







## Table of Contents

02 Financial Highlights

03 About 2GO

04 Chairman's Message

06 President's Report

10 Business Review

18 Sustainability

26 Economic Impact

32 Social Impact

44 Environmental Impact

48 Corporate Governance  
and Financial Statements

79 GRI Content Index

## Vision

To go where our clients want to go as their first choice for logistics in the Philippines

## Mission

Integrating our capabilities and expertise across the 2GO Group, we make it our everyday mission to:



Deliver all goods on time, consistently, and in their best condition



Transport our passengers reliably, comfortably, and safely



Deliver competitive returns for our shareholders and uphold the highest standards of corporate governance



Look after the welfare of our employees and create a fulfilling environment of growth and shared achievement



Provide our service providers with mutually beneficial long-term partnerships



Be a responsible corporate citizen looking after the environment and the community

## Core Values

### Customer First

We develop deep and strong relationships that make a positive difference in our customers' and stakeholders' lives.

### Quality and Excellence

We provide the highest standards for products and delightful service that together deliver premium value to our customers.

### Good Corporate Citizenship

We are good citizens in our communities and we look after the environment.

### Honesty and Integrity

We uphold the highest standards of honesty and integrity in all our actions.

### Accountability

We hold ourselves accountable in all our dealings and transactions. We do this by delivering on our commitments.

### Teamwork and Collaboration

We enjoy working together in order to meet the needs of our customers and to help the company win.

### Respect for People

We care for our people, encourage their development and reward their performance.

### Innovation

We constantly adapt to the changing needs of our customers and continuously innovate the way we work.

# Financial Highlights

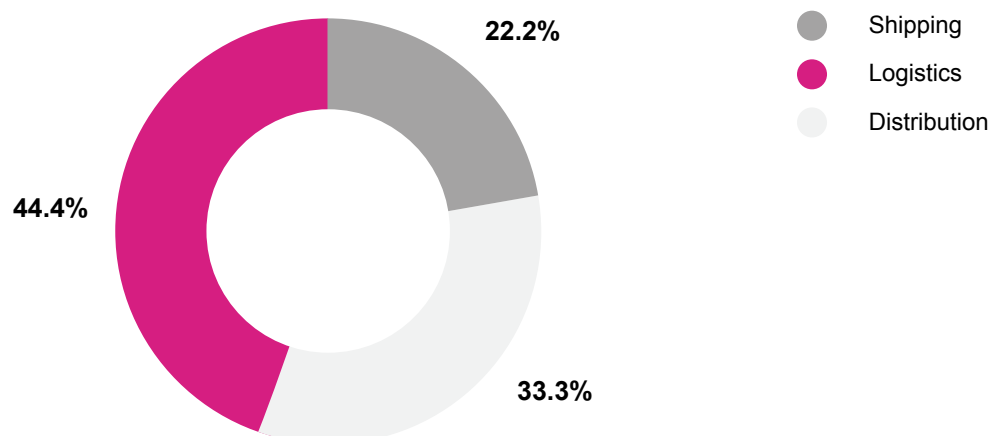
(Amounts in PHP Millions except for Stock Prices and EPS)

Income Statement	2020	2019	2018
Revenue	17,409	21,410	19,666
Operating Income (Loss) from Continuing Operations	(1,161)	48	(693)
Net Income (Loss) After Tax Attrib to Holders of the Parent	(1,843)	(892)	(1,470)
EBITDA	439	1,919	1,162

Balance Sheet			
Total Assets	14,759	16,400	16,835
Total Liabilities	13,092	12,846	12,298
Total Stockholders Equity	1,667	3,555	4,537
Cash and Cash Equivalents	890	893	1,415

Stock Information			
Market Capitalization-Year End	20,436	25,853	33,708
Stock Price-Year End	8.30	10.50	13.78
Earnings (Loss) Per Common Share	(0.75)	(0.36)	(0.60)

## Revenue Distribution for 2020





# About 2GO

2GO Group, Inc. (2GO) operates the country's largest integrated supply chain enterprise, providing logistics and transport services nationwide. With over 150 years of shipping and logistics experience, we create synergies through our three primary segments: shipping, logistics and distribution.

2GO Sea Solutions is the freight segment providing reliable, point-to-point containerized and rolling cargo solutions for business clients and travel-hotel accommodation for passengers through our ROPAX vessels.

2GO Logistics provides order fulfillment solutions to various verticals through our warehousing, inventory management, crossdock and transport capabilities.

2GO Express delivers first and last mile multimodal forwarding solutions to corporate and retail clients.

Special Containers and Value Added Services (SCVASI) handles cargo and projects that require specialized solutions such as cold chain, isotainer, flexibags, break bulk and oversized equipment.

ScanAsia offers go-to-market solutions that monitor, manage and replenish inventory from distribution centers to retailer shelves ensuring stock availability in almost 7,000 doors nationwide.

## Assets



**8**  
roll-on/roll-off and  
passenger vessels



**1**  
freighter



**11,945**  
container vans



**501**  
reefer vans



**87**  
ISO tanks



**103,158**  
metric tons of cargo  
capacity



**913**  
truck chassis



**241**  
company-owned trucks



**71,156**  
pallet positions



**211,036**  
container yard space

## Network



**46**  
warehouses



**12**  
hubs



**20**  
ports of call



**126,437**  
sq m warehouse space



**1,566**  
sq m hubs space



**2,980**  
outlets



## Chairman's Message

**Dear Fellow Shareholders,**

In 2020, the Philippines registered a drop in GDP of 9.5% largely due to the unprecedented impact of COVID-19. Efforts to stem its spread caused nationwide economic consequences as the government implemented strict quarantine measures. Despite these restrictions, your company rose to the challenge, adapted quickly and continued to fulfill its commitments. However the business days lost in adjusting to the lockdown, paired with travel restrictions crippling our passage business, ultimately resulted to a net loss by the end of the year.

We continued with our turnaround plans amidst the pandemic. Part of this was a reframing of our strategic objectives to allow the organization to distinguish itself in the industry as a company that provides solutions to its clients while aspiring to be the logistics provider of choice. We have updated our Vision to be more client-focused, reflecting our desire to offer solutions and add value to every step of our customer's logistics journey. Our new mission is two-fold: on the one hand looking introspectively to harmonize and synergize our skills and capabilities across group, and on the other that setting the standard in doing business sustainably. Your company is cognizant of its role and effect on the community and the environment, and operating sustainably allows us to protect both while fulfilling our long-term goals.





As we adapt and thrive in this ever-changing business environment, our commitment to governance remains firm. In 2020, 2GO received an ASEAN Asset Class Award, recognizing your company's efforts in maintaining global best practices in corporate governance. The award was based on a thorough peer review process where Philippine companies are independently assessed by corporate governance experts across the ASEAN region. Moreover, 2GO was conferred with a 2-Golden Arrow Award for its high marks in its ASEAN Corporate Governance Scorecard. These achievements are a testament to 2GO's dedication to ensuring fairness, accountability and transparency when dealing with all our stakeholders.

I would like to thank the Board and management, for their guidance and support, and for the trust that my fellow shareholders continue to show.

**MR. DENNIS A. UY**  
CHAIRMAN



**Dear Fellow Shareholders,**

It is without question that 2020 was a challenging year. The economic repercussions brought about by COVID-19 were devastating as countries around the world restricted movement to contain its spread. Locally, the Philippine government issued rigid quarantine restrictions that suspended public transportation, disallowed the operation of non-essential businesses, and curtailed the movement of people. These preventive measures, some of which persist today, severely affected the economy, with GDP contracting by 9.5%, the worst performance in the last 50 years.

As one of the largest movers in the local logistics industry, we recognized the critical role we play in ensuring that the movement of essential goods remains as unhindered as possible during times of crisis. At 2GO, management swiftly responded by initiating its business continuity response team to make the necessary operational changes to operate safely despite the challenges of the quarantine. All employees were provided with PPEs, allowed flexible working arrangements, provided living quarters and transportation services as needed. In all our

sites, we implemented strict safety protocols and mandatory testing to keep our employees and workplaces safe. With the cooperation and agility of everyone in the organization the business was immediately operational. Our quick and comprehensive actions mitigated the damage wrought by the pandemic across our business units and allowed us to continue to focus on our customers as soon as we could.

Unfortunately, the pandemic depressed consumer confidence and demand which in turn weakened the business volumes overall, affecting all our businesses.

Our shipping business was the hardest hit, with revenues declining by 46% to Php 3.9 billion due to the twin effects of weaker freight volumes and the loss of passengers caused by the restrictions on travel. In our travel business alone, revenues lost for 2020 amounted to Php 2.9 billion.

Our logistics or non-shipping businesses were likewise hit by the lockdowns and uncertainties brought about by the pandemic. Revenues declined by 13% to Php 5.8 billion, partly due to overall business weakness and mostly due to the restriction on movement of non-essential goods



# President's Report

for a significant part of the year. At the same time, our distribution business grew by 2% to Php 7.7 billion due to the significant growth in demand after the lockdowns, although this tapered off by year end.

These challenges notwithstanding, the group remained steadfast on its multi-year journey of asset consolidation, organizational rationalization, operational optimization, and specialization. This exercise has not only brought cost efficiencies across the group, but also created a stronger operational foundation for the future. Important technological initiatives on digitization and automation have been significantly deployed that will considerably improve the group's competitiveness and puts us on the right path to achieve our long-term goals.

Finally, as our country recovers from this pandemic, we build upon our commitment to work for the benefit of the economy, our people, and the environment. We remain committed in our efforts to integrate sustainability into our businesses by continuously monitoring our impacts, engaging our stakeholders to identify our material issues, and examining complex logistics challenges. Our efforts remain aligned

with the United Nations Sustainable Development Goals and the principles of the United Nations Global Compact. In doing so, we commit to broaden our involvement in addressing global challenges.

To all who tirelessly and unceasingly worked despite the pandemic, especially at the frontlines, to the Board who gave their wisdom and time, and to our shareholders for your continued support, you have my gratitude and appreciation. We approach 2021 with optimism and look forward to a better and healthier year ahead.



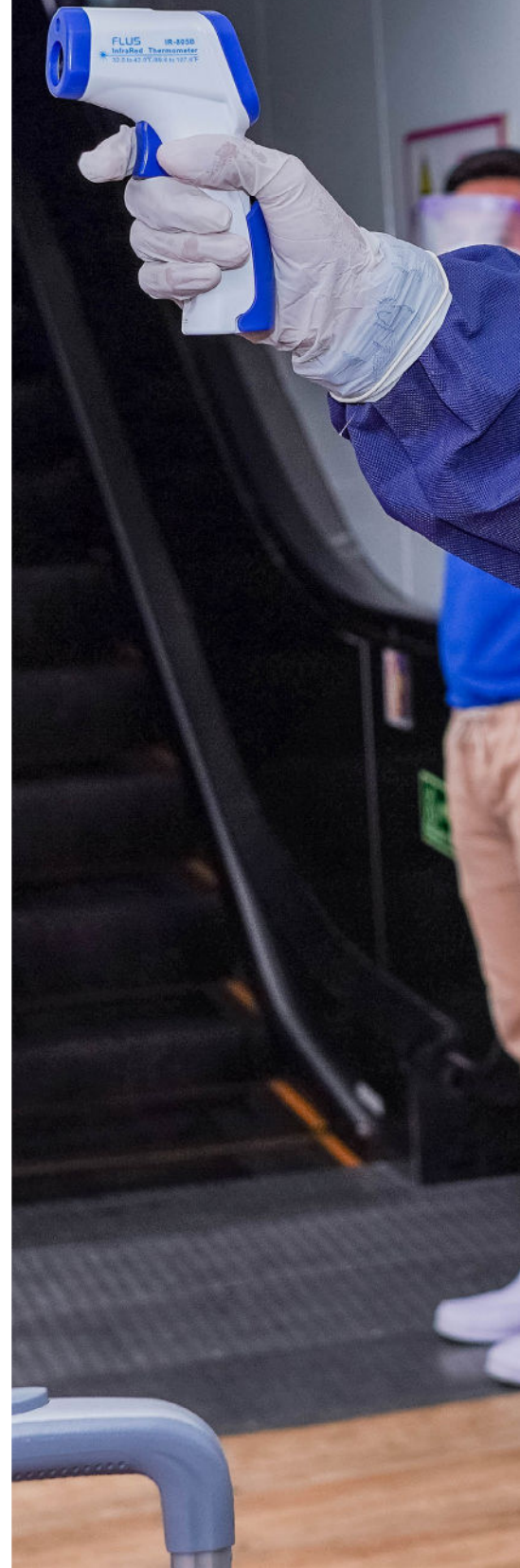
**FREDERIC C. DYBUNCIO**  
PRESIDENT AND CEO

# COVID-19 Business Impact and Response

The COVID-19 pandemic had a serious impact on the Philippine economy. In order to slow its spread, national and local authorities issued quarantine protocols. While necessary, these protocols resulted in the virtual stoppage of all non-essential activities in the first half of the year. In succeeding months, quarantine rules were relaxed to restart the economy following various health guidelines. Although select businesses and public transportation were allowed to operate, albeit on a limited capacity, consumer demand and confidence continued to be muted. All in all, the economy shrunk by 9.5% driven by lower economic activity, employment and consumer spending. With limited movement of goods food inflation also began to increase.

With the quarantine protocols in place, 2GO understood that any disruption in its business would be detrimental to the health and food security of the country. Through its established business continuity plans, 2GO ensured it could continue to operate safely by going beyond the minimum health standards. Employees were allowed flexible working arrangements when possible and provided living quarters close to work sites as well as transportation services. All of 2GO's offices, warehouses and vessels were regularly disinfected and preventive hygiene measures were observed on an ongoing basis. Business operations were restored nationwide without experiencing prolonged downtime.

Despite 2GO's ability to adapt quickly and return to normal operations, the economic slowdown due to the pandemic remained widespread, affecting the company's financial results. As stores remained closed manufacturers and distributors adjusted their volumes to reflect lower demand, which led to declines in freight volumes throughout 2GO's transportation and distribution businesses. The quarantine protocols also severely impacted the tourism industry leading to heavy revenue losses for the group's passenger business.











## Business Review

2GO Sea Solutions | 11

2GO Logistics and Express | 12

Distribution | 14

2020 was a difficult year for all industries. Quarantine restrictions severely affected travel and tourism industry as well as passenger movement resulting in losses in revenue. The economic impact of the pandemic also led to the closure of some businesses and widespread unemployment which affected all of 2GO's business units. Combined, these two factors lead to revenues slowing by 19% to Php 17.4 billion for the group.

## 2GO Sea Solutions

Amidst these challenges, 2GO cemented its standing as an essential business organization and a reliable partner to its many customers and to government. While other shipping lines and airlines downsized their operations due to the pandemic, 2GO Sea Solutions continued operating 100% of its fleet, enabling essential travel and ensuring the unhampered flow of goods and services, especially of much-needed personal protective equipment, relief goods and food items. To aid the government's fight against the pandemic, the accommodations on 2GO's sidelined vessels were offered for use as quarantine facilities. Two of the company's vessels were used as quarantine ships where a total of 1,300 Returning Overseas Filipinos were accommodated. Furthermore, in response to the rising need to repatriate our overseas workers, the Sea Solutions group assisted in reuniting 156,500 people with their families.

The Sea Solutions group continued to innovate, finding opportunities despite the tough business environment. Recognizing the shortfall left by the reduction of flights available to the cargo industry, 2GO Sea Solutions, in coordination with 2GO Express, launched 2GO CabinCargo, a new service that offered to hand-carry products to destinations on regular scheduled trips on its vessels. For its business clients, Sea Solutions likewise offered 2GO SmallCargo, the fastest LCL service in the market which

allows customers to leverage on 2GO's ROPAX advantage on priority berthing in all major ports in the Philippines. With 2GO SmallCargo, important cargoes from Manila were able to transit to Cebu, Cagayan de Oro, Iloilo, Bacolod and other major ports in the Philippines in just three days.

Following through on the group's multi-year rationalization drive, the Sea Solutions business made operational changes that led to significant sustainable gains. As part of its aggressive cost management initiatives, the business unit adopted slow steaming of vessels, container yard consolidation and branch rationalization. This combined effort slashed fixed and general & administrative costs by a third against the previous year.

Moving forward, 2GO Sea Solutions expects to contribute in driving the country's economic recovery. The business has plans to expand its fleet and capture business in the revival of tourism and consumer demand. In anticipation of the return of non-essential travel, new amenities and a new onboard experience will welcome passengers. To enable more efficient, cost-effective and seamless processing and handling of cargoes, the Sea Solutions group will implement a new freight management software system in early 2021.



## 2GO Logistics

With the weak economic environment, revenues were flat. As a consequence, growth opportunities were limited with potential new customers more focused on surviving the new economic reality than undertaking changes in their supply chains.

In tune with 2GO Group's turnaround plans, 2GO Logistics accelerated its plans to enhance competitiveness by lowering its cost base. The business consolidated its operating footprint with other business units of the 2GO Group, it rationalized its organization to improve productivity and integrated its transportation network to enhance reliability and lead-times nationwide.

The business has also implemented technology improvements on two fronts to increase output. First, 2GO Logistics has completed the deployment of its internationally recognized Warehouse Management System to modernize its operations. This allowed the business to streamline its workflows electronically to speed up inventory tracking and deployment. Second, the business began the roll out of its control tower structure to monitor its transportation assets. This scheme utilizes GPS to minimize route deviations and improve delivery fulfillment times.

Overall, these initiatives allow 2GO Logistics to serve its customers better and improve their logistics journey. It also ensures the business is a strong contender in a highly competitive industry.



## 2GO Express

2GO Express's courier service operations were temporarily suspended due to the initial lockdown in the first quarter after authorities deemed it as non-essential. The government moved to restart the economy in subsequent months, however dampened demand resulted in weak volumes across courier services. This resulted in revenues slowing down to Php 2.24 billion. Despite the slowdown, 2GO Express managed to win the bid to be the official partner of FedEx in the Philippines, a testament to the business's experience and expertise in the industry.

The 2GO Express team drove innovation in the midst of the fast-changing business environment. With working from home becoming the norm, laptop returns and repairs became an issue for many companies. 2GO Express addressed that gap by providing a service to facilitate logistics between companies and their employees. As people movement was clamped down to prevent COVID-19 from spreading further, the frequency of flights in the airline industry was greatly reduced. In response, 2GO Express and 2GO Shipping Solutions launched 2GO CabinCargo, a service that delivers products utilizing 2GO's regular scheduled vessels. While deliveries via CabinCargo take longer to arrive, they cost less than airfreight and are reliable. These solutions were quickly developed through creativity and a customer-centric mindset to address the evolving needs of the market.

The express business looks forward with positivity as major changes in its operations are implemented in 2021. 2GO Express will integrate operations into a single location to improve business synergies and lead times. To make the business future-ready, the new base of operations will feature an Automated Sorting Machine. The automation will enhance efficiency, speed up processing times and allow scalability



while greatly minimizing errors. In addition, to optimize 2GO Express's delivery and resource allocation, the business unit will utilize new technology to modernize destination mapping and vehicle routing. Ultimately, these changes are geared toward the enhancement of the customer experience which has been a central focus of 2GO. This modernization will also allow 2GO Express to offer more value-adding services in the future.



## Special Containers and Value Added Services

Coming from a strong 2019 performance, SCVASI continued to lead in the Special Containers industry in 2020. It continues to be profitable despite the numerous challenges it encountered during this time. While demand from its core industries suffered, brought about by the COVID-19 pandemic and the continued persistence of the African Swine Flu (ASF), SCVASI maintained a positive financial outcome due to its ongoing efficiency efforts and high level of operations excellence.

The impact of quarantine restrictions on the retail food market significantly affected the demand for reefer services. However, while traditional food products were affected by mobility restrictions, the need for healthy food alternatives partially replaced their volumes. With the relaxation of quarantine protocols in the second quarter, food related industries began to recover as the demand for eggs, poultry and other meats increased. Demand for liquid bulk transportation recovered by third quarter due to the pent-up demand for liquor and alcohol manufacturing after being restricted during the lockdowns.





At the same time, 2GO Special Projects exceeded expectations due to clients acquired prior to the lockdown and additional new contracts in power and renewable energy, as well as in the cement industry during the year.

Operational synergies with the 2GO Group provide SCVASI a distinct advantage in terms of speed and reliability. The service differentiation coupled with the industry expertise of SCVASI allows the business to survive in a difficult business environment.

Moving forward, SCVASI is committed to maintain its market leadership. It will continue to invest in its business by upgrading its container fleet of reefers and ISO tanks to ensure product integrity. It will also invest in an integrated operating system that will help increase efficiency and visibility to container and product movement, thereby enhancing equipment turn time and improve customer service.



## Scanasia Overseas Inc.

Scanasia Overseas Inc. (SOI), continued to innovate its business through technology and people empowerment. The business grew revenues 2% to Php 7.7 billion due to the acquisition of new customers. In efforts to align and synergize with the 2GO Group, SOI migrated to a new warehouse while adopting a new inventory management tool. While this has improved On-Time Deliveries and reduced Rejections Upon Delivery, it incurred upfront transitory costs. Despite these pressures, coupled with tight working capital and complicated by the COVID-19 pandemic, the business managed to deliver a positive EBIT by the end of the year.

The reason for SOI's success in 2020 was its people. SOI has instituted programs that cultivate and motivate its workforce, encouraging leadership, growth, excellence and accountability. Annually and quarterly, the Leadership Excellence Achievement Program (LEAP) Awards are held to recognize the achievers and movers of SOI, measured using key performance indicators. Another recognition program was introduced during the height of the pandemic called 'Medal of Valor' to showcase the stories of individuals who went above and beyond their call of duty. Together, these programs boosted morale and helped the organization through this tough year. Employees found creative ways to engage their clients.

True to the new Vision of 2GO Group in adding value to their clients, SOI instituted the 'Winning Stores' program. This program standardizes and systematizes the in-store display of the brands we carry. The program instills best practices in display management guided by the principles that items must be available, visible and their placement executed correctly. These model displays are recognized and shared



during monthly cycle meetings to promote good practices and encourage others to follow suit. This program benefits both the store and our principals, while enhancing the customer's in-store shopping experience. It is our vision to be known as the distributor of choice as we continue to expand our clientele.

In 2020, SOI also ventured into ecommerce services for its bulk customers. The addition of this sales channel was due to the drop in SOI's food service business as restaurants and related businesses were shuttered during the quarantine. At first, SOI began using social media to offer bulk item delivery to home businesses and bakeries. What started as a stop gap solution to avoid inventory from expiring is now an official channel of the business. While this is still under development, we see it as a potentially significant contributor to the business once fully rolled out.

## Leveraging our synergies in responding to evolving customer needs and supply chain requirements


### Transportation Solutions

We leverage on the reliability, speed and flexibility afforded by the priority berthing of our ROPAX vessels in 18 major ports of call nationwide and the presence of our container freight stations and consolidation hubs with the port area. These capabilities allow us to offer the shortest cut off times for port-to-port up to door-to-door delivery.

 <b>2GO CabinCargo</b>	<p>A service that uses the ship's passenger cabin for hand-carried and other small packages up to 25 kilograms. These cargoes are loaded right before the ship embarks and is the first to be unloaded at the port of destination allowing shipments to Visayas and Mindanao to arrive within five days.</p>	2GO Sea Solutions, 2GO SCVASL, 2GO Express
 <b>2GO SmallCargo</b>	<p>2GO's business clients with Less-than-Container-Load (LCL) cargo requirements are exclusively loaded onto 2GO's regularly scheduled ROPAX vessels, allowing shipments from Manila to any major port in the Philippines to arrive in four to five days.</p>	

### Direct to Consumer Solutions and Partnerships

We leverage on the capabilities of our business units to link together the components of the supply chain-from source to market.

 <b>2GO Connect</b>	<p>Mall clients and its tenants benefit from quick and less costly direct-to-mall deliveries. Common addressed items are consolidated into one container and sent directly to the mall eliminating multiple handling.</p>	2GO Sea Solutions, 2GO Express, 2GO Logistics
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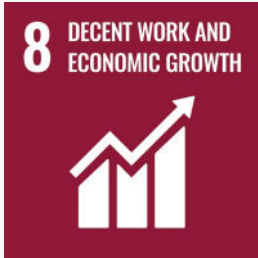

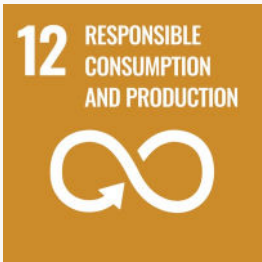



## Sustainability

Supporting the UN SDGs | 20  
Our Approach to Sustainability | 22

## Supporting the 17 United Nations Sustainable Development Goals

Since our first sustainability report in 2018, we continued to refine our alignment to the UN Sustainability Goals by identifying priority areas that are most relevant to our business and where we can create the most impact.

Our Priority Areas	Our Approach	Our Performance
	We help drive economic growth in urban and rural communities by facilitating the movement of people, goods and services. At the same time, we provide economic opportunities in the localities where we are present, generating jobs across our supply chain.	Economic Impact (p. 26) Social Impact (p. 28-29) Corporate Governance (p. 46)
	We provide industry innovation and transport infrastructure for key industry verticals such as consumer goods, food, pharmaceuticals, lifestyle products, automotive and consumer electronics.	Sustainable Supply Chain (p. 28-29) Enabling Trade Through Technology (p. 31)
	We are environmentally responsible as we pursue efficiency in our day-to-day operations, enabling us to minimize our material footprint while we maintain the highest standards in serving our customers.	Environmental Impact (p. 42) Corporate Governance (p. 46)
	We recognize the impact that climate change has on our business and our stakeholders. We incorporate climate change in assessing our risks and opportunities and formulate policies and implement programs that develop our resilience and adaptation to the effects of climate change.	Environmental Impact (p. 42) Corporate Governance (p. 46)





As we do our share in achieving the SDGs, we take on a principles-based approach following the Ten Principles of the UN Global Compact. We support:

**Human Rights**

The responsibility to protect the dignity of every person and uphold human rights

**Labor Rights**

The responsibility to uphold freedoms, eliminate forced and compulsory labor, abolition of child labor and recognition of the role of women in achieving economic growth

**Environment**

The responsibility to adopt methods and technologies that help quantify, manage and report the impacts of our business to promote greater environmental responsibility

**Anti-Corruption**

The responsibility to work against corruption in all its forms including extortion and bribery

## Our Approach to Sustainability

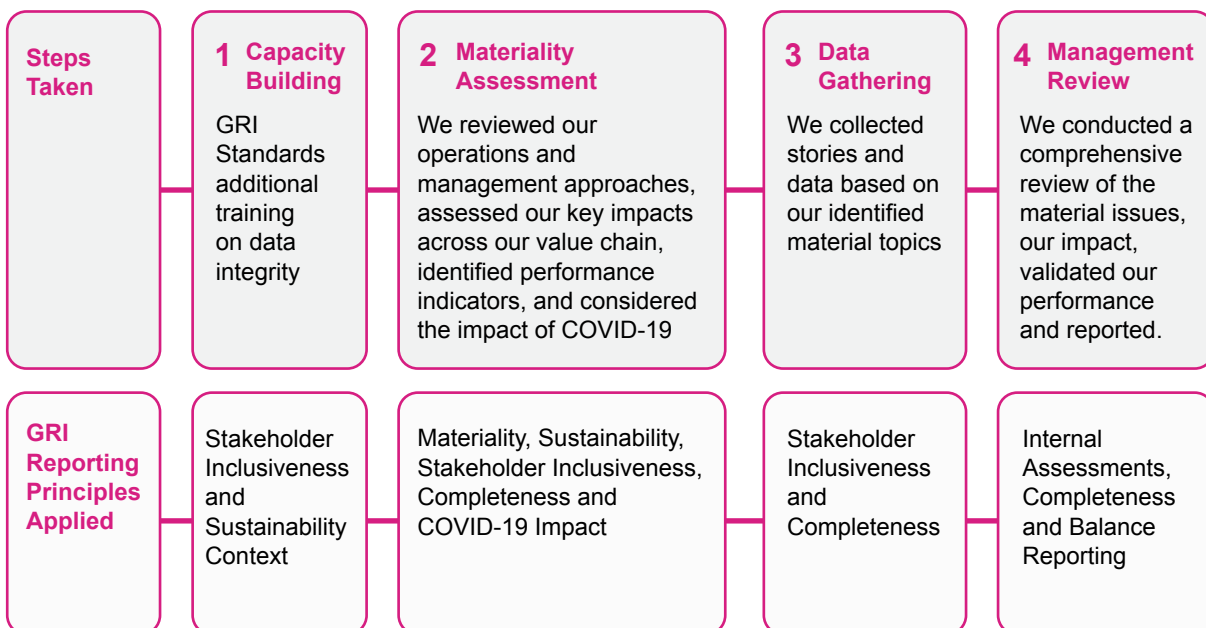
Our sustainability framework serves as guideposts in our approach to creating long-term value for our business and our stakeholders.

As we provide integrated end-to-end supply chain solutions, we make sure that we are able to look after the welfare of our communities, provide opportunities for our micro, small and medium enterprises, develop our people's potential, protect the environment and deliver sustained returns for our shareholders.



## Our Reporting Process

102-46



## Materiality

We seek consistency in our approach to materiality. In our maiden report, we conducted an in-depth materiality assessment among our key officers to understand critical areas that we need to focus on in order to deliver excellent service to our customers. In addition, we also looked into which areas are most critical for us to build our capacity in in order to better protect the environment and provide opportunities for our communities. In 2019, we expanded our process with online surveys to complement our formal and informal dialogues with our stakeholders. In 2020, we engaged our stakeholders through informal dialogues to understand which of the material topics have greatly impacted them through the pandemic.



Product Reach



Business Process



Employee Well-Being, Health and Safety



Customer Centrality



ESG Compliance



Sustainable Supply Chain



Customer Data Privacy



Job Creation



Digitalization



Economic Performance





Employee Development



## Our Material Topics

102-46

102-47

Material Topics	Definition and Relevance	Boundaries
 <b>Product</b>		
Product/Service Reach, Accessibility and Visibility	How we make our products and services accessible and affordable to our customers	Within 2GO & its customers
Customer Welfare	How we protect the safety and well-being of our customers	Within 2GO & its customers
Customer Data Privacy	How we protect the data privacy of our customers and take steps to comply with their standards	Within 2GO & its customers
 <b>Performance</b>		
Economic Performance	How we deliver value to our shareholders, facilitate the movement of goods and people, and contribute to the economic growth of the country as the backbone of Philippine commerce	Within 2GO
Business Process and Systems	How we use technology to provide a seamless and efficient service and how we pursue continuous improvement strategies	Within 2GO
 <b>Partnership</b>		
ESG Compliance	How we ensure compliance to all applicable government regulations, developing moral and ethical expectations in partnership with our regulators, suppliers and host communities	Within 2GO and with regulators
 <b>People and Planet</b>		
Economic Opportunities	How we create jobs wherever we operate	Within 2GO and with host communities
Employee Development, Welfare and Succession Planning	How we recruit, develop and retain talent, recognize the contribution of our employees, and provide long-term professional development	Within 2GO
Employee Well-being, Health and Safety	How we provide a safe working environment for our employees and promote their well-being	Within 2GO
Sustainable Supply Chain	How we efficiently utilize our resources to minimize our impact on the environment and maintain an inclusive supply chain with our partner suppliers	Within 2GO

## Listening and Responding to Our Stakeholders

102-40

102-42

102-43

102-44

Our Stakeholders	How We Engage Them	What Matters Most to Them	Our Commitment	Our Progress
Our Customers and Clients	<ul style="list-style-type: none"> <li>• Various Customer touchpoints</li> <li>• Online Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Product/ Service Reach, Accessibility and Visibility</li> <li>• Customer Welfare</li> <li>• Customer Data Privacy</li> </ul>	Continuous system enhancement	Sustainable Supply Chain (p. 28)  Economic Value for All (p. 30)
Our People	<ul style="list-style-type: none"> <li>• In person discussions</li> <li>• Annual Performance Review</li> <li>• Online Surveys</li> <li>• Townhall meetings</li> <li>• Coaching and Training</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Development, Career Growth</li> <li>• Occupational Health and Safety</li> </ul>	Internal and external training opportunities  Adequate health and work benefits	Social Impact (p. 32)
Our Investors	<ul style="list-style-type: none"> <li>• Annual Stockholders Meeting</li> <li>• Investor Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Compliance and Governance</li> <li>• Adapting to COVID-19</li> </ul>	Transparent and timely disclosures	Economic Value for All (p. 30)  Social Impact (p. 32)
Our Suppliers and Service Providers	<ul style="list-style-type: none"> <li>• Vendor accreditation</li> <li>• Regular correspondence</li> <li>• Online Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Customer Welfare</li> <li>• Product Reach, Accessibility and Viability</li> </ul>	Safety trainings  Vendor selection process	Economic Value for All (p. 30)  Social Impact (p. 32)
Our Socio-Civic Partners	<ul style="list-style-type: none"> <li>• CSR joint projects</li> <li>• Online survey</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Operations</li> <li>• Community Involvement</li> </ul>	Partnership for social development programs	Social Impact (p. 32)  Environmental Impact (p. 42)
Our Media Partners and Analysts	<ul style="list-style-type: none"> <li>• Media Briefings</li> <li>• Corporate Events</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Employee Development</li> <li>• Occupational Health and Safety</li> <li>• Compliance and Governance</li> </ul>	Transparent and timely disclosures	Economic Value for All (p. 30)  Corporate Governance (p. 46)
Regulators	<ul style="list-style-type: none"> <li>• Conferences and external events</li> <li>• Regular Correspondence</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance and Governance</li> <li>• Sustainable Operations</li> </ul>	Transparent and timely disclosures	Environmental Impact (p. 42)  Corporate Governance (p. 46)









## Economic Impact

Sustainable Supply Chain | 28

Economic Value for All | 30

## Sustainable Supply Chain

Inbound Customs  
Clearance & Brokerage



Domestic Sea  
Transportation



Domestic Land  
Transportation



**1 SOURCE**

**891**  
Shipping  
roundtrips

**198,314**  
TEUs served  
and delivered

Cold Chain Solution  
(Storage and Transport)



**3,351**  
ISO tanks delivered

**1,019**  
Flexibags delivered

Cross  
Dock



Forward Stock Location



**2,813**  
Food service  
establishments  
served



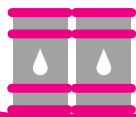
**2,107**  
Pharmacies  
served



**1,978**  
Retail outlets  
served



Cold Chain Solution  
(Storage and Transport)



**76.9 L**  
Fuel in shipping vessels



**12,869**  
Cold Chain TEUs  
served and delivered

**11,796**  
CBM Cold Chain LCL  
cargo transported

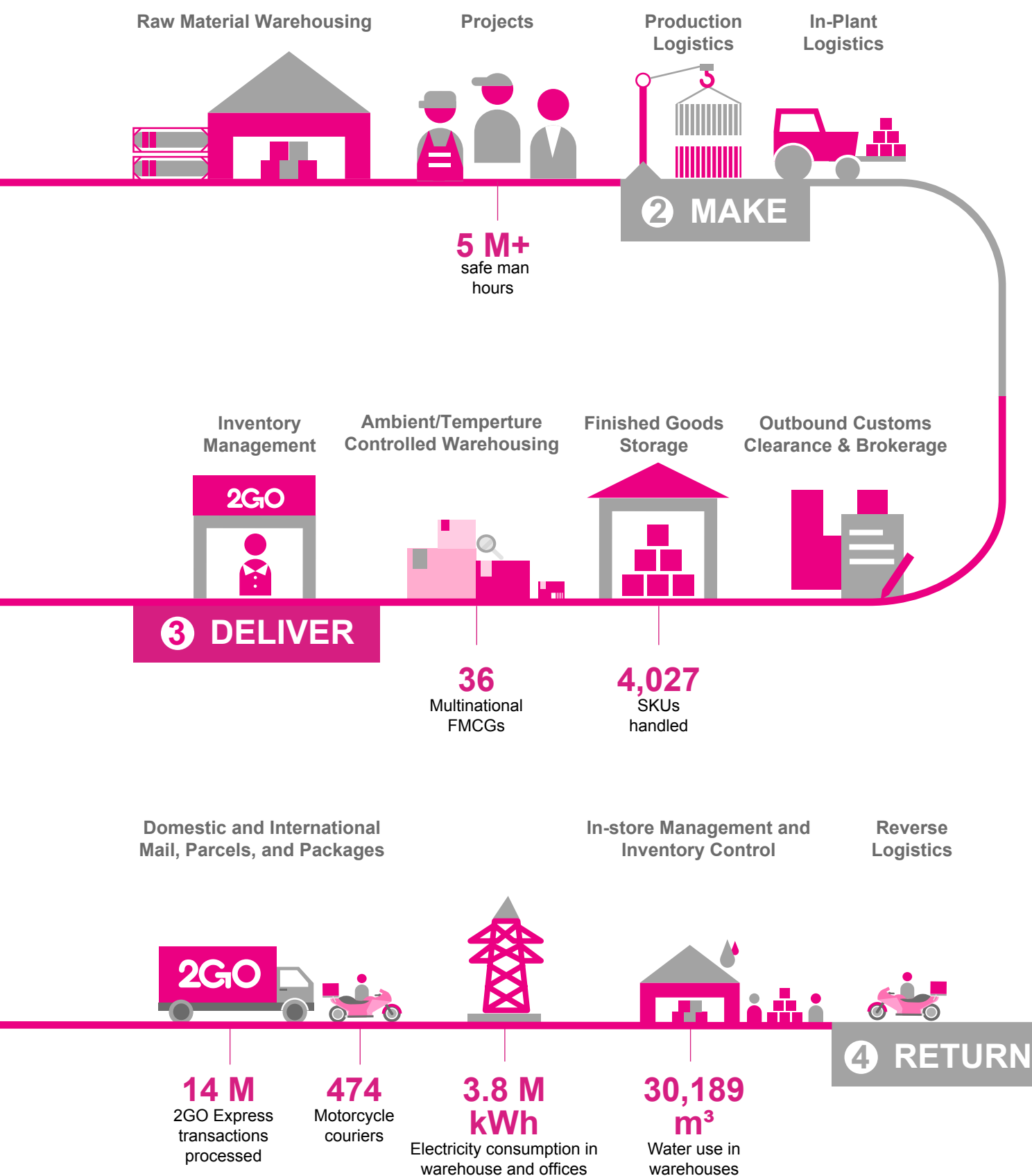
Full Container Load (Dry)



Less than Container Load (Dry)



**2 M**  
E-commerce  
transactions



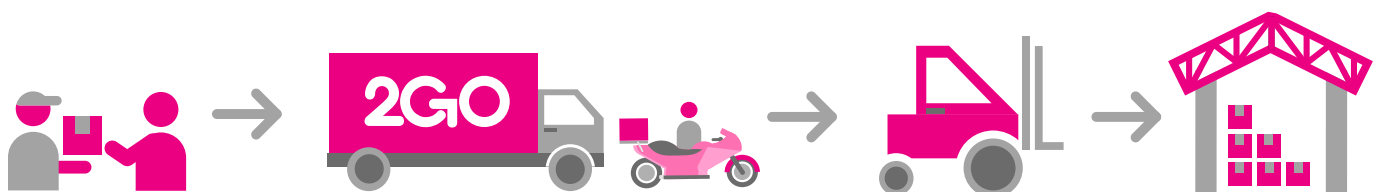


## Economic Value for All

102-48

At 2GO, we aim to provide a seamless connectivity across our islands, where products and services can easily be moved through cities, provinces, reaching to far-flung communities. We do this through an efficient supply chain system and by generating continued growth for all our stakeholders. By expanding our reach, we aim to facilitate access to all our customers.

Economic Value Table	2018	2019	2020
<b>Economic Value Created</b>	19,665	21,637	17,625
<b>Economic Value Distributed</b>	18,785	19,782	17,428
Operating Costs	16,504	17,521	15,280
Employee Wages and Benefits	1,770	1,452	1,361
Payments to Capital Providers	297	452	398
Payments to Government	212	356	321
Community Investments	2	1	69
<b>Economic Value Retained</b>	880	1,855	197





## Enabling Trade Through Technology

We invest more resources in enabling technologies that help us navigate evolving trade and logistics environments—earmarking Php 150 million for our digitalization strategy.

Our multi-year digitalization plan involves the adoption of globally recognized systems in warehouse, freight, and transport management to improve operational efficiency, minimize waste and reduce business costs.

Continuing our initiatives from 2019, this year we finished the next implementation rollout phase of our warehouse management system to our customers. We also completed the deployment of the operations and financial solution suites of our internationally recognized shipping application. In the same year, we were also able to successfully move our ERP solution to a cloud-based and future-ready solution that is expected to enable more streamlined financial processes and reporting.

For our transport business, we are deploying a technology-assisted route planning solution that along with the efficiency initiatives of our business units will optimize trips through destination mapping and resource allocation.

For our distribution business, we are enhancing our demand planning systems to aid in forecasting and in ensuring the availability of goods on the shelves of our retail partners.

In response to our growing network, we are implementing a platform that enables us to streamline and adapt our procurement process to the new normal.

We are on track in building a flexible, scalable technology portfolio that would allow us to deliver on our commitments to our customers.









## Social Impact

Responding to COVID-19 | 35  
A Future Proof Organization | 37  
Safety as Top Priority | 42





## Responding to COVID-19

### Bringing Families Together

In partnership with the government, we opened our ships to serve as quarantine facilities for our returning Overseas Filipino Workers, in full compliance with the health and safety guidelines issued by the government. With Smart Communications, Inc., we distributed free SIM cards and load for our kababayans. With limited transport nationwide, we also helped bring home thousands of Filipinos who were stranded in cities.



**133,000**  
Locally Stranded  
Individuals



**15,700**  
Authorized Persons Outside  
of Residence (APORs)



**7,800**  
Returning Overseas  
Filipinos







**156,500**  
Essential Travelers  
Served







In the early stages of the pandemic, we created a 2GO New Normal Well-Being Committee focused on ensuring the safety of our people, establishing accessible communication channels and develop new work protocols to carry on our service to our customers.



## Communicating Operational Challenges

	<b>New Normal Portal</b>	We developed an internal communication portal that provides employees with timely and transparent updates on the impact of COVID-19, health and safety measures and government mandatory requirements
	<b>We Care Forms</b>	We also created a centralized digital platform for Health Declaration/Symptom Checker and Contact Tracing
	<b>2GO COVID-19 Helpline</b>	We assigned a dedicated 2GO official helpdesk hotline and email to monitor COVID-19 cases
	<b>Safety Reminders</b>	We regularly gave safety reminders, placed safety and social distancing stickers and posters at the workplace

## Improved Work Environment

	<b>Safety in the Workplace</b>	We mandated all our employees to wear face masks and shields at the work sites, deployed thermal scanners, implemented social distancing, distributed alcohol and hand sanitizers and expanded our health care coverage
	<b>RAPID Tests</b>	We designated Php 4.8 million for RAPID testing and medical support for symptomatic employees
	<b>Meals Preparation</b>	We provided meals in our worksites in value of Php 3.2 million
	<b>Shuttle Service</b>	We provided shuttle services for our employees in value of Php 10.6 million

## Flexible Work Arrangements

	<b>Data Connectivity</b>	We supplemented our employees' data connectivity in value of Php 2 million to enable them to carry on with their work at home
	<b>Work from Home</b>	We guaranteed job security for our people under work from home arrangements during Enhanced Community Quarantine periods



## A Future Proof Organization

Our people are the backbone of our business. It is important for us that our employees are inspired, skilled, and equipped to provide outstanding service. We developed a Strategic Work Force Approach to help build a resilient organization and ready to adapt to the future of work.



**Right Size:** We maintain the optimum team size needed to achieve strategic goals efficiently and effectively.



**Right Skills:** We identify specific skill requirements throughout our business process. We invest in the development of crucial skills among our people to meet our current and future needs to surpass our customers' service expectations.



**Right Place:** We ensure the availability of a capable workforce in the right locations to meet rapidly evolving market requirements.



**Right Structure:** We maintain a dynamic structure that is seamless and has the agility to adapt to the strategic and operational demands of the company.



**Right Cost:** We maintain a dynamic structure that is seamless and has the agility to adapt to the strategic and operational demands of the company.



## Training and Development

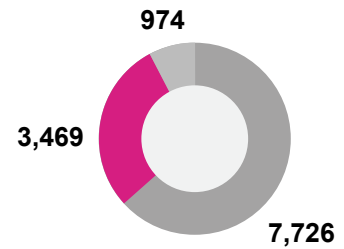
We conduct a wide-range of learning and development programs including mentoring and coaching, digital learning, and other workshops. In 2020, as necessitated by the changing work arrangements brought about by the pandemic, we shifted to online learning platforms. The shift made it easier to access and significantly increased the engagement of our people. Looking forward, we will focus on creating customized online programs to ensure successful employee adoption of new business process and system improvements.

### Training Hours



### By Rank

- Staff (64%)
- Managers (28%)
- Executives (8%)

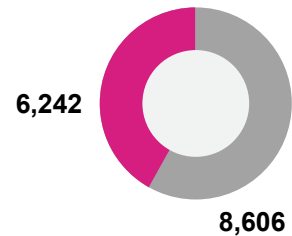


### 7

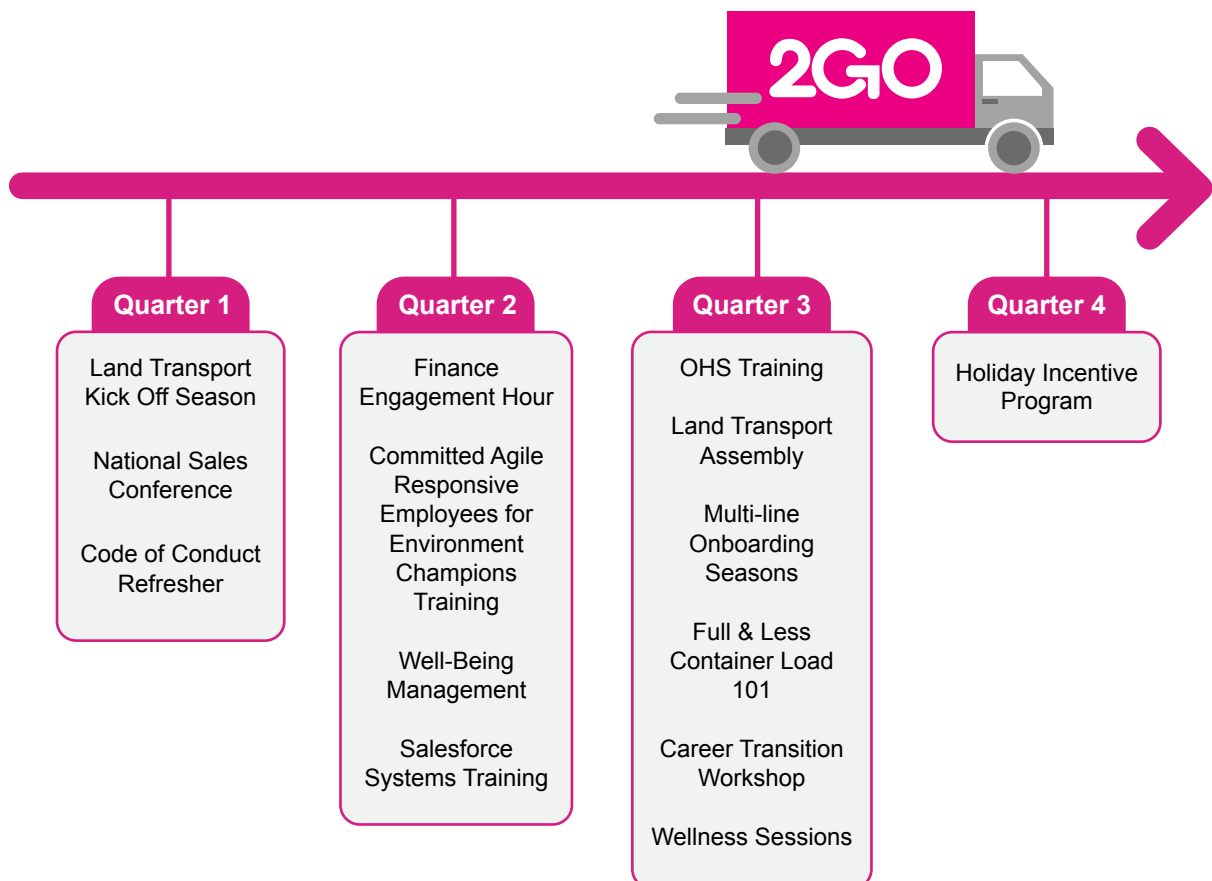
Average Training Hours per employee in 2020

### By Sex

- Male (58%)
- Female (42%)



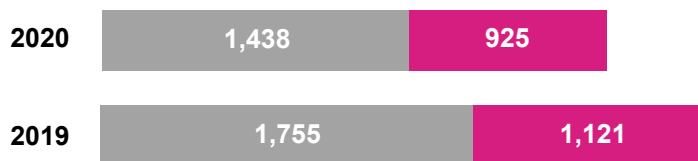
## Moving Ahead through Online Training



## Diversity and Inclusion

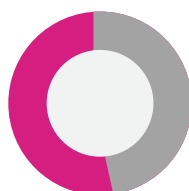
We strive to be an equal opportunity provider, fostering diversity among our choice of people. We promote non-discrimination in the hiring, promotion and leadership development of our co-workers. We also maintain a balance between male and female employees throughout different levels of management.

### Headcount by Gender



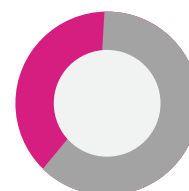
### Middle Management Diversity

- Male (47%)
- Female (53%)



### Senior Management Diversity

- Male (61%)
- Female (39%)



## Recognizing our Excellence

While the world grapples with the pandemic and the nation was put on hold, work did not stop for our field representatives. Store shelves had to be maintained and restocked to meet consumer demands.

Jay Chavez has been with 2GO for 24 years. He works as a Sales Representative handling over 70 accounts in different locations in Luzon. Jay fulfills orders from retail distribution centers to stores. In the field, he maintains a close working relationship with his client retailers to provide continuous and smooth stock replenishment services. Jay sustained this service and exhibited exceptional effort to meet severe peaks in demand and help solve merchandising issues during the lockdown.

Due to heavy restrictions and lack of public transport, Jay walked for one to two hours from his house in Mandaluyong to Landmark Makati. He did this so often that police officers manning border checkpoints knew him already. On several instances, he also had to retrieve stocks from the warehouse and replenish store shelves by himself in Marikina. All of this, he did on his initiative and without any complaints.

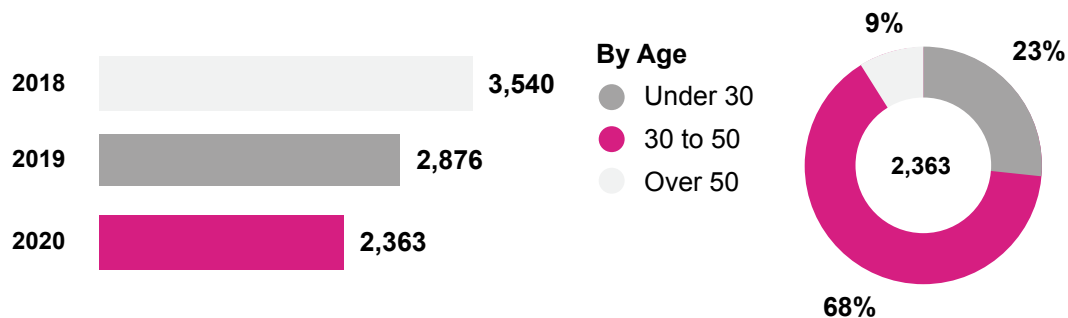


2GO Group commends his dedication. He was recognized as a Leadership in Excellent Achievement Program (LEAP) and Medal of Valor awardee last year for his commitment, ingenuity and for going above and beyond his duty to deliver consistent excellent customer service amidst adversity.

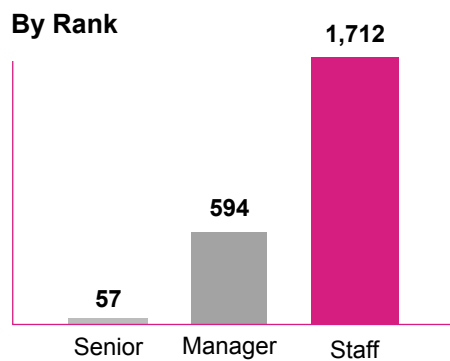


## Our People Profile

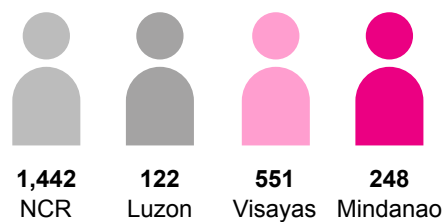
### Employee Headcount



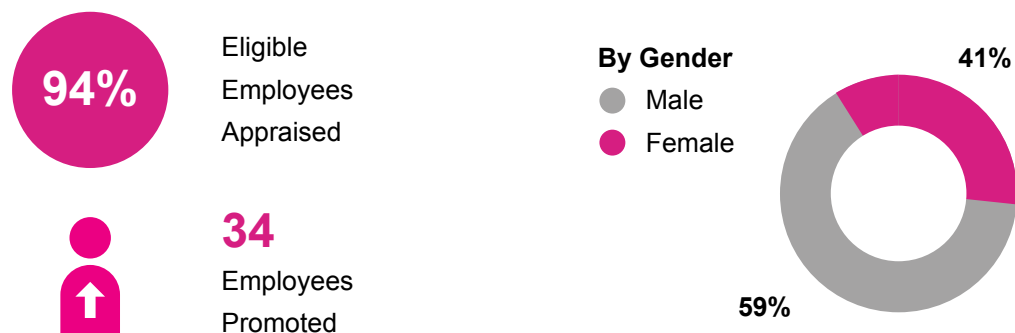
### By Rank



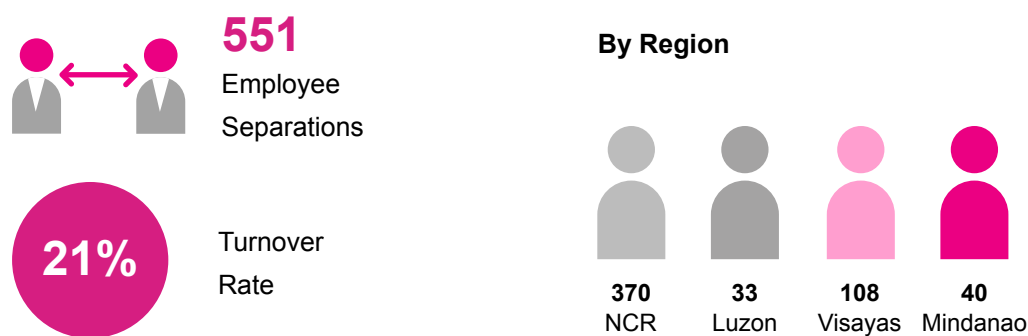
### By Region



### Appraisal



### Separations





## Hiring



**61**  
New Hires



**3%**  
Hiring Rate

### By Region



**56**  
NCR



**2**  
Luzon



**2**  
Visayas



**1**  
Mindanao

## Total Employee Wages



**1,361 M**  
Employee Wages and Benefits



## Safety as Top Priority

With our people constantly on the move, we make sure that all our employees and third-party providers follow strict safety protocols. This was further emphasized during the COVID-19 pandemic. With curtailed movements, we faced challenges in conducting our routine safety drills.

## Safety in Our Ships

Our safety protocols and policies are designed to ensure the protection of our people and the communities we serve. Onboard and ashore, we measure and manage operational safety daily. We put a high value on training and development to ensure that our crew members have a clear understanding of their roles within the system and can quickly respond in case of emergencies. While we cannot completely eliminate accidents, we mitigate risks through contingency planning. Mandatory safety training was conducted before the government instituted strict measures due to the COVID-19 pandemic.

As we continued with our operations, rapid Antigen Tests were required for all crew members and only those with a negative result were allowed to proceed on board. We implemented crew rotation with a no shore leave and no visitor policy given the unique circumstances. Throughout all our activities, extra precautions and preventive hygiene measures were observed.



**38**

Safety and Quality  
Trainings



**1,437**

Vessel Trainings  
and Drills



## Safety on Land

Our methods to uphold our commitment to safety in our land operations had to evolve with the challenges presented by the pandemic. In the short term, we launched online safety training modules including Basic Occupational Health and Safety (BOHS) training program for our employees.

As travel restrictions limited our implementation of the programs we started the previous year, such as our Defensive Driving Seminars and our safety audit walkthroughs, we took this as an opportunity to assess our environment, health and safety (EHS) programs. With our sights aimed towards improvement, we are in the process of building a fully operational organizational structure that will integrate EHS standards in our operating manuals, strengthen our controls and support our long-term sustainability goals.

**235**

Employees trained in  
Occupational Health  
and Safety

**5,142,551**

total safe man-hours  
recorded without lost  
time injury











## Environmental Impact

Mitigating Our Impact through  
Responsible Operations | 44

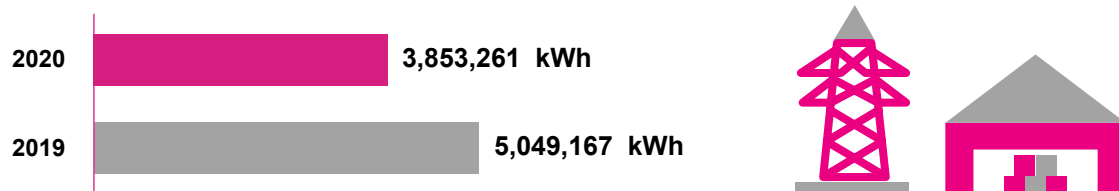


## Mitigating Our Impact Through Responsible Operations

As part of our commitment to the UN SDGs, we are taking concrete steps in refining our environmental management framework and how we adhere to local environment laws and regulations. We recognize the impact our operations have on the environment and we have begun by taking inventory of our commitments, what we need to do to uphold them and what controls do we place to ensure that we proactively manage our environmental impacts and risks.

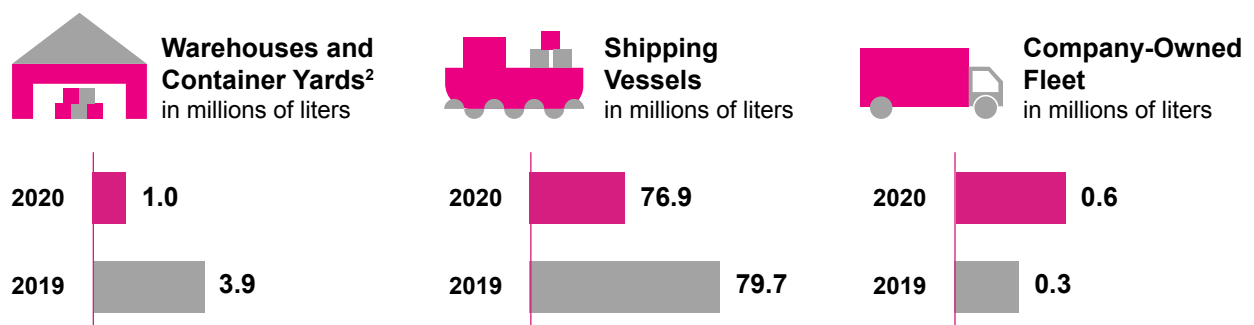
### Electricity<sup>1</sup>

Our operations rely on electricity to keep our facilities and material handling equipment running. In the coming years, we expect to see that our ongoing efforts to consolidate our network footprint and the optimization of our facility layouts result in bringing a more sustainable reduction in our consumption.



### Fuel

We use our multimodal transport capabilities to fulfill our commitment to our customers to bring their products to market. We aim to reduce inefficiencies and realize cost savings in our value chain as we continue to streamline our warehousing and transport networks through vessel rationalization, route optimization and deployment of enabling technologies.

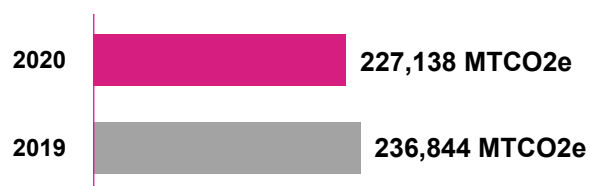


<sup>1</sup> Data includes 45 sites.

<sup>2</sup> Data includes use of diesel in standby generator sets, forklifts, owned trucks, reefers and cargo handling equipment.

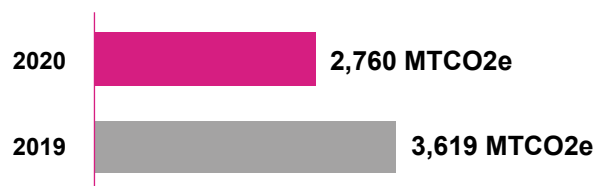
## GHG Emissions<sup>3</sup>

### Direct Emissions (Scope 1)



Scope 1 emissions arise from the fuel use in our ships, warehouses, and container yards

### Direct Emissions (Scope 2)



Scope 2 emissions arise from the use of purchased electricity in our offices and facilities

## Water<sup>4</sup>

Water is used primarily for sanitation at our warehouse facilities, hubs and offices. Our supply is obtained from third party utility providers and discharged into public sewage systems. As part of our environmental management activities, we implement measures to conserve water in our operations.

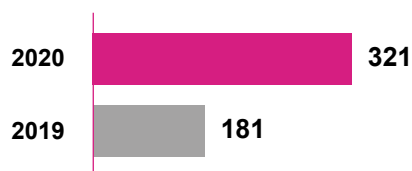


## Waste

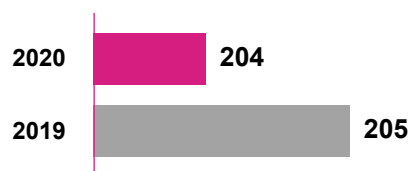
The hazardous wastes generated by our vessels are collected by Department of Environment and Natural Resources accredited third-party waste haulers and treaters. Food wastes on our vessels are processed via food grinders and are disposed in accordance to the regulations of the International Maritime Organization.



**Sludge**  
in thousands of liters



**Bilge Water**  
in thousands of liters



**2,000 L**  
Used Oil

<sup>3</sup> Calculated following the operational control approach of the Greenhouse Gas Protocol. Scope 1 emissions were calculated using the Greenhouse Gas Protocol Emission Factors from Cross-Sector Tools 2017, while scope 2 emissions were calculated following the emission factors from the Department of Energy's 2015-2017 National Grid Emission Factors. These include carbon dioxide emissions from the use of fuel and electricity in our operations.

<sup>4</sup> Data includes 45 sites.







## Corporate Governance and Financial Statements



## Board of Directors for 2GO Group Inc. (2021)



**Mr. Dennis A. Uy**  
Chairman

**Mr. Dennis A. Uy**, 47, Filipino, is the Chairman of the Board of Directors of 2GO Group, Inc. He is also the Founder, Chairman, and Chief Executive Officer of UDENNA Corporation, a holding company with a diverse business portfolio, including interests in petroleum, retail and distribution, shipping and logistics, real estate development, infrastructure, education, leisure and gaming, and telecommunications. He is the Chairman and Chief Strategy Officer of Phoenix Petroleum Philippines, Inc., the country's leading independent oil company, and Chairman of Chelsea Logistics Holdings Corporation, a dominant player in the shipping and logistics industry. He is the Chairman of UDENNA Land Corporation, the developer of real estate projects such as Clark Global City, Calaca Industrial Seaport Park, and UDENNA Tower. He is the Chairman and President of UDENNA Infrastructure Corp., Chairman of PH Resorts Group Holdings Corp., developer of The Emerald in Mactan, Cebu, Chairman of Enderun Colleges, Inc., and Chairman and CEO of Dennison Holdings. He is Chairman and Chief Executive Officer of Dito Telecommunity Corporation, the Philippines' third major telco. He is Chairman and Chief Executive Officer of Dito CME Holdings Corporation, Udenna's foray into the media and entertainment space. Mr. Uy is also the Chairman of Phoenix Philippines Foundation, UDENNA Foundation, Siklab Atleta Pilipinas Sports Foundation, and LIFE Fund. He was appointed as Presidential Adviser on Sports in 2016 and as Honorary Consul of Kazakhstan to the Philippines in 2011. Mr. Uy is a graduate of De La Salle University with a degree in Business Management.



**Dr. Francis C. Chua**  
Vice Chairman

**Dr. Francis C. Chua**, 72, Filipino, is the Vice Chairman of the Board of Directors and an independent director of 2GO. He is currently the Founding Chairman of the International Chamber of Commerce, Philippines (ICCP). He is also the Chairman Emeritus of the Philippine Chamber of Commerce and Industry Inc. (PCCI), Founding Chairman of the Philippine Silk Road International Chamber of Commerce (PSRICC), and Honorary President of the Federation of Filipino-Chinese Chambers of Commerce and Industry Inc. (FFCCCII). He has served as President of the PCCI (2010-2011), The Chamber of Commerce of the Philippine Islands (2004-2006), and the Federation of Filipino Chinese Chambers of Commerce & Industry, Inc. (FFCCCII) (2005-2007). In 2007, he was appointed as Special Envoy for Trade and Investments by the President of the Philippines. Currently, he is the Honorary Consul General of the Republic of Peru in the Philippines since 2006. He is co-founder of Pearl Pay, a fintech company, Vice Chairman and ExeCom Chair of the Bank of Commerce, Board Adviser of Basic Energy, Founding Chairman of BA Securities and the Chairman and President of BA Group of Companies. Dr. Chua is also Chairman Emeritus of Employers' Confederation of the Philippines (ECOP). He also serves as Commissioner of Tzu Chi Foundation. Dr. Chua is an ASEAN Industrial Engineer and is a Graduate of B.S. Industrial Engineering from the University of the Philippines. He was conferred Doctor of Management (Honoris Causa) by the Polytechnic University of the Philippines, Doctor of Humanities (Honoris Causa) by the Central Luzon State University (CLSU) in 2006 and Doctor of Business Technology (Honoris Causa) from EARIST also in 2006. **AFFILIATIONS:** Chairman



**Mr. Frederic C. DyBuncio**  
President/Chief Executive Officer

of DongFeng Automotive, Inc., Chairman & President for Philippine Satellite Corp., Chairman & President for CLMC Group of Companies, Chairman for Philippine Silkroad International Chamber of Commerce, President of Philippine Business Center, Inc., Founding Chairman at BA Securities, Inc. (Philippines). Vice Chairman of 2GO Group, Vice Chairman of Basic Energy Corporation, Chairman of the Foundation for Crime Prevention, Founding Chairman for International Chamber of Commerce Philippines. Chairman at Green Army Philippines Network Foundation, Inc. Board of Director at Hua Kiao University, China Board of Director of Fuchou Normal University, Awardee of the UP Alumni Award for Community Service, Dr. Jose Rizal Award for Business and Entrepreneurship Board of Regent at the Universidad de Manila, Previous Board of Trustees at Central Luzon State University, Previous Board of Trustees at the Technical Education and Skills Development Authority (TESDA), Previous member of the Board of Regents of the University of the Philippines, President Emeritus and Board of Director of the Philippine Institute of Quezon City, Exemplary Alumni of Xavier School, Outstanding Manileños of 2018.

**Mr. Frederic C. DyBuncio**, 61, Filipino, is the President/Chief Executive Officer and a director of 2GO and SM Investments Corporation. He is the Vice Chairman of the Board of Directors of Atlas Consolidated Mining and Development Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various



**Elmer B. Serrano**  
Director and Corporate Secretary

executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at Asian Institute of Management.

**Elmer B. Serrano**, 53, Filipino, is a Director and Corporate Secretary of 2GO. He is a practicing lawyer specializing in Mergers & Acquisitions, Capital Markets and Banking and Finance. In 2020, he was named Asia Best Lawyer by the International Financial Law Review (IFLR). He is also consistently ranked as a leading lawyer by the Legal500 Asia Pacific and IFLR1000. Mr. Serrano is a director of 2GO Group, Inc. He is also the Corporate Secretary of Premium Leisure Corp., Crown Equities, Inc., as well as various subsidiaries of BDO Unibank, and also serves as the Corporate Information Officer of BDO Unibank and BDO Leasing and Finance, Inc. He is also Corporate Secretary of, and counsel to, prominent banking industry associations and companies such as the Bankers Association of the Philippines and PDS Group. Mr. Serrano is a Certified Associate Treasury Professional (2017) and was among the top graduates of the Trust Institute of the Philippines in 2001. Mr. Serrano holds a Juris Doctor degree from the Ateneo Law School and a BS Legal Management degree from Ateneo de Manila University.





**Ms. Ma. Concepcion F. de Claro**  
Member of the Board of Directors



**† Atty. Joseph C. Tan**  
Lead Independent Director



**Mr. Lauritto E. Serrano**  
Independent Director

**Ms. Ma. Concepcion F. de Claro**, 63, Filipino, is a member of the Board of Directors of 2GO, PH Resorts Group Holdings, Inc., subsidiaries and joint venture companies of Phoenix Petroleum Philippines, Inc. (PPPI) and Sagittarius Mines, Inc. She is also the Chief Financial Officer of Phoenix Petroleum Philippines, Inc. She served as the Chief Operating Officer of Alsons Corporation from March 2011 to 2017 and as member of the Board of Alsons Power Holdings Corporation from October 2011 to 2017. She was previously a member of the Board of Directors of Manila North Harbour Port, Inc. (from April 2011-June 2012) and Limay Energen Corporation (from July 2011 to March 2012), Chief Financial Officer of Two San Isidro-SIAI Assets, Inc. (from March 2011 to March 2014), and Vice President for Corporate Planning and Services and consultant for Mergers & Acquisitions projects of Petron Corporation (November 2008-September 2010). She is a Certified Public Accountant with a B.S. Commerce degree, Major in Accounting, magna cum laude, from Colegio de San Juan de Letran.

**Atty. Joseph C. Tan**, 63, Filipino, is the lead Independent Director of 2GO and the Founding Partner of MOST Law Firm from September 2006 to present. He was Special Counsel for the Agus Cruz & Manzano Law Office from 2004 to August 2006. He was an Associate of Puno & Puno Law

Offices from 1991 to 1995. He is currently an Independent Director of Premium Leisure Corp., Pacific Online Systems Corporation, and LMG Chemicals Corporation. He was also a director of Philippine Bank of Communications from September 2010 to August 2011. Atty. Tan holds a Bachelor of Arts with a Major in Business Administration degree from University of San Francisco, USA (Class of 1978). He also holds a Bachelor of Laws degree from the Ateneo de Manila College of Law, Makati City, graduating with honors (Class of 1985).

**Mr. Laurito E. Serrano (Chairman)**, 60, Filipino, is an Independent Director of 2GO. He concurrently serves as a member of the Board of Directors of Rizal Commercial Banking Corporation (RCBC), Pacific Online Systems Corporation (POSC), Atlas Mining & Development Corporation (Atlas), Axelum Resources Corp. (AXLM), and MRT Development Corporation (MRTDC). Mr. Serrano's more than 30 years of professional experience in corporate finance advisory work covers the development and promotion of financial advisory and special project engagements involving transaction structuring, public offerings, listings of shares, asset securitization and monetization, workout deals, project studies, business acquisitions, and debt and equity capital-raising. Mr. Serrano was a Partner in the Corporate Finance Consulting Group of Sycip, Gorres, Velayo & Company



**Mr. Chryss Alfonsus V. Damuy**  
Director

(SGV&Co.) and started his career in the Audit and Business Advisory Group also of SGV&Co.. Mr. Serrano is a Certified Public Accountant and graduated cum laude from the Polytechnic University of the Philippines, where he obtained his Bachelor of Science Degree in Commerce. He obtained his Master's degree in Business Administration (MBA) from the Harvard Graduate School of Business in Boston, Massachusetts, U.S.A.

**Mr. Chryss Alfonsus V. Damuy**, 47, Filipino, has been a member of the Board of Directors of 2GO since 2018 and of Chelsea Logistics and Infrastructure Holdings Corp. since its incorporation, and was consequently appointed as its President & CEO on March 2017. He is the Chief Operating Officer of Chelsea Shipping Corp. and its subsidiaries and the Vice Chairman of Trans-Asia Shipping Lines, Inc. and subsidiaries. He was Vice President for Finance of Phoenix Petroleum Philippines, Inc. He also served as the Controller of Lapanday Foods Corporation and held various positions in its subsidiaries, including Fresh Asia Produce as Accounting Manager, and Mindanao Fresh Produce Services Corporation as Assistant Accounting Manager. He also worked as Chief Accountant and Branch Officer of the Regional Educators Multi-Purpose Cooperative. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College. He is a Certified Public Accountant.



**Atty. Jesus G. Dureza**  
Independent Director

**Atty. Jesus G. Dureza**, 73, is an Independent Director of 2GO. Atty. Dureza earned his Bachelor of Arts degree from the Ateneo de Davao University. He earned his law degree from the same university in 1973 and placed 10th in the Philippine Bar Examination. He then became editor of the Mindanao Times, correspondent for Manila Times, Manila Bulletin and Associated Press, and hosted Davao's first TV talk show "Brainstorm". Atty. Dureza became Davao Congressman in 1987 and served until 1993. He was appointed by President Fidel V. Ramos as Presidential Assistant for Mindanao and Chairman of the Mindanao Development Authority. In 2002, he founded the Advocacy Mindanow Foundation. During the administration of President Gloria Macapagal-Arroyo, he served in various capacities as Chairman of the Government Peace Panel with the MILF, as Press Secretary, Presidential Peace Adviser, Chief Presidential Legal Counsel and Chairman of Mindanao Development Authority. Atty. Dureza was also a senior partner of the Rama Dureza Abarques Law Firm. President Rodrigo Duterte appointed him as Presidential Peace Adviser until he honorably resigned in November 2018. He is now back as Chairman-CEO of the Advocacy Mindanow Foundation and as publisher of the Mindanao Times.



## Corporate Governance

2GO Group, Inc. recognizes the vital role that a strong corporate governance culture plays in the operations of its business. The Company ensures that its business is conducted in a manner that exudes the governance principles of fairness, accountability and transparency and strives to keep pace with globally recognized best practices in corporate governance.

### Board Structure

The 2GO Board of Directors is responsible for the long-term growth and success of the Company and ensures that it balances its corporate objectives with the best interest of its shareholders and other stakeholders. The 2GO Board is composed of nine (9) highly respectable professionals, four (4) of whom, including the Chairman and the Vice Chairman are non-executive directors. The Company's directors possess the necessary skills and qualifications to effectively participate and help achieve the Company's objective; deliver independent judgment on corporate affairs; and to ensure proper checks and balances.

The Board see to it that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, which enables it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. In line with this, the Company adheres to a board diversity policy that ensures that there is always a diverse composition of directors on the Board, a major factor in advancing 2GO's strategic objectives and plans. The Company commits to having a diverse group of directors, in terms of age, ethnicity, culture, skill, competence, knowledge, gender, among other qualifications.

To monitor progress in achieving the Board's diversity goals, the relevant board committee utilizes a Board Matrix which shows the mix of attributes, skills, competencies, experience and affiliations the Board members currently possesses.

2GO Group, Inc. Board of Directors				
Director	Age	Designation	Directorship	Year First Elected
Dennis A. Uy	47	Chairman of the Board	Non-Executive Director	Feb 2017
Francis C. Chua	72	Vice Chairman	Non-Executive Director	Jan 2011
Frederic C. DyBuncio	61	President/Chief Executive Officer	Executive Director	Apr 2017
Elmer B. Serrano	53	Director	Executive Director	Feb 2017
Ma. Concepcion F. de Claro	63	Director	Non-Executive Director	Apr 2017
Chryss Alfonsus V. Damuy	47	Director	Non-Executive Director	Apr 2018
Joseph C. Tan	63	Lead Independent Director	Independent Director	Feb 2017
Jesus G. Dureza	73	Independent Director	Independent Director	Apr 2019
Laurito E. Serrano	60	Independent Director	Independent Director	Apr 2017

Per the Company's Manual on Corporate Governance, 2GO shall have at least three (3) independent directors. The Company's independent directors are free from management responsibilities, substantial shareholdings and material relations, all of which are perceived to impede independent judgment. Likewise, the roles of the Chairman of the Board and the Chief Executive Officer are held by separate individuals to foster an appropriate balance of power, increased accountability and better capacity for independent decision making by the Board.

### Board Duties and Responsibilities

The Board exercises and promotes the highest standard of excellence throughout the organization and conducts itself with honesty and integrity in the discharge of its duties, functions, and responsibilities which includes, among others, the following:

- Ensure that an efficient and effective selection is in place to guarantee a mix of competent directors and officers who will add value to the Company and contribute independently to the formulation of sound corporate strategies and policies.
- Take a direct interest in leadership succession. Foster a professional development program for officers and employees and ensure that succession planning is in place for Management.
- Determine the Company's purpose, vision, mission and strategies to carry out its objectives and review it at least annually or sooner as the circumstances demand.
- Formulate the Company's strategic objectives, policies and procedures that will guide and direct the activities of the Company and the means to attain the same as well as the mechanism for monitoring Management's performance.
- Oversee and monitor Management's actions and performance.
- Ensure that individual members of the Board

exercise their powers and discharge their responsibilities honestly and in the best interest of the Company and its stakeholders.

- Identify the Company's investors and formulate a clear policy on communicating with them effectively through an investor relations program.
- Adopt a system of internal checks and balances.
- Identify key risk areas which will prevent the Company from achieving its objectives and design key financial and operational performance indicators and monitor such metrics with due diligence.
- Ensure that the Company's Code of Business Conduct which provides the standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings, is properly disseminated to the Board, Management and employees, and is available to the public via the Company's website.
- Properly discharge Board functions by conducting meetings at least six (6) times annually.
- Establish and maintain an alternative dispute resolution system to settle conflicts between the Company and its shareholders or third parties, including regulatory authorities. Keep Board authority within the powers of the Company as prescribed in the Articles of Incorporation and By-Laws, and in existing laws, rules and regulation.

### Board Performance

In accordance with the Manual on Corporate Governance, the Board meets at least six (6) times annually. Board meetings are scheduled a year in advance to encourage higher participation. Special board meetings may be called upon by the Chairman, the President or Corporate Secretary at the request of any two (2) directors. A director's absence or *(cont'd)*



non-participation for whatever reason in more than 50% of all meetings, both regular and special, in a year may be a ground for temporary disqualification in the succeeding election. Furthermore, non-executive directors meet at least once a year, without any executive directors

or representatives of Management present. Board papers and other materials used during Board meetings are distributed to the relevant parties at least one (1) week before the actual meeting.

2020 Meetings and Attendance									
Directors	1/30 (1)	2/27 (2)	4/8 (3)	5/5 (4)	5/26 (5)	6/18 (6)	8/6 (7)	8/6 (8)	%
Dennis A. Uy	✓	✓	✓	✓	✓	✓	✓	✓	100
Francis C. Chua	✓	✓	✓	✓	✓	✓	✓	✓	100
Frederic C. DyBuncio	✓	✓	✓	✓	✓	✓	✓	✓	100
Elmer B. Serrano	✓	✓	✓	✓	✓	✓	✓	✓	100
Ma. Concepcion F. De Claro	✓	✓	✓	✓	✓	✓	✓	✓	100
Chryss Alfonsus V. Damuy	✓	✓	✓	✓	✓	✓	✓	✓	100
Joseph C. Tan	✓	✓	✓	✓	✓	✓	✓	✓	100
Laurito E. Serrano	✓	✓	✓	✓	✓	✓	✓	✓	100
Jesus G. Dureza	✓	✓	✓	✓	✓	✓	✓	✓	100

### Board Committee

To further enhance its corporate governance programs, as well as to address specific tasks and responsibilities, the Board adopted five (5) board committees, namely the Executive Committee, the Audit Committee, the Risk Oversight Committee, the Related Party Transaction Committee, and the Corporate Governance Committee. Each committee has a charter which defines its composition, roles and responsibilities based on the provisions found in the Manual on Corporate Governance. The Charters include administrative provisions on the conduct of meetings and proceedings, reportorial responsibilities and provide the standards for evaluation of the respective committee performance. The Board Committee Charters are reviewed annually and amended accordingly to

ensure that each Committee exercises its powers and duties properly to attain its objectives.

### Executive Committee

The Executive Committee is composed of both Executive and Non-Executive Directors and acts on behalf of the Board during the interim periods between Board meetings. The Committee is tasked to assist the Board in overseeing the implementation of strategies, set and monitor the Company's performance goals and foster the sharing and dissemination of best practices in all areas of the business. The Executive Committee also defines the group-wide policies and actions relating to sustainable development, including environment, health and safety, internal communication, innovation and research, technology and procurement.

Executive Committee	
Office	Director
Chairman (Executive Director)	Frederic C. DyBuncio
Member (Non-Executive Director)	Dennis A. Uy
Member (Executive Director)	Elmer B. Serrano

### Audit Committee

The Audit Committee exercises oversight function over internal controls and procedures, as well as the audit activities performed by the Company's internal and external auditors. *(Please see the Audit Committee Report for more information on the Committee's roles and activities.)*

Audit Committee	
Office	Director
Chairman (Independent Director)	Laurito E. Serrano
Member (Non-Executive Director)	Ma. Concepcion F. De Claro
Member (Independent Director)	Joseph C. Tan

2020 Meetings and Attendance										
Name	1/9 (1)	2/20 (2)	5/25 (3)	6/3 (4)	6/9 (5)	8/3 (6)	9/15 (7)	10/8 (8)	10/29 (9)	%
Laurito E. Serrano (ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Ma. Concepcion F. De Claro (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Joseph C. Tan (ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100

### Corporate Governance Committee

The Corporate Governance Committee takes the lead in the promotion of the principles of corporate governance throughout the organization through the regular review and development of the Company's various governance policies and programs. The Committee is also responsible for establishing the criteria used in the selection of directors and key officers, recommending the persons it deems fit to be a member of the Board and/or Board Committees. Further to this, the Committee regularly reviews the Company's policies on management development and succession. The Committee is composed entirely of independent non-executive directors. The Corporate Governance Committee also determines the number of directorships which a member of the Board may hold simultaneous to their 2GO board seat.



Corporate Governance Committee				
Office	Director	Meetings & Attendance		
		2/26/20	4/8/20	11/5/20
Chairman (Independent Director)	Joseph C. Tan	✓	✓	✓
Member (Independent Director)	Laurito E. Serrano	✓	✓	✓
Member (Independent Director)	Jesus G. Dureza	✓	✓	✓

Director	Reporting Company	Nature of Directorship
Dennis A. Uy	Phoenix Petroleum Philippines, Inc.	Chairman/ Chief Strategy Officer
	Chelsea Logistics Holdings Corp.	Chairman
Francis C. Chua	Basic Energy Corp	Board Adviser
	Global Ferronickel Holdings, Inc.	Director
Frederic C. DyBuncio	SM Investments Corp.	President/CEO/Director
	Atlas Consolidated Mining and Development Corp.	Vice Chairman
Chryss Alfonsus V. Damuy	Chelsea Logistics Holdings Corp.	President/CEO/Director
Joseph C. Tan	LMG Chemicals Corp.	Independent Director
	Pacific Online Systems Corp.	Independent Director
	Premium Leisure Corp.	Independent Director
Laurito E. Serrano	Atlas Consolidated Mining and Development Corp.	Lead Independent Director
	Axelum Resource Corp.	Lead Independent Director
	Rizal Commercial Banking Corporation	Independent Director
	Pacific Online Systems Corp.	Independent Director

## Annual Evaluation of the Board

Through the Corporate Governance Committee, the Board conducts an annual performance evaluation of the collective Board, Board Committees, individual directors, the Company's Chairman of the Board, President and selected officers. The evaluation criteria is based on the duties and responsibilities of the Board of Directors, Board Committees, individual directors, Chairman of the Board, President and the heads of the control functions (Chief Audit Executive, Chief Risk Officer and Chief Compliance Officer) as provided for by the Company's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.

Directors are asked to rate the annual performance of the respective bodies and individuals, as well as identify areas for improvement, such as the quality and timeliness of information provided to them, the frequency and conduct of regular special or committee meetings, their accessibility to Management, the Corporate Secretary and Board Advisors as well as training/ continuing education programs or any other forms of assistance that they may need in the performance of their duties. The Board then reviews the results of the evaluation and agree on action plans to address the issues raised. Every three (3) years, the annual evaluation is conducted by a third-party facilitator. The form used for the evaluation may be viewed via the Company's website.

Notable Continuing Education/Training of the Board of Directors			
Director	Date of Program	Program	Name of Training Institution
Dennis A. Uy	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Francis C. Chua	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Frederic C. DyBuncio	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Elmer B. Serrano	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Ma. Concepcion F. de Claro	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Chryss Alfonsus V. Damuy	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Joseph C. Tan	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Laurito E. Serrano	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors
Jesus G. Dureza	10/23/20	Advanced Corporate Governance Training Program	Institute of Corporate Directors



### Remuneration of Directors and Senior Management

Members of the Board of Directors receive a per diem for each meeting attended. Total compensation paid to each directors is disclosed annually in the Definitive Information Statement sent to shareholders, together with the Notice of the Annual Stockholders' Meeting. The corporate compensation philosophy for executive remuneration in 2GO is meritocracy based. Commensurate compensation is given based on the annual performance evaluations of 2GO's executives. Any change in compensation is subject to full discussion and concurrence by the Board upon the review and recommendation of the Corporate Governance Committee.

### Risk Oversight Committee

The Risk Oversight Committee is responsible for the Company's enterprise risk management system, and leads the organization in the management of its operational risk, compliance and regulatory risk, technological risk and other material business risks. The Committee also reviews and assesses the implementation and effectiveness of the Company's risk management framework and regularly monitor its development.

Risk Oversight Committee			
Office	Directors	Meetings & Attendance	
		4/8/20	11/5/20
Chairman (Independent Director)	Jesus G. Dureza	✓	✓
Member (Executive Director)	Frederic C. DyBuncio	✓	✓
Member (Independent Director)	Laurito E. Serrano	✓	✓

### Enterprise Wide Risk Management Program

2GO's Board of Directors sets the overall risk tolerance for the Group, but delegates the responsibility of managing risk exposures to the respective business unit heads with the oversight functions from the Risk Oversight Committee. In 2020, the Group continued to develop its Enterprise Risk Management Program whereby risks of each department are identified by the Business Unit Heads, assessed/evaluated and treated to reduce the risk to an acceptable level. The risk treatment procedures are regularly monitored and communicated to the Risk Oversight Committee. The business units continue to regularly update their risk registers as well as their respective business continuity plans as part of the Group's strategy to ensure that personnel and assets are protected and functional in the event of a disaster and/or crisis. Furthermore, the Crisis Management and Emergency Response Teams of the business units are periodically trained on the emergency response during the conduct of its regular drills and table top exercises to ensure maximum preparedness in the event of a disaster and/or crisis.

### Related Party Transactions Committee

The Related Party Transactions Committee reviews all material related party transactions of the Company and ensures that said transactions are conducted fairly and at arm's length. The Committee is composed of three (3) non-executive directors, majority of whom, including the Chairman, are independent directors.

Related Party Transactions Committee			
Office	Directors	Meetings & Attendance	
		4/8/20	10/29/20
Chairman (Independent Director)	Joseph C. Tan	✓	✓
Member (Non-Executive Director)	Ma. Concepcion F. De Claro	✓	✓
Member (Independent Director)	Laurito E. Serrano	✓	✓

### Policies and Programs

To ensure the continued development of its corporate governance practices, 2GO regularly reviews its Manual on Corporate Governance, Code of Business Conduct, and other governance related policies and programs. All governance related policies may be viewed via the Company's website at <https://www.2go.com.ph/policies/>

#### Manual on Corporate Governance

The Manual on Corporate Governance institutionalizes the principles and best practices of good corporate governance in the organization and remains a testament to the belief that good corporate governance is a critical component of sound strategic business management. In addition to the provisions relating to the Board of Directors and Management, the Manual also contains the Company's policies on disclosure and transparency, and mandates the conduct of communication, and training programs on corporate governance. It also outlines the rights of all stakeholders, and the protection of the interests of minority stockholders. There have been no deviations from the Manual since it was adopted.

#### Code of Business Conduct

The Code of Business Conduct serves as the pillar for the Company's culture of excellence and integrity. Directors, officers and employees are required to adhere to the Code in the performance of their duties and responsibilities. The Code highlights the importance of integrity in all the dealings with investors, creditors, customers, contractors, suppliers, regulators, co-employees, and the Company's other various stakeholders. It also highlights the Company's duties to its employees, shareholders and the importance of corporate social responsibility. Further to this, the Code prohibits directors, officers and employees from soliciting or accepting gifts, hospitality, and/or entertainment in any form from any business partner. The term gift covers anything of value, such as but not limited to cash or cash equivalent.



### **Conflict of Interest Policy**

The Company's Conflict of Interest Policy defines a conflict of interest as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him/her from acting in the best interests of 2GO. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose said conflict to the Company.

### **Insider Trading Policy**

Directors, officers and employees are prohibited from trading in the Company's shares, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. 2GO issues reminders of the "trading ban" before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. All directors, officers and employees are required to report their dealings in company shares within three (3) business days of the transaction. Reports should indicate the date of the trade/s and number of shares traded, at least, and should be submitted to the Company's Compliance Officer.

### **Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)**

The Company's whistleblowing policy, referred to as the Policy on Accountability, Integrity and Vigilance (PAIV), was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may accomplish an incident report on suspected or actual violations of the Code of Business Conduct or any other applicable law or regulation. Upon receipt of an incident report, Management conducts investigation on its merit, subject to due process and impose applicable penalties and sanctions as may be warranted.

Furthermore, the policy invokes a "No-Retaliation" section for those that have reported in good faith.

### **Related Party Transaction Policy**

The Company discloses in detail the nature, extent and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports to regulators. Management regularly presents the details of transactions entered into by 2GO with related parties at the meetings of the Related Party Transactions Committee. This is to ensure that the Company conducts all related party transactions fairly and at an arm's length basis. Likewise, related party transactions that are considered "material" in nature, or exceed the materiality threshold provided for by the Company's Policy on Material Related Party Transactions are subjected to the process of review and approval as provided by the same policy.

## **The Stakeholders**

The Company ensures that its stakeholders receive timely and accurate information on all facets of its business through the utilization of its website and disclosures. 2GO regularly discloses its top shareholders and its beneficial owners who own more than 5% of its shares. Shareholdings of directors and senior management are disclosed in the Definitive Information Statement sent to shareholders prior to the Annual Stockholders' Meeting (ASM). The ASM provides 2GO shareholders with the opportunity to raise concerns, give suggestions, and vote on relevant issues. Voting methods are clearly defined and explained to shareholders before the ASM to ensure the observance of their voting rights and continued participation in the voting process. Under the Company's By-Laws and Manual on Corporate Governance



and in accordance with certain laws, rules and regulation, shareholders may cumulatively vote for the election or replacement of members of the Board of Directors.

Prior to the ASM, shareholders are furnished a copy of the annual report, including financial statements, and all relevant information about the current and nominated directors and key officers. Elected directors hold office for one (1) year until their successors are elected following the procedures set forth in 2GO's By-Laws. The Company also includes rationales and explanations for each agenda item which requires shareholders' approval in the Notice of the ASM. Proxy voting is permitted and facilitated through proxy forms which are distributed to shareholders prior to the ASM. Proxy forms may also be downloaded from the Company's

website. To encourage shareholders to apply their right to vote through the proxy forms, notarization of such is not required.

Shareholders are also given the opportunity to vote on certain corporate acts in accordance with the law. These resolutions, along with shareholder questions and the corresponding responses are recorded in the minutes of the ASM, which are posted on the Company's website within five (5) days from the ASM. To ensure that all shareholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairpersons and Members, the Corporate Secretary, Compliance Officer, Internal and External Auditors, and other members of Management are required to be present during the ASM.



## Protection Of Stakeholders

As provided for in its Manual on Corporate Governance and other relevant rules, laws and regulations, 2GO recognizes and protects the rights and interests of its key stakeholders, namely its shareholders, employees, customers, business partners, creditors, the environment and the communities it operates in.

### Shareholder Rights

The Manual on Corporate Governance defines the shareholders' appraisal right as well as their rights to vote, right to information and inspect corporate books and records, gain access to material information and receive an equitable share of the Company's profits. The exercise of a shareholder's voting right is encouraged by the Company to ensure meaningful participation in shareholders' meetings. Voting methods and vote counting systems employed by the Company are clearly explained to ensure the effective exercise of shareholders' right to vote. The Company adheres to a system of cumulative voting for the election of directors to allow shareholders an opportunity to elect each member of the Board of Directors individually.

Shareholders have the right to receive dividends. They may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares in accordance with the Corporate Code. Minority shareholders are given the right to propose the holding of a meeting as well as the right to propose items in the agenda of the meeting, provided that the items are for legitimate business purposes and in accordance with the law, rules and jurisprudence and best practice.

### Dividend Policy

Per the Company's By-Laws, dividends payable out of the surplus profits of 2GO shall be declared at such time and in such manner and

in such amounts as the Board of Directors shall determine based on the financial performance of the Company, provided that, stock dividends shall be subject to the approval of the stockholders in a meeting called for that purpose.

### Investor Relations

The Company's investor relations professionals provide a means of communication between 2GO and its shareholders. They arrange regular teleconferences and site visits for investors, coordinate with the investor relations departments of the Company's related parties and conduct briefings with analysts and the media. 2GO's shareholders and other various stakeholders that require further information or details on the Company, its operations, directors and/or officers, or would like to provide feedback and/or make other relevant suggestions/recommendations to the Company, may contact the following:

#### Investor Relations Department

8/F Double Dragon Plaza  
2850 Epifanio de los Santos Ave. Pasay City,  
1308 Philippines +63 2 8528 7171  
[investor\\_relations@2go.com.ph](mailto:investor_relations@2go.com.ph)

### Environmentally Friendly Value-Chain

The Company ensures the environmental friendliness of its operations, and sees to it that it contributes to the overall sustainability of the environment where the Company operates. The Company is committed to the protection of the environment and complies with all applicable environmental laws and regulations. The Company also assesses and addresses the foreseeable environmental, health and safety-related risks associated with the delivery of the Company's goods and services and strives to avoid them. 2GO continually seeks to improve its corporate environmental performance through its supply chain by adopting technologies,



developmental practices and other related programs that encourage an environmentally friendly value-chain.

### Customer Welfare

The Company provides its customers with quality care and service in the provision of goods and services under terms and conditions that are fair and satisfactory. All customers are given fair and proper treatment and are provided with complete, correct and actual information. The Company also ensures that the goods and services it provides meet the required standards for consumer health and safety, particularly those pertaining to health warnings and safety information. Furthermore, the Company strives to meet the needs of its vulnerable and/or disadvantaged customers.

### Supplier/Contractor Selection

The Company observes propriety and acts with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the Company). 2GO adheres to its principles of healthy competition, equal opportunity and fair treatment of business partners. The Company has a bidding committee tasked to screen, review and approve major contracts with contractors and suppliers to ensure that negotiation is conducted fairly and on

an arm's length basis.

### Employee Welfare

The Company ensures the health, safety and welfare of its employees. Through the efforts of its Human Resources Department, the Company had established policies and programs that promote a safe and healthy work environment that caters to all cultures and creeds and encourages employee development and growth. The Company recognizes that awareness and understanding of the principles of good corporate governance are essential to the continued development of its corporate governance program. New employees are given an overview of 2GO's corporate governance framework, policies and its various components via employee orientation programs. Skills and Leadership development courses are also conducted regularly to ensure that 2GO employees are given ample opportunities for personal growth and development.

For issues or concerns, stakeholders may refer to:

#### Mr. Noel T. Ang

Corporate Governance and Compliance Officer  
8/F Double Dragon Plaza  
2850 Epifanio de los Santos Ave. Pasay City,  
1308 Philippines +63 2 8857-0296  
noel\_ang@2go.com.ph



## Statement of Management's Responsibility for Financial Statements

The management of **2GO Group Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the year ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2020, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



**MR. DENNIS A. UY**

Chairman of the Board



**FREDERIC C. DYBUNCIO**

President and Chief Executive Officer



**WILLIAM HOWELL**

Chief Financial Officer and Treasurer

*Signed this 4th day of March 2021.*

## Report of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's financial reporting, internal control system, internal and external audit processes and compliance with relevant laws and regulation. Likewise, the Committee oversees special investigations as maybe necessary. It reviews its charter annually. The Committee is composed of three (3) non-executive directors, two (2) of whom are independent directors including the Committee Chairperson. The Committee members have relevant background, knowledge, skill and/or experience in areas of accounting, auditing and finance. In 2020, they attended the annual corporate governance training conducted by an SEC accredited training provider and other updates on new relevant laws, accounting standards, taxes, and other regulatory requirements. The Committee also performed the annual self-assessment/evaluation and reviewed its performance against its Charter and other regulatory mandates to ensure its satisfactory performance.

The profiles and qualifications of the Committee members are as follows:

- **Mr. Laurito E. Serrano** (Chairman), 60, Filipino, is an Independent Director of 2GO. He concurrently serves as a member of the Board of Directors of Rizal Commercial Banking Corporation (RCBC), Pacific Online Systems Corporation (POSC), Atlas Mining & Development Corporation (Atlas), Axelum Resources Corp. (AXLM), and MRT Development Corporation (MRTDC). Mr. Serrano's more than 30 years of professional experience in corporate finance advisory work covers the development and promotion of financial advisory and special project engagements involving transaction structuring, public offerings, listings of shares, asset securitization and monetization, workout deals, project studies, business acquisitions, and debt and equity capital-raising. Mr. Serrano was a Partner in the Corporate Finance Consulting Group of Sycip, Gorres, Velayo & Company (SGV&Co.) and started his career in the Audit and Business Advisory Group also of SGV&Co.. Mr. Serrano is a Certified Public Accountant and graduated cum laude from the Polytechnic University of the Philippines, where he obtained his Bachelor of Science Degree in Commerce. He obtained his Master's degree in Business Administration (MBA) from the Harvard Graduate School of Business in Boston, Massachusetts, U.S.A.
- **Atty. Joseph C. Tan**, 63, Filipino, is the lead Independent Director of 2GO and the Founding Partner of MOST Law Firm from September 2006 to present. He was Special Counsel for the Agus Cruz & Manzano Law Office from 2004 to August 2006. He was an Associate of Puno & Puno Law Offices from 1991 to 1995. He is currently an Independent Director of Premium Leisure Corp., Pacific Online Systems Corporation, and LMG Chemicals Corporation. He was also a director of Philippine Bank of Communications from September 2010 to August 2011. Atty. Tan holds a Bachelor of Arts with a Major in Business Administration degree from University of San Francisco, USA (Class of 1978). He also holds a Bachelor of Laws degree from the Ateneo de Manila College of Law, Makati City, graduating with honors (Class of 1985).
- **Ms. Ma. Concepcion F. De Claro**, 63, Filipino, is a member of the Board of Directors of 2GO, PH Resorts Group Holdings, Inc., subsidiaries and joint venture companies of Phoenix Petroleum Philippines, Inc. (PPPI) and Sagittarius Mines, Inc. She is also the Chief Financial Officer of Phoenix Petroleum Philippines, Inc. She served as the Chief Operating Officer of Alsons Corporation from March 2011 to 2017 and as member of the Board of Alsons Power Holdings Corporation from October 2011 to 2017. She was previously a member of the Board of Directors of Manila North Harbour Port, Inc. (from April 2011-June 2012) and Limay Energen Corporation (from July 2011 to March 2012), Chief Financial Officer of Two San Isidro-SIAI Assets, Inc. (from March 2011 to March 2014), and Vice President for Corporate Planning and Services and consultant for Mergers & Acquisitions projects of Petron Corporation (November 2008-September 2010). She is a Certified Public Accountant with a B.S. Commerce degree, Major in Accounting, magna cum laude, from Colegio de San Juan de Letran.



Presented below are the dates of Committee meetings and the attendance of each member.

Audit Committee											
Designation	Name	2020 Meetings and Attendance									
		1/9 (1)	2/20 (2)	5/25 (3)	6/3 (4)	6/9 (5)	8/3 (6)	9/15 (7)	10/8 (8)	10/29 (9)	%
Chairman (ID)	Laurito E. Serrano	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Member (NED)	Ma. Concepcion F. De Claro	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Member (ID)	Joseph C. Tan	✓	✓	✓	✓	✓	✓	✓	✓	✓	100

In compliance with the Audit Committee Charter, the Manual on Corporate Governance, and relevant laws and regulations, the Audit Committee performed the following activities relating to the three (3) major areas of concern:

## Internal Audit

1. The Committee provided oversight of the Internal Audit. Under 2GO's Internal Audit Charter, the primary purpose of Internal Audit is to provide an independent, objective, and reasonable assurance and value-adding services through systematic and disciplined evaluation of the Company's governance system, risk management, and internal control environment. The Charter also requires the Internal Audit to do the following:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by Management, and submit such plan as well as periodic update thereof, to the Audit Committee for review and approval.
- Implement the approved annual audit plan, including special tasks or project mandated by Management or Audit Committee.
- Maintain a team of professional audit staff with sufficient and relevant knowledge, skills, experience, and professional certifications to meet the requirement of the Charter.
- Issue periodic reports to the Audit Committee and Management, summarizing results of audit activities. Thereafter, conduct follow-up audit in a timely manner to ascertain the adequacy, effectiveness, and timeliness of management actions on the reported audit findings and agreed recommendations.
- Assist in the investigation of significant suspected fraudulent activities within the Company and notify Management and the Audit Committee of the results.

- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Use of up-to-date tools and technology for audit analytics and keep current on accounting and financial principles, pronouncements, as well as technical issues and trends

To maintain the independence of the internal audit, the Chief Audit Executive functionally reports to the Board of Directors, through the Audit Committee. He is authorized to have unrestricted access to all functions, records, property, and personnel in the conduct of his duties and free access to communicate with the Audit Committee and Management.

2. The Committee reviewed and approved the Internal Audit plan, including the scope, methodology, organization structure and staffing.

3. The Committee monitored the implementation of the Internal Audit plan and reviewed the periodic reports of the Chief Audit Executive summarizing the overall assessment of the Company's control environment, significant audit findings and areas of concern as well as the corresponding management response and action plan.

## External Audit

The Audit Committee has the primary responsibility to make a well-informed recommendation regarding the appointment, re-appointment or removal of the External Auditor. The External Auditor is tasked to undertake an independent audit and provide and perform an objective assurance on the preparation and presentation of the financial statements. As required by 2GO's Manual on Corporate Governance, the External Auditor or the handling partner should be rotated every five (5) years or earlier, and any non-audit work should not be in conflict with the functions of the External Auditor.

4. The Committee reviewed/discussed with the External Auditor, SGV & Co., the following:

- The annual audit plan for 2020, including scope, approach, risk-based methods, focus areas and time table;
- The results of its examination and action plan to address pending audit issues; and
- The assessment of internal controls and quality of financial reporting.

5. The Committee reviewed/discussed the report of SGV & Co. on significant accounting issues, changes in accounting policies/standards and major pending tax legislations which would impact the Company and its subsidiaries.

6. The Committee discussed with SGV & Co. the matters required to be disclosed under the prevailing applicable Auditing Standards, and obtained from said Firm a letter confirming its independence, as required by prevailing applicable Independence Standards.

7. The Committee reviewed and approved all audit and non-audit services provided by SGV & Co, and related professional fees.

10. Based on its review and discussions, and subject to the limitations on the roles and responsibilities referred to above, the Committee recommended for Board approval, and the Board approved, the audited financial statements of 2GO Group, Inc. as at and for the year ended December 31, 2020.

11. The Committee reviewed and discussed the performance, independence and qualifications of the External Auditor, SGV & Co., in the conduct of their audit of the financial statements of 2GO Group, Inc. for the year. Based on the review of their performance and qualifications, the Committee also recommended the re-appointment of SGV & Co. as External Auditors for the ensuing fiscal year ending December 31, 2021.



**LAURITO E. SERRANO**  
CHAIRMAN



**MA. CONCEPCION F. DE CLARO**  
MEMBER



**JOSEPH C. TAN**  
MEMBER

## Financial Statements

8. The Committee assessed the internal control system of the Company based upon the review and evaluation done and reported by the internal and external auditors and noted that the system is generally adequate to generate reliable financial statements.

9. The Committee reviewed and endorsed to the Board for approval the unaudited financial statements of 2GO Group, Inc. for the first quarter ended March 31, 2020, the second quarter ended June 30, 2020, and the third quarter ended September 30, 2020.

2GO GROUP, INC. AND SUBSIDIARIES

**Consolidated Statements Of Financial Position**

December 31, 2020 and 2019

(Amounts in Thousands)

		December 31	
	Note	2020	2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	₱ 890,127	₱ 892,540
Trade and other receivables	8, 17, 20	4,127,977	4,105,569
Inventories	9	673,861	811,805
Other current assets	10	2,240,441	2,054,195
<b>Total Current Assets</b>		<b>7,932,406</b>	<b>7,864,109</b>
<b>Noncurrent Assets</b>			
Property and equipment	11, 17, 18	4,806,893	6,442,797
Investments in associates and joint ventures	12	231,424	277,039
Goodwill	13	686,896	686,896
Deferred income tax assets	27	153,910	113,337
Other noncurrent assets	14	947,927	1,016,049
<b>Total Noncurrent Assets</b>		<b>6,827,050</b>	<b>8,536,118</b>
<b>TOTAL ASSETS</b>		<b>₱ 14,759,456</b>	<b>₱ 16,400,227</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Short-term notes payable	15	₱ 2,163,500	₱ 2,678,500
Trade and other payables	16, 19, 20	5,961,934	5,742,553
Income tax payable		9,728	11,428
Current portion of:			
Long-term debt	17	—	1,500
Obligations under lease	11, 18	372,669	449,427
<b>Total Current Liabilities</b>		<b>8,507,831</b>	<b>8,883,408</b>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Long-term debt	17	3,485,080	2,487,153
Obligations under lease	11, 18	612,394	1,136,331
Accrued retirement benefits	26	487,147	338,806
<b>Total Noncurrent Liabilities</b>		<b>4,584,621</b>	<b>3,962,290</b>
<b>Total Liabilities</b>		<b>13,092,452</b>	<b>12,845,698</b>

(Forward)



		December 31	
	Note	2020	2019
<b>Equity</b>	21		
Share capital		<b>₱ 2,500,663</b>	₱ 2,500,663
Additional paid-in capital		<b>2,498,621</b>	2,498,621
Other equity reserve		<b>712,245</b>	712,245
Other comprehensive losses - net		<b>(218,990)</b>	(174,026)
Deficit		<b>(3,826,761)</b>	(1,984,269)
Treasury shares		<b>(58,715)</b>	(58,715)
<b>Equity Attributable to Equity Holders of the Parent Company</b>		<b>1,607,063</b>	3,494,519
<b>Non-controlling Interests</b>		<b>59,941</b>	60,010
<b>Total Equity</b>		<b>1,667,004</b>	3,554,529
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱ 14,759,456</b>	₱ 16,400,227

See accompanying Notes to the Consolidated Financial Statements.

**2GO GROUP, INC. AND SUBSIDIARIES**
**Consolidated Statements Of Profit Or Loss**
**For The Years Ended December 31, 2020, 2019 And 2018**

(Amounts in Thousands, Except Earnings Per Common Share)

		<b>Years Ended December 31</b>		
	<b>Note</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>CONTINUING OPERATIONS</b>				
<b>REVENUES FROM CONTRACTS WITH CUSTOMERS</b>				
Shipping:	5,20			
Freight		<b>₱ 3,025,461</b>	₱ 3,360,584	₱ 3,762,288
Travel		<b>839,139</b>	3,741,366	3,468,911
Nonshipping:				
Logistics and other services		<b>5,825,904</b>	6,707,486	6,416,692
Sale of goods		<b>7,718,191</b>	7,600,478	6,017,746
		<b>17,408,695</b>	21,409,914	19,665,637
<b>COST OF SERVICES AND GOODS SOLD</b>	22	<b>16,856,886</b>	19,655,050	18,434,883
<b>GROSS PROFIT</b>		<b>551,809</b>	1,754,864	1,230,754
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	23	<b>1,482,639</b>	1,509,100	1,923,310
<b>OTHER OPERATIONAL EXPENSES</b>	32c	<b>230,072</b>	198,262	—
<b>OPERATING INCOME (LOSS FROM CONTINUING OPERATIONS)</b>		<b>(1,160,902)</b>	47,502	(692,556)
<b>OTHER INCOME (CHARGES)</b>				
Equity in net losses of associates and joint ventures	12	<b>(43,534)</b>	(49,682)	(34)
Financing charges	24	<b>(405,829)</b>	(421,326)	(297,249)
Others - net	24	<b>(213,276)</b>	94,351	46,821
		<b>(662,639)</b>	(376,657)	(250,462)
<b>LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>		<b>(1,823,541)</b>	(329,155)	(943,018)
<b>PROVISION FOR INCOME TAX</b>	27			
Current		<b>63,748</b>	95,596	90,155
Deferred		<b>(44,550)</b>	(5,787)	(3,092)
		<b>19,198</b>	89,809	87,063
<b>NET LOSS FROM CONTINUING OPERATIONS</b>		<b>(1,842,739)</b>	(418,964)	(1,030,081)
<b>NET LOSS FROM DISCONTINUED OPERATIONS</b>	32b	<b>—</b>	(473,250)	(439,822)
<b>NET LOSS</b>		<b>(₱ 1,842,739)</b>	(₱ 892,214)	(₱ 1,469,903)
<b>Net Loss Attributable to:</b>				
Equity holders of the Parent Company		<b>(₱ 1,842,670)</b>	(₱ 890,352)	(₱ 1,467,495)
Non-controlling interests		<b>(69)</b>	(1,862)	(2,408)
		<b>(₱ 1,842,739)</b>	(₱ 892,214)	(₱ 1,469,903)
<b>Basic/Diluted Loss Per Share</b>	28	<b>(₱ 0.7484)</b>	(₱ 0.3616)	(₱ 0.5999)

See accompanying Notes to the Consolidated Financial Statements.

**2GO GROUP, INC. AND SUBSIDIARIES**
**Consolidated Statements Of Comprehensive Income**

For The Years Ended December 31, 2020, 2019 And 2018

(Amounts in Thousands)

		Years Ended December 31		
	Note	2020	2019	2018
<b>NET LOSS</b>		<b>(P 1,842,739)</b>	<b>(P 892,214)</b>	<b>(P 1,469,903)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax</b>				
<b>Item that will be reclassified subsequently to profit or loss:</b>				
Net changes on cash flow hedge	29	(2,911)	2,911	—
Income tax effect	27	873	(873)	—
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurement losses on net defined benefit liability	26	(58,096)	(132,982)	(4,221)
Net changes in unrealized loss on FVTOCI investments		—	—	(707)
Income tax effect	27	17,429	39,894	2,069
		<b>(42,705)</b>	<b>(91,050)</b>	<b>(2,859)</b>
Share in remeasurement gain (loss) on retirement benefits of associates and joint ventures	12	(2,081)	1,079	—
		<b>(44,786)</b>	<b>(89,971)</b>	<b>(2,859)</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(P 1,887,525)</b>	<b>(P 982,185)</b>	<b>(P 1,472,762)</b>
<b>Total Comprehensive Loss</b>				
<b>Attributable to:</b>				
Equity holders of the Parent Company		<b>(P 1,887,456)</b>	<b>(P 980,323)</b>	<b>(P 1,470,354)</b>
Non-controlling interests		<b>(69)</b>	<b>(1,862)</b>	<b>(2,408)</b>
		<b>(P 1,887,525)</b>	<b>(P 982,185)</b>	<b>(P 1,472,762)</b>

See accompanying Notes to the Consolidated Financial Statements.



**2GO GROUP, INC. AND SUBSIDIARIES**
**Consolidated Statements Of Changes in Equity**
**For The Years Ended December 31, 2020, 2019 And 2018**

(Amounts in Thousands)

					Attributable to Equity Holders of 2GO Group, Inc.	Other Comprehensive Income
	Share Capital (Note 21)	Additional Paid-in Capital (Note 21)	Other Equity Reserve (Note 21)	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	Share in Cumulative Translation Adjustment of Associates	Remeasurement Losses on Accrued Retirement Benefits - Net of Tax (Note 26)
<b>BALANCES AT JANUARY 1, 2018</b>	<b>₱ 2,484,653</b>	<b>₱ 910,901</b>	<b>₱ 2,135,975</b>	<b>₱ 657</b>	<b>₱ 5,294</b>	<b>(₱ 103,309)</b>
Net loss for the year	—	—	—	—	—	—
Other comprehensive loss for the year	—	—	—	(707)	—	(2,152)
Total comprehensive loss of the year	—	—	—	(707)	—	(2,152)
Sale of a subsidiary	—	—	—	—	—	—
<b>BALANCES AT DECEMBER 31, 2018</b>	<b>2,484,653</b>	<b>910,901</b>	<b>2,135,975</b>	<b>(50)</b>	<b>5,294</b>	<b>(105,461)</b>
Net loss for the year	—	—	—	—	—	—
Other comprehensive loss for the year	—	—	—	—	—	(93,088)
Total comprehensive loss of the year	—	—	—	—	—	(93,088)
Effect of Merger	16,010	1,587,720	(1,603,730)	—	—	—
Other comprehensive income (OCI) closed to retained earnings	—	—	—	50	—	9,622
<b>BALANCES AT DECEMBER 31, 2019</b>	<b>2,500,663</b>	<b>2,498,621</b>	<b>712,245</b>	<b>—</b>	<b>5,294</b>	<b>(188,887)</b>
Net loss for the year	—	—	—	—	—	—
Other comprehensive loss for the year	—	—	—	—	—	(40,667)
Total comprehensive loss of the year	—	—	—	—	—	(40,667)
OCI closed to retained earnings	—	—	—	—	—	(178)
<b>BALANCES AT DECEMBER 31, 2020</b>	<b>₱ 2,500,663</b>	<b>₱ 2,498,621</b>	<b>₱ 712,245</b>	<b>—</b>	<b>₱ 5,294</b>	<b>(₱ 229,732)</b>

See accompanying Notes to the Consolidated Financial Statements.

# of the Parent Company

## Income (Losses)

Cash Flow Hedge Reserve - Net of Tax (Note 29)	Share in Remeasurement Gains (Losses) on Accrued Retirement Benefits of Associates and Joint Ventures (Note 13)	Subtotal	Retained Earnings Deficit (Note 21)	Treasury Shares (Note 21)	Total	Non- controlling Interests	Total Equity
–	<b>₱ 6,450</b>	<b>(₱ 90, 908)</b>	<b>₱ 383,290</b>	<b>(₱ 58,715)</b>	<b>₱ 5,945,196</b>	<b>₱ 71,827</b>	<b>₱ 6,017,023</b>
–	–	–	(1,467,495)	–	(1,467,495)	(2,408)	(1,469,903)
–	–	(2,859)	–	–	(2,859)	–	(2,859)
–	–	(2,859)	(1,467,495)	–	(1,470,354)	(2,408)	(1,472,762)
–	–	–	–	–	–	(7,547)	(7,547)
–	<b>6,450</b>	<b>(93,767)</b>	<b>(1,804,205)</b>	<b>(58,715)</b>	<b>4,474,842</b>	<b>61,872</b>	<b>4,536,714</b>
–	–	–	(890,352)	–	(890,352)	(1,862)	(892,214)
2,038	1,079	(89,971)	–	–	(89,971)	–	(89,971)
2,038	1,079	(89,971)	(890,352)	–	(980,323)	(1,862)	(982,185)
–	–	–	–	–	–	–	–
–	–	9,712	(9,712)	–	–	–	–
<b>2,038</b>	<b>7,529</b>	<b>(174,026)</b>	<b>(1,984,269)</b>	<b>(58,715)</b>	<b>3,494,519</b>	<b>60,010</b>	<b>3,554,529</b>
–	–	–	(1,842,670)	–	(1,842,670)	(69)	(1,842,739)
(2,038)	(2,081)	(44,786)	–	–	(44,786)	–	(44,786)
(2,038)	(2,081)	(44,786)	(1,842,670)	–	(1,887,456)	(69)	(1,887,525)
–	–	(178)	178	–	–	–	–
–	<b>₱ 5,448</b>	<b>(₱ 218,990)</b>	<b>(₱ 3,826,761)</b>	<b>(₱ 58,715)</b>	<b>₱ 1,607,063</b>	<b>₱ 59,941</b>	<b>₱ 1,667,004</b>

**2GO GROUP, INC. AND SUBSIDIARIES**
**Consolidated Statements Of Cash Flows**
**For The Years Ended December 31, 2020, 2019 And 2018**

(Amounts in Thousands)

		<b>Years Ended December 31</b>		
	<b>Note</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM</b>				
<b>OPERATING ACTIVITIES</b>				
Loss before tax from continuing operations		<b>(P 1,823,541)</b>	<b>(P 329,155)</b>	<b>(P 943,018)</b>
Loss before tax from discontinued operations	32b	—	(463,501)	(415,657)
Adjustments for:				
Depreciation and amortization of property and equipment and software	12, 14, 22, 23	<b>1,856,449</b>	2,300,073	2,223,266
Financing charges	24, 32b	<b>413,095</b>	449,463	321,908
Interest income	24, 32b	<b>(39,731)</b>	(17,371)	(17,276)
Gain on disposal of:				
Property and equipment	24	<b>(23,835)</b>	(81,523)	(14,690)
Cash generating unit	32b	—	(37,592)	—
Investment in subsidiaries	24	—	—	(1,098)
Investment in associate	24	—	—	(3,604)
Impairment loss on property and equipment		—	—	5,273
Gain on cessation of business of subsidiaries	24	<b>(32,652)</b>	—	—
Gain on lease pre-termination	18	<b>(14,581)</b>	—	—
Equity in net losses of associates and joint ventures	12	<b>43,534</b>	49,682	34
Retirement benefit cost	26	<b>108,019</b>	77,665	60,463
Unrealized foreign exchange losses (gains)		<b>1,381</b>	(1,523)	(33,632)
Operating income before working capital changes		<b>488,138</b>	1,946,218	1,181,969
Decrease (increase) in:				
Trade and other receivables		<b>(40,586)</b>	(39,584)	(23,862)
Inventories		<b>137,944</b>	(193,990)	(74,719)
Other current assets		<b>18,217</b>	45,492	173,680
Increase (decrease) in trade and other payables		<b>313,460</b>	(69,129)	361,694
Cash generated from operations		<b>917,173</b>	1,689,007	1,618,762
Contribution for retirement fund and benefits paid from book reserve	26	<b>(18,098)</b>	(72,926)	(109,198)
Interest received		<b>39,731</b>	17,371	18,034
Income taxes paid, including creditable withholding taxes		<b>(247,369)</b>	(247,059)	(345,210)
Net cash flows provided by operating activities		<b>691,437</b>	1,386,393	1,182,388

(Forward)



Years Ended December 31				
	Note	2020	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to:				
Property and equipment	11	(P 456,890)	(P 766,054)	(P 1,524,526)
Software	14	(70,938)	(57,089)	(41,898)
Investment in an associate	12	—	—	(25,000)
Proceeds from disposal of:				
Property and equipment	11	57,931	107,865	41,980
Investment in subsidiary	12	18,000	—	10,000
Collection of proceeds from the sale of a subsidiary and freighters	32b	100,582	101,856	—
Payment of capital gains tax from the sale of a subsidiary	32b	—	(19,602)	—
Cash of the disposed subsidiary	32b	—	(40,417)	—
Cash of deconsolidated subsidiaries	24	(5)	—	(109,312)
Receipts of (payments for) various deposits		(14,406)	63,464	(8,634)
Net cash flows used in investing activities		(365,726)	(609,977)	(1,657,390)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from availments of:	32			
Short-term notes payable	15	1,425,000	3,921,500	5,783,200
Long-term debt	17	1,000,000	—	2,500,000
Payments of:				
Short-term notes payable	15	(1,940,000)	(3,878,000)	(5,743,150)
Long-term debt	17	(1,500)	(401,556)	(2,388,820)
Obligations under lease	18	(413,477)	(488,900)	—
Obligations under finance lease	18	—	—	(156,810)
Interest and financing charges	24	(390,619)	(452,343)	(275,445)
Debt transaction costs	24	(7,500)	—	(18,780)
Net cash flows used in financing activities		(328,096)	(1,299,299)	(299,805)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		(28)	12	8,975
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(2,413)	(522,871)	(765,832)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	7	892,540	1,415,411	2,181,243
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	7	P 890,127	P 892,540	P 1,415,411

See accompanying Notes to the Consolidated Financial Statements.



The 2020 2GO Annual Report Financial Supplements which contains the Notes to the Financial Statements may be downloaded or viewed online at <http://www.2go.com.ph/financials/>

or Scan the QR Code



# About Our Report

102-49

102-50

102-54

2GO Group, Inc. publishes its Annual Financial and Sustainability Report covering the period of January 1 to December 31, 2020. This report shares our economic, social and environmental progress transparently with stakeholders. This also reflects our commitment to the United Nations Sustainable Development Goals, the Ten Principles of the United Nations Global Compact, the Greenhouse Gas Protocol (GHG Protocol), the International Maritime Organization (IMO) Marine Environmental Protection Committee (MEPC) Strategy on the reduction of GHG emissions from ships.

This report adheres to the sustainability reporting guidelines of the Securities and Exchange Commission Philippines, Memorandum Circular No. 4, Series of 2019. This report has been prepared in accordance with the GRI Standards: Core Option. It has completed the GRI Materiality Disclosures Service, which confirms that the GRI content index (see pages 79 to 80) is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The scope of this report highlights our Company's sustainability framework, materiality and approach, our economic contribution through the movement of goods and services, our sustainable supply chain system, our human resource management approach, and our corporate social responsibility impact.





# GRI Content Index



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with the appropriate sections in the body of the report

GRI Standard	Disclosure	Page number(s), direct answer and/ or URLs	Reason for Omission
<b>GRI 101: Foundation 2016</b>			
<b>General Disclosures</b>			
<b>GRI 102: General Disclosures 2016</b>	<b>Organizational Profile</b>		
	102-1	Name of the organization	2GO Group, Inc.
	102-2	Activities, brands, products, and services	3
	102-3	Location of headquarters	Inside back cover
	102-4	Location of operations	Inside back cover
	102-5	Ownership and legal form	Publicly listed corporation
	102-6	Markets served	3
	102-7	Scale of the organization	3
	102-8	Information on employees and other workers	40-41
	102-9	Supply chain	28-29
	102-10	Significant changes to the organization and its supply chain.	None
	102-11	Precautionary Principle or approach	21, 44-47
	102-12	External initiatives	20-21
	102-13	Membership of associations	Inside back cover
	<b>Strategy</b>		
	102-14	Statement from senior decision-maker	4-7
	<b>Ethics and Integrity</b>		
	102-16	Values, principles, standards, and norms of behavior	1
	<b>Governance</b>		
	102-18	Governance structure	48-65
	<b>Stakeholder Engagement</b>		
	102-40	List of stakeholder groups	25
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	25
	102-43	Approach to stakeholder engagement	25
	102-44	Key topics and concerns raised	25
	<b>Reporting Practice</b>		
	102-45	Entities included in the consolidated financial statements	Parent company and subsidiaries
	102-46	Defining report content and topic Boundaries	24
	102-47	List of material topics	24
	102-48	Restatements of information	None
	102-49	Changes in reporting	No significant changes in reporting
	102-50	Reporting period	January to December 2020
	102-51	Date of most recent report	2019 (Published in 2020)
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Inside back cover
	102-54	Claims of reporting in accordance with the GRI Standards	78
	102-55	GRI Content Index	79-80
	102-56	External assurance	No external assurance



Material Topics				
GRI Standard		Disclosures	Page number(s), direct answer and/or URLs	Reason for Omission
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	24	
	103-2	The management approach and its components	30	
	103-3	Evaluation of the management approach	30	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	30	
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	24	
	103-2	The management approach and its components	46	
	103-3	Evaluation of the management approach	46	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	46	
Water				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	24	
	103-2	The management approach and its components	47	
	103-3	Evaluation of the management approach	47	
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	47	
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	24	
	103-2	The management approach and its components	47	
	103-3	Evaluation of the management approach	47	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	47	
	305-2	Energy indirect (Scope 2) GHG emissions	47	
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	24	
	103-2	The management approach and its components	46	
	103-3	Evaluation of the management approach	46-47	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Php 100,000	
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	24	
	103-2	The management approach and its components	37, 64	
	103-3	Evaluation of the management approach	40-41	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	40-41	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	24	
	103-2	The management approach and its components	42-43	
	103-3	Evaluation of the management approach	36, 42-43	
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	42-43	
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	38, 64	
	103-3	Evaluation of the management approach	38	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	38	
	404-3	Percentage of employees receiving regular performance and career development review	40	

# Corporate Information

## Membership in Associations

Cold Chain Association of the Philippines, Inc.  
Philippine Chamber of Commerce and Industry  
Philippine Inter-Island Shipping Association  
Philippine Intermodal Transport and Logistics Association, Inc.  
Philippine Liner Shipping Association  
Philippine Travel Agencies Association

## Company Headquarters

2GO GROUP, INC.  
8th Floor Tower 1, DoubleDragon Plaza  
Macapagal Boulevard corner EDSA Extension  
Pasay City 1302, Philippines

## External Auditor

SyCip Gorres Velayo & Co.

## Stockholder Inquiries

2GO Group, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "2GO."

For inquiries regarding dividend payments, account status, address changes, stock certificates and other pertinent matters, please contact the company's transfer agent:

**BDO Unibank, Inc.–Trust and Investments Group**  
15th Floor South Tower, BDO Corporate Center 7899  
Makati Ave., Makati City 0726 Philippines  
Trunk Line: 8840-7000  
Direct Lines: 8878-4961, 8878-4963 to 4965  
E-mail: [bdo-stock-transfer@bdo.com.ph](mailto:bdo-stock-transfer@bdo.com.ph)

## Investor and Sustainability Inquiries

2GO welcomes inquiries from investors, analysts and the financial community, as well as questions on the company's sustainability initiatives. For more information about 2GO, visit our website or contact the Investor Relations Office e-mail: [investor\\_relations@2go.com.ph](mailto:investor_relations@2go.com.ph)

## Corporate Website

To access the latest information about 2GO Group, Inc. visit [www.2go.com.ph](http://www.2go.com.ph)

The 2020 Combined Annual Financial and Sustainability Report is available online at [www.2go.com.ph/financials/](http://www.2go.com.ph/financials/)





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