/wp-content/uploads/2018/08/iPeople-Audit-and-Related-Party-Transactions-Charter-Revised-1.pdf
- HI Whistleblowing Policy: https://ipeople.com.ph/wp-content/uploads/2018/08/IPEOPLE-WHISTLE-BLOWER-POLICY-AND-RECEIVING-GIFTS.pdf

The above-mentioned policies cover all IPO employees, as well as consultants, contractors, and subcontractors (e.g., housekeeping and security personnel) working in the Company's premises. Employees are required to re-familiarize themselves with the policies and sign commitments that they read and understand the policies.

IPO's Revised Manual on Corporate Governance also states that officers and employees hold a position of trust. Thus, officers and employees shall avoid situations where their personal interest is in conflict or appears to be against the interest of the Company or its clients. More details on provisions of said Manual can be found in the Company's website: https://ipeople.com.ph/pdf/ipeople-manual-on-corporate-governance/. Suppliers must also abide by the Supplier Code of Conduct. For IPO parent and the Mapua schools, supplier accreditation is done at the YGC Group level. APEC Schools, NTC, and UNC have their own supplier accreditation policies and procedures. For termination of contracts with suppliers on account of corruption, an internal investigation is conducted IPO schools' Administration, which includes the Legal Department and Human Resources (if employees are involved). The usual requirements of due process are followed, such as notice and opportunity to be heard before actual termination.

Discussion on Opportunities

By looking at the extent to which IPO schools have disseminated and trained the Company's stakeholders on anti-corruption, as well as the extent to which these are also carried out in the operating schools, there is much opportunity for anti-corruption procedures to be implemented in the Company. In 2023, IPO was able to implement the group wide anti-corruption policies.

As stated in the YGC Code of Business Ethics, "YGC member-companies needing stricter or more extensive guidelines applicable to their particular industry or business line should create and maintain their own specific business codes, but the latter should be suppletory and must not permit more lenient standards or in any way be inconsistent with this Code." IPO may pursue crafting a version of this Code that is more tailor-fit to an academic setting. Moreover, the Company will be stricter in communicating anti-corruption policies and procedures and ensure 100% coverage for employees and business partners for the next report.

ENVIRONMENT

Resource Management

Energy Consumption

Table 5. 2023 Energy consumption within the organization

Disclosure	Quantity	Unit	Quantity	Units
Energy consumption (renewable sources)	0	kWh	0	GJ
Energy consumption (gasoline)	15,814.49	Liters	540.86	GJ
Energy consumption (diesel)	31,199.93	Liters	1,204.32	GJ
Energy consumption (electricity)	9,567,538.16	kWh	18.28	GJ

Reference for gigajoules conversion: Biomass Energy Data Book which refers to GREET, The Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation Model, GREET 1.8d.1, developed by Argonne National Laboratory, Argonne, IL, released August 26, 2010.

There was a significant recorded increase in energy consumption particularly for electricity, diesel and gasoline consumption in 2023 compared to the figures in 2022, as seen in the Table below:

Table 6. 2019 to 2023 Energy Consumption

Disclosure	2019 (Pre-pandemic)	2020	2021	2022	2023	Increase/ Decrease	% PY Change
Energy consumption (renewable sources) in kwh	0	0	0	0	0	0	0
Energy consumption (gasoline) in liters	1,475.00**	7,466.79	7,296.14	12,735.68	15,814.49	3,078.81	24%
Energy consumption (diesel) in liters	16,924.83**	18,783.87	17,867.91	29,103.99	31,199.93	2,095.94	7%
Energy consumption (electricity) in kwh	13,003,679	4,535,915.83	2,900,627.21	5,076,509.57*	9,567,538.16*	4,491,028.59	88%

* Significant increase in energy consumption in the IPO schools due to the return of full face-to-face classes and normal on-site activities and operations.

** Figures are significantly lower as some schools did not report data for the full year, particularly on gasoline consumption in 2019 since the merger of IPO and AC Education became effective only in May 2019 (compared to 2020-2022 where data for the full year was reported).

Figure 4. Fuel Consumption from 2019 to 2023

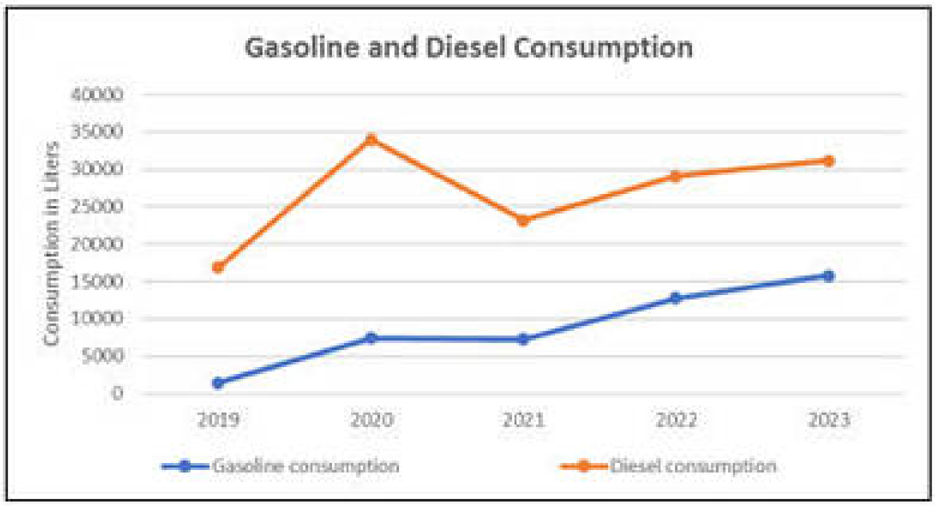
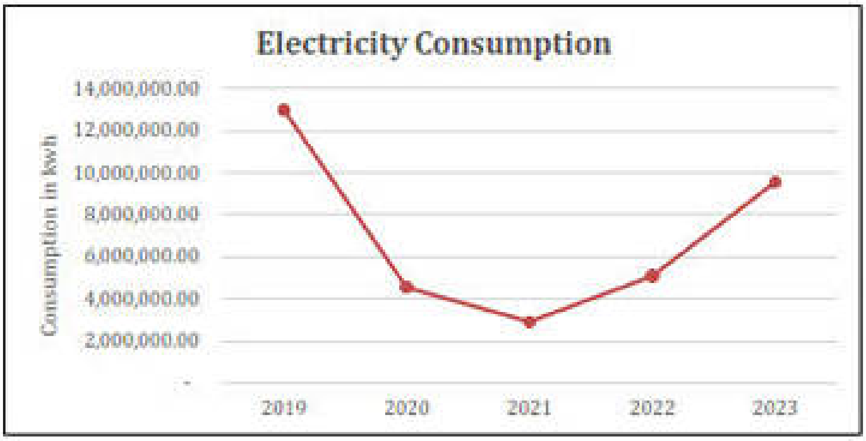


Figure 5. Electricity Consumption from 2019 to 2023



Energy consumption and reduction
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

A consistent source of energy is vital to IPO and its schools' operations. Without electricity, the classrooms and equipment will not run, and school operations will be disrupted. Fuel is used for the Company's service vehicles and for the backup generators. Energy consumption impacts the students, faculty, and employees in the schools.

Increased energy consumption means increased costs for the Company. In 2023, there was a drastic increase in energy consumption due to the resumption of normal onsite operations of the IPO schools. However, it must be noted that the reduced consumption from 2020 to 2022 was the inadvertent result of the pandemic, where there was limited onsite operations and limited face to face classes. However, the electricity consumption in 2023 is still substantially lower compared to the pre-pandemic 2019 level as seen in Table 6 and Figure 6.

As part of its energy conservation programs, the IPO schools continued the implementation of preventive maintenance for facilities and equipment, replacement of LED lights from fluorescent units, replacement of non-inverter air conditioning units to inverter-type, as well as behavioral approaches such as checking and shutting off all electrical equipment when not in use. This is in line with environmental programs were established particularly for Mapua to monitor and reduce consumption of electricity in line with its ISO 14001:2015 Certification.

Discussion on Opportunities

In 2023, three (3) iPeople schools (Mapua, NTC and MMCM) were in various stages of negotiation and/ or exploratory talks with various third parties for possible renewable sources of electricity, particularly solar energy. This is through the possible availment of the Green

Energy Option Project (GEOP) of the Department of Energy or through installation of solar panels in the schools' premises. IPO foresees that in 2024, there will be schools powered by non-renewable energy, thus possibly reducing its Scope 2 GHS emissions.

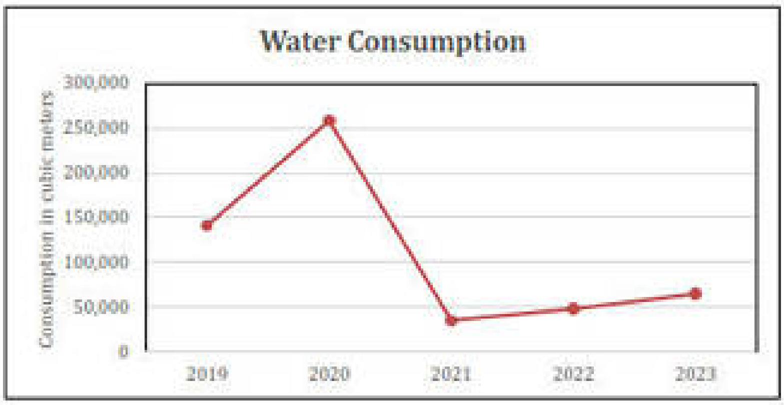
In addition, IPO is still in the process of integrating management approaches and identifying opportunities. However, individually, the IPO schools have continued to monitor and implement energy reduction/saving policies such the use of energy efficient lights and appliances (LED lights, inverter appliances); implement energy conservation policies where lights and appliances are turned off when there are no classes or activities and will continue to implement these on a wider scale to further reduce energy consumption.

Water Consumption

Table 7. 2019 to 2023 Water Consumption

Disclosure	2019 (Pre-pandemic)	2020	2021	2022	2023	Increase/ Decrease	% PY Change
Water withdrawal	181,158.75	331,810.38	44,951.07	52,594.34	74,042.53	21,448.19	41%
Water consumption	141,031.75	258,313.76	35,118.02	47,902.34	64,559.87	16,657.53	35%
Water recycled and reused	6,723.00	12,313.84	1,674.08	4,692.00	9,482.66	4,790.66	102%

Figure 7. Comparison of 2019 to 2023 Water Consumption



Water consumption

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Water is needed for IPO and its subsidiary schools' operations and its students, faculty, employees. The main risk associated with water withdrawal and consumption is water shortage. There was no water shortage due to adequate water supply in Metro Manila, Luzon and Mindanao. For the IPO schools, water consumption slightly increased due to the resumption of full face to face classes in most of their campuses and full onsite operations which negated the previous years' reductions due to the pandemic. But the consumption for 2023 is still significantly lower than the 2020 and pre-pandemic levels.

In 2023, the IPO schools continued to implement various programs and activities to reduce water use such as reducing watering of plants, and quickly fixing leaks or other defects. Water reduction initiatives such as regular preventive maintenance, installation of low-flow fixtures, and usage of rainwater collection systems were already in place which contributed to the reduction in consumption. Both Mapua and MCM collect rainwater for use such as cleaning and watering plants.

Discussion on Opportunities

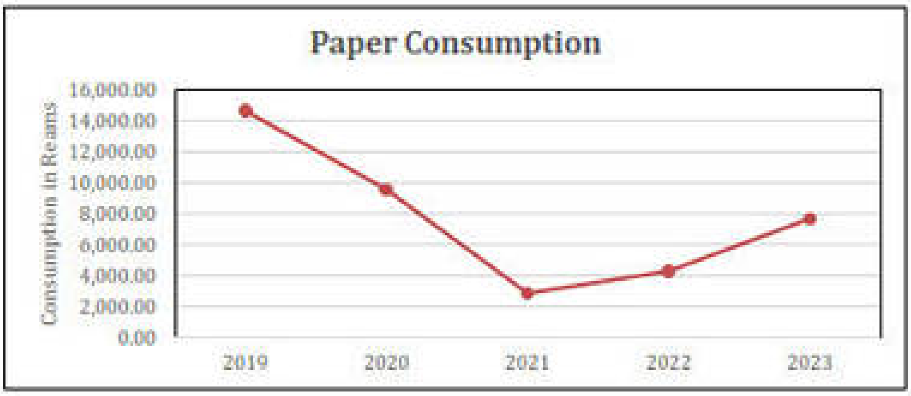
IPO is still in the process of integrating approaches and identifying opportunities across all subsidiary schools. However, individually, the schools already implemented several initiatives designed to conserve water (i.e., collection of rainwater for watering plants and immediate repair of leaks). These initiatives may be further enhanced and improved to help in the water conservation efforts of the company.

Materials Used by the Organization

Table 8. 2019 to 2023 Materials used by the Organization

Disclosure			2019	2020	2021	2022	2023	% PY Change
	Material	Units	Quantity					
Materials used by weight or volume:								
Renewable	Paper	reams	14,654	9,569.51	2,866	4,299.23	7,693.27	79%
non-renewable	n.a	Kg /liters	0	0	0	0		0
Percentage of recycled input materials used to manufacture the organization's primary products and services		%	0	0	0	0		0

Figure 8. 2019 to 2023 Paper Consumption



Materials consumption

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As IPO has several educational institutions under its fold, the most significant material that the Company consumes is paper. Paper is used in all aspects of the schools' operations: from application, admissions, enrollment, teaching, recording of grades, student services, to contracts and administrative work. Employees, faculty, students, suppliers, contractors and academic partners all use paper in a considerable amount.

In 2023, IPO consumed 7,693.27 reams of paper which is a drastic increase from the 4,299.23 in 2022. But this is still significantly lower than the previous years and pre-pandemic totals. This is mainly due to the resumption of full face-to-face classes and normal onsite operations, which significantly increased the need for paper for IPO. Even if IPO schools implemented online application and examination for prospective students, fully online degree programs, online classes and examinations to lessen paper consumption, and the use of e-books instead of regular textbooks. Paperless transactions (i.e., online filing of leave for employees, online enrollment, and submission of reports on Blackboard for students), the return of normal operations also increased the need for paper in documentation and requirements of the schools. Although resources are renewable, the Company also recognizes that the process of making paper has considerable environmental impact if it is not sustainably sourced. The individual schools continue to implement various programs designed to reduce paper consumption.

Discussion on Opportunities

The IPO schools are committed to continuing paper-less processes previously adopted so paper consumption is not expected to go back to pre-Covid pandemic levels. IPO is also looking for ways to (1) integrate more paper reduction initiatives in its processes, and (2) further improve current programs and practices among the subsidiary schools designed to reduce paper consumption.

Ecosystems and Biodiversity

Table 9. Ecosystems and biodiversity

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	#
Habitats protected or restored	None	ha
IUCN Red List species and national conservation list species with habitats in areas affected by operations	None	

Ecosystems and biodiversity

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

This topic is not material to IPO as the Company does not have operations in or adjacent to protected areas or areas of high biodiversity value. However, the schools still participate in environmental-related CSR activities, such as helping safeguard protected areas. Mapua regularly conducts native tree-planting activities and takes care of the trees already planted in a protected site in Rizal as part of its CSR activities.

Environmental impact management

Air Emissions

Table 10. 2019 to 2023 GHG Emissions

Disclosure	Units	2019 (Pre-pandemic)	2020	2021	2022	2023	% PY Change
Direct (Scope 1) GHG Emissions[1]	Tonnes CO2e	48.65	95	63.25	108.54	215.35	98%
Energy indirect (Scope 2) GHG Emissions[2]	Tonnes CO2e	9,324.76	3230.50	2,065.83	3,663.87	6,891.32	88%
Emissions of ozone-depleting substances (ODS)	Tonnes CO2e	0	0	0	0		0

1 Scope 1 emissions calculated using Greenhouse Gas Protocol calculation tools: https://ghgprotocol.org/calculation-tools

2 Scope 2 emissions calculated using Grid Emissions Factors (GEFs) provided by the Department of Energy (DOE): https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef

Figure 9. 2019 to 2023 Scope 1 GHG Emissions

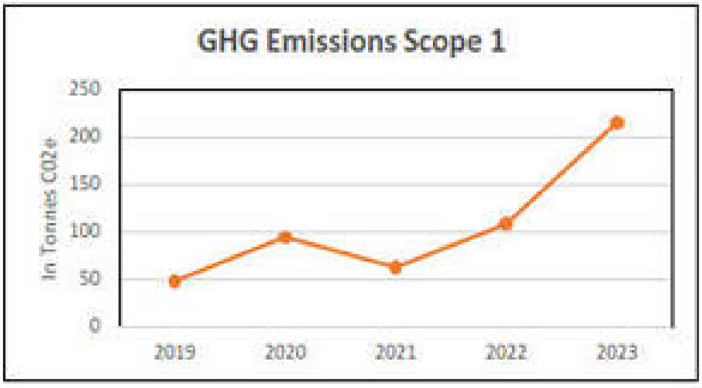
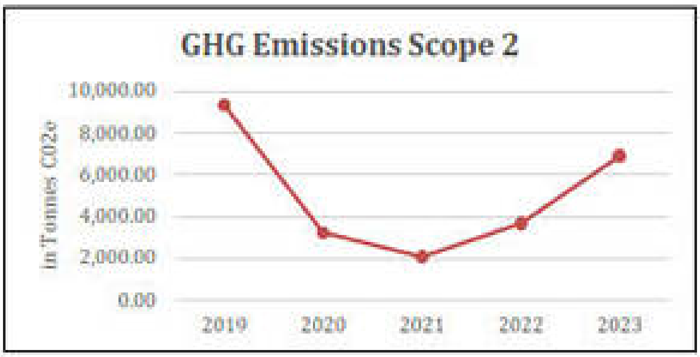


Figure 10. 2019 to 2023 Scope 2 GHG Emissions



GHG Emissions

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Greenhouse gases (GHGs) are responsible for anthropogenic climate change, and climate change will have a severe impact on IPO's areas of operations through stronger and more frequent weather disturbances, changes in rainfall patterns, flooding, increasing surface temperature, and the like. Therefore, monitoring and controlling the Company's GHG emissions is also an important contribution to nation-building.

The Company's GHG emissions are dependent on the type and amount of energy used. Majority of the Company's GHG emissions are Scope 2 due to the extensive use of electricity in operations. In 2023, there was a 98% increase in Scope 1 direct emissions compared to the 2022 figures, while an 88 % increase in Scope 2 emissions was recorded due to the increase in energy consumption resulting from the resumption of face-to-face classes and normal onsite operations which IPO schools on a hybrid basis. The values for 2023 are higher than the totals in 2022 but relatively lower than the pre-pandemic levels.

The IPO schools have strict implementation of preventive maintenance for facilities and equipment, replacement of LED lights from fluorescent units, replacement of non-inverter air conditioning units to inverter-type, as well as behavioral approaches such as checking and shutting off all electrical equipment when not in use. Environmental programs were established by Mapua to reduce the consumption of electricity and in line with its ISO 14001:2015 Certification.

Discussion on Opportunities

The Company is still in the process of integrating approaches and identifying opportunities across all its subsidiaries.

Air Pollutants

Table 11. List of Air Pollutants

Disclosure	Quantity	Units
NOx	Not applicable	kg
SOx	Not applicable	kg
Persistent organic pollutants (POPs)	Not applicable	kg
Volatile organic compounds (VOCs)	Not applicable	kg
Hazardous air pollutants (HAPs)	Not applicable	kg
Particulate matter (PM)	Not applicable	kg

Air pollution
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO potential sources of air pollutants are standby generator sets. As these are for standby only, they are only used if grid power is unavailable. All generators requiring Permit to Operate (PTO) are compliant to the PTO's conditions, including NOx and CO emissions. Compliance is met through emissions testing and quarterly submission of the Self-Monitoring Report (SMR) to DENR. Thus, air pollution is not a material topic for the Company.

Discussion on Opportunities

IPO is still in the process of integrating approaches and identifying opportunities across all schools. However, individually, the subsidiary schools such as Mapua, MMCL, MMCM and NTC through research and innovation can help find solutions to reduce air pollution.

Solid and Hazardous Wastes

Table 12. 2019 to 2023 Solid Waste Generated

Disclosure	2019	2020	2021	2022	2023	% PY Change
Total solid waste generated in kg	**279,509.61**	**74,769.14**	**29,312.41**	**83,157.54**	**159,346.19**	**92%**
Recyclable (kg)	202,053.66	18,946.67	11,422.94	13,633.74	11,691.35	(14%)
Composted (kg)	0	0	0	21,483.93	40,978.06	91%
Incinerated (kg)	0	0	0	0	0	0
Residuals/Landfilled (kg)	77,455.95	55,822.47	17,889.47	48,039.87	106,676.78	55%

Figure 11. Comparison of 2019 to 2023 Solid Waste Generated