



Transforming  
our energy sources  
for a sustainable  
and inclusive future

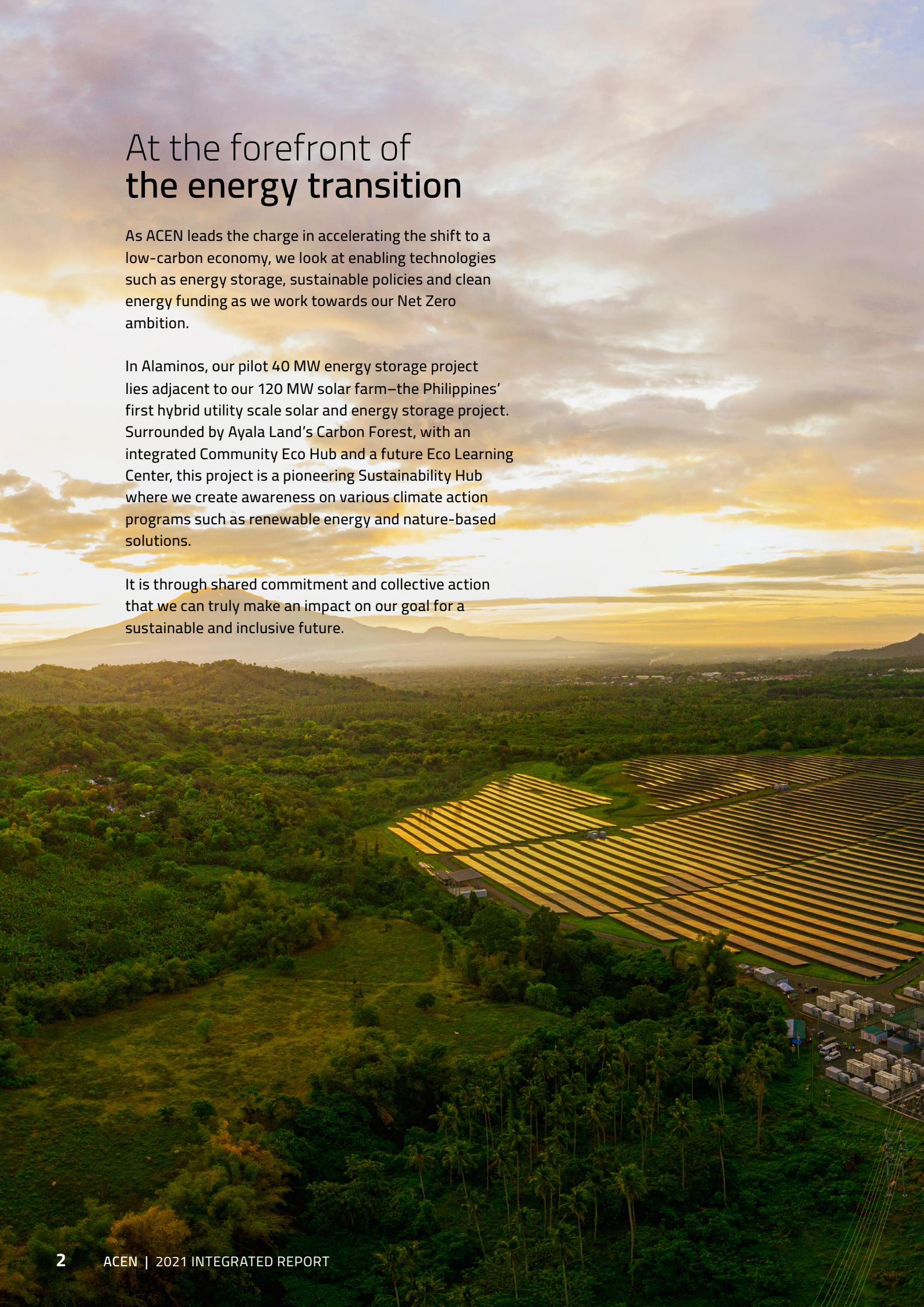


# At the forefront of the energy transition

As ACEN leads the charge in accelerating the shift to a low-carbon economy, we look at enabling technologies such as energy storage, sustainable policies and clean energy funding as we work towards our Net Zero ambition.

In Alaminos, our pilot 40 MW energy storage project lies adjacent to our 120 MW solar farm—the Philippines' first hybrid utility scale solar and energy storage project. Surrounded by Ayala Land's Carbon Forest, with an integrated Community Eco Hub and a future Eco Learning Center, this project is a pioneering Sustainability Hub where we create awareness on various climate action programs such as renewable energy and nature-based solutions.

It is through shared commitment and collective action that we can truly make an impact on our goal for a sustainable and inclusive future.





ACEN's 120 MW Alaminos Solar and 40 MW Energy Storage is  
the country's first hybrid utility scale solar and storage project

# Table of Contents

About the Report	5
Ayala for the Greater Good	6
ACEN in 2021	8
▪ Business Highlights	
▪ Sustainability Highlights	
Message from the Chairman and the President	12
Our 2021 Business Performance	16
Geographic Presence	22
Our ESG Approach	28
▪ Environment: Net Zero by 2050	
▪ Social: Investing in People	
▪ Governance: Integrating Sustainability	
Stakeholder Engagement	56
Value Creation	60
Governance and Leadership Team	62
Annexes	96

# About the Report

## APPROACH TO REPORTING

This is the third Integrated Report of AC Energy Corporation (PSE: ACEN). The report outlines ACEN's value-building strategy towards its stakeholders, measuring its impact on the economy, society and the environment, while managing risks and leveraging on opportunities in its external and internal environments.

## REPORTING PRINCIPLE AND PERIOD COVERED

The report is prepared in accordance with the key guiding principles and content elements of the Integrated Reporting <IR> framework as defined by the International Integrated Reporting Council (IIRC), and discloses our performance as against our Key Performance Indicators (KPIs). The report also references the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on voluntary climate-related financial disclosures.

The information in this report covered the period 1 January 2021 to 31 December 2021.

## FORWARD-LOOKING STATEMENTS

ACEN discloses forward-looking statements and illustrations in the report to aid current and potential investors and stakeholders understand our Management's assessment of the company's future plans, financial outlook and overall prospects.

Forward-looking information are dependent on certain assumptions based on what the company knows and expects as of the current

period. These statements are subject to certain risk factors and uncertainties, some of which may be beyond the company's control and may differ materially from those implied.

## MANAGEMENT REVIEW

The contents of the report have been reviewed by the senior executives of ACEN, including the President and Chief Executive Officer, Chief Finance Officer, the Head of Legal and Regulatory, and the Vice President and Head of Corporate Communications and Sustainability.

## EXTERNAL ASSURANCE

To establish quality and materiality of the information contained herein, we've engaged DNV as an independent third-party external verifier to assure and review the non-financial disclosures made in the report.

The conducted assessment used VeriSustain Protocol, which is aligned with the ISAE3000 and the GRI Standards framework. This covered procedures and supporting documents governing materiality, stakeholder engagement as well as performance and management approach for economic, environmental and social aspects of the business. Results and recommendations made in the external verification will be tackled by both senior management and board members of ACEN for continuous improvement of our data collection, control and reporting practices.

## FEEDBACK

ACEN welcomes inquiries and feedback on this report. Please email [investorrelations@acenergy.com.ph](mailto:investorrelations@acenergy.com.ph).

# KAAKAY

#BrigadangAyalaKaakay is a concrete example of how Ayala companies come together for the Greater Good.

This 12-week food distribution program in select locations across Metro Manila targets over 10,000 families. Each family receives a weekly supply of rice, fresh vegetables, canned goods, and bread that will cover four square meals for a family of five. The food distribution is scheduled every week from November 2021 to February 2022.

Kaakay runs an inclusive eco-system of on-ground implementing partners like Virlanie Foundation, Caritas Manila, National Council for Social Development, and host barangays, while boosting the recovery and growth of local businesses by sourcing goods from rice farmers in Isabela (covering Regions 2 & 3), and vegetables from Benguet and CAR-based farmers. In addition, the bread included for food packs is produced fresh by a group of urban poor mothers who trained under TESDA's community-based bread-baking project through Virlanie Foundation.



FERNANDO ZOBEL DE AYALA "Kaakay brings together Ayala's business units, partners, and suppliers to support 10,000 primary income earners and their families."

#AyalaForTheGreaterGood



**TG LIMCAOCO** "Kaakay buys fresh vegetables and rice from local farmers in the provinces which directly goes to affected families in Metro Manila."



**PAOLO BORROMEO** "We are inspired by the stories of resilience we heard from our beneficiaries today. We are very happy that we were able to augment their needs through this program."



**RENE ALMENDRAS** "We hope to support breadwinners who now have less than P200 pesos a day to survive on, and they are forced to stretch that to support a family of five. We want to help them rebound by being their kaakay."



**BOBBY DY** "We are grateful as well for this opportunity to help our fellow Filipinos. As the economy rebounds and businesses bounce back this 2022, let's help everyone bounce back."



**RUEL MARANAN** "Kaakay provides us a wonderful opportunity to assist families through supplemental feeding. We hope we are able to help thousands of Filipino families in a practical and meaningful way."



**ART TAN** "It's easy to lose hope when one gets retrenched or loses a loved one during the pandemic. In these times, all we really need is a Kaakay, somebody to offer a hand and open opportunities."



**ERIC FRANCIA** "The stories of our beneficiaries affirm our decision to launch Kaakay. I am inspired by their resourcefulness and creativity, making use of available resources in the area to earn extra."



**ERNEST CU** "Kaakay is a good program to alleviate hunger and provide livelihood oppprtunities. It's also great to expose our employees and executives to these kinds of programs so they are sensitized to the needs of the community, and continue to drive adoption of products that really serve these communities."

# ACEN in 2021

With an 87% renewables share of capacity, among the highest in the region, we aspire to be the largest listed renewables platform in Southeast Asia, with a goal of reaching 5 GW of renewables capacity by 2025.

## Net Income

**₱5.3 B**

▲ 22%

## Total Attributable Capacity\*

**~3,800 MW**

## Revenue

**₱26 B**

▲ 27%

**~1,030 MW**

**~490 MW**

**~3,300 MW**

## Market Capitalization

**₱421 B**

▲ 3.8x

**~540 MW**

**~500 MW**

**2020**

**Q1 2022**

█ RENEWABLES

█ THERMAL

## Total Shareholder's Equity

**₱118 B**

▲ 13%

\*Pro forma attributable capacity as of end-March 2022 includes 137 MW in recently announced acquisitions of UPC-AC Australia and UPC Philippines, approved by the Board on 18 Oct 2021, subject to regulatory approvals and 410 MW from the transaction with SUPER Energy PCL, subject to conditions precedent

Total Renewables Capacity

**~3,300 MW**

Output from Renewable Sources

**~2,700 GWh**

▲ 23%

> The integration of our international business has created a formidable and unified platform



# Sustainability Highlights

With our aspiration to become the leading renewable energy platform in the region comes the commitment to drive our sustainability agenda across the organization and with our business partners.

In 2021, ACEN together with the Ayala group, announced its target to achieve **Net Zero greenhouse gas emissions by 2050**, taking significant steps in contributing to the urgent global shift to address

climate change and transition to a Net Zero economy. Our first step is to bring our generation capacity to 100 percent renewables by 2025.

Through a strong **Environmental, Social, and Governance (ESG)** performance that is focused on its employees, communities, and partners, ACEN aims to provide long-term value towards a sustainable and inclusive future.

## Our ESG Performance

### 100% Renewables by 2025

Read more about our ESG approach (Page 28)

Total Renewable Capacity  
**~3,300 MW**

Renewables Share  
**87%**

Emissions Avoided  
**2 MILLION mt co2e**

Investments in Renewable Energy  
**₱33 BILLION**

### Environment

Read more about our environmental initiatives (Page 30)

Forest Protected  
**1,275 ha**

Trees Planted  
**527,200**

Water Recycled/Returned  
**99%**

Upcycled Plastics  
**37,400 kilograms**

### Social

Read more on how we invest in people (Page 38)

Investment in Communities  
**₱89 MILLION**

Taxes Paid to Government  
**₱3 BILLION**

Jobs Created  
**over 7,500**

Employee Diversity  
**27% Female**

### Governance

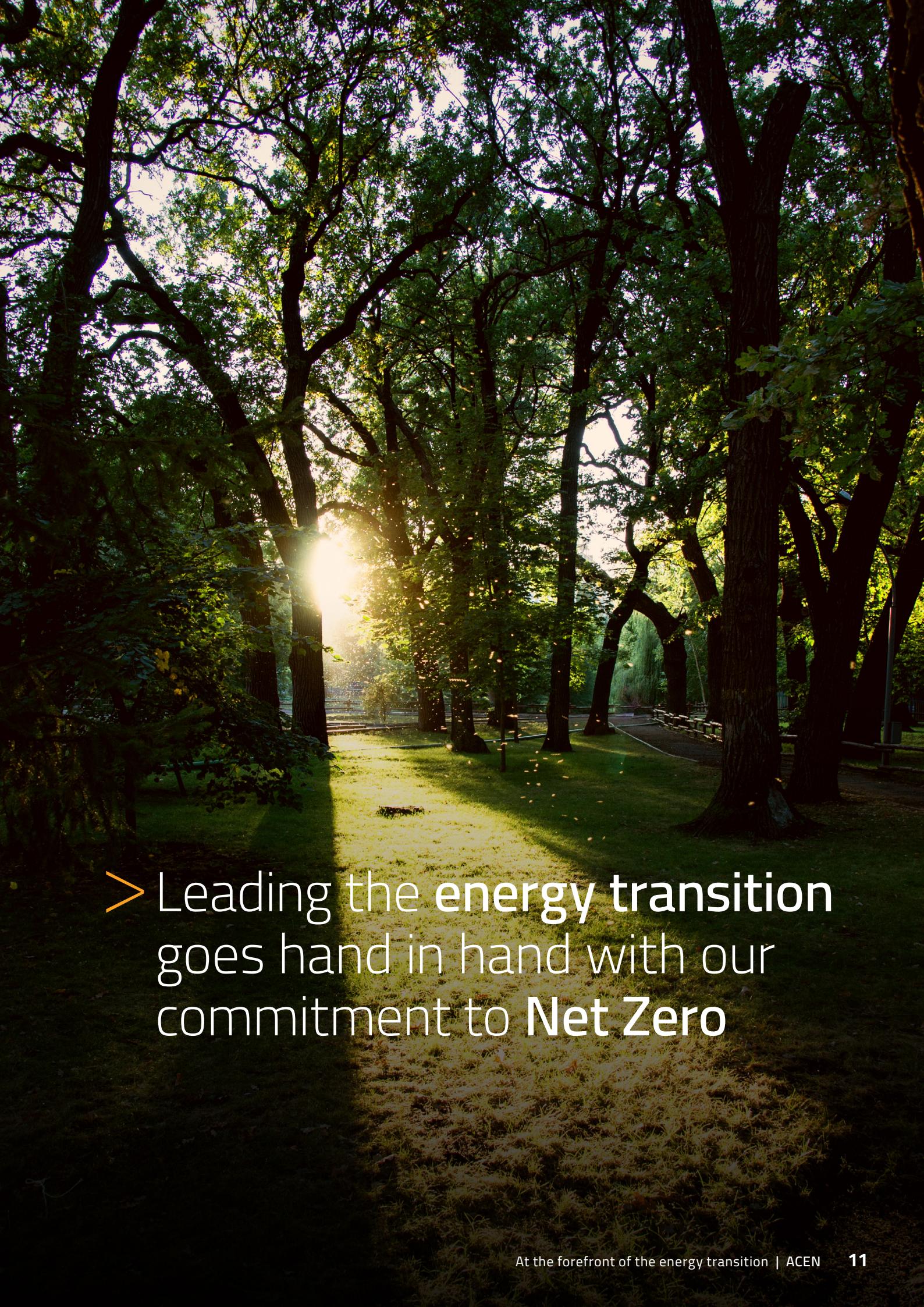
Read more about how we embed sustainability in our business (Page 50)

Board Diversity  
**45% Female**

Independent Directors  
**36%**

Leadership Positions  
**35% Female**

Reported Incidents of Corruption  
**0**

A photograph of a sunlit path through a dense forest. The sun is low on the horizon, casting long shadows and creating a bright, dappled light effect on the grassy path. The trees are tall and mature, with intricate branch patterns. The overall atmosphere is peaceful and natural.

> Leading the **energy transition**  
goes hand in hand with our  
commitment to **Net Zero**

A photograph of two men in professional attire. The man on the left is older with grey hair, wearing a dark suit and light blue shirt, looking slightly upwards and to his right. The man on the right is younger with dark hair, wearing a dark suit and light blue patterned shirt, smiling broadly. They appear to be in an office or formal setting.

> Through **resilience** and **commitment**, we take bold action to advance the **renewables revolution**

# Message from the Chairman and the President

## DEAR FELLOW SHAREHOLDERS,

2021 marked a major milestone in the company's transformational journey. ACEN successfully integrated the international platform, expanding its geographic footprint to include Indonesia, Vietnam, India and Australia.

We are delighted to report that ACEN now has 3,800 MW of attributable capacity both in the Philippines and internationally. The company ended 2021 with approximately 3,000 MW of attributable capacity, and added an additional 800 MW in the first quarter of 2022.

**87 percent of our capacity or 3,300 MW is from renewable sources such as solar, wind, and geothermal energy.** The Philippines remains our core market, accounting for 40 percent of our capacity, with the other 60 percent coming from international markets.

The company also increased its project pipeline to 18,000 MW, putting it in a position to aggressively expand its renewable investments. We remain bullish with ACEN's renewables growth strategy, and believe that there will be sustained growth in renewable energy demand, as the world accelerates its transition to cleaner sources of power.

These efforts put us in a position to reach our 5,000 MW goal, one or two years ahead of the 2025 target. **Given our strong growth momentum, the company is beginning to look ahead to 2030, and we will soon firm up our 2030 vision and strategy.**

We expect to commit to and communicate our 2030 vision later this year.

We also further strengthened our balance sheet. In addition to the infusion of international assets, we also successfully raised additional capital totaling ₱48 billion in 2021. In January 2021, the company completed its stock rights offering that raised ₱5.4 billion from the issuance of 2.27 billion primary shares. This was followed by the successful completion of a private placement worth ₱11.9 billion to GIC, Singapore's sovereign wealth fund. The company's follow-on-offering last May contributed another ₱10.3 billion. ACEN also successfully completed a \$400 million Fixed-For-Life Green Bond offering that listed in the Singapore Exchange last September. The fresh capital will enable the company's aggressive growth plans.

Building on all of these, and as a sign of the market's strong support and confidence in the company, we are also delighted that ACEN was included in both the PSEi and the MSCI last November.

**ACEN delivered strong operational and financial results in 2021. We registered a net income of ₱5.3 billion, representing a 22 percent growth versus the previous year. This was driven by the 21 percent growth in energy output which totaled 4,600 GWh.** The recently integrated international business registered a strong 51 percent income growth. This offset the 20 percent decline in the Philippine operations due to the absence of non-recurring gains.

Net Income

**₱5.3 billion**

Income Growth

**22%**

Attributable Capacity

**3,800 MW**

The company faced significant headwinds towards the end of 2021 and beginning of 2022, with the high cost of power purchased from the Philippine electricity market, brought about by tightness in supply and elevated fossil fuel prices. This put downward pressure on margins. The impact of Typhoon Odette (Rai) in December also led to curtailment of output in our Visayas renewable plants.

Notwithstanding these short-term headwinds, the company expects to address these challenges with the construction of additional renewables capacity. We have over 500 MW of renewable projects being constructed in the Philippines, including the 160 MW Pagudpud Wind Farm and the 283 MW San Marcelino solar farm, both being the largest wind and solar farms in the country. Both plants are expected to be operational in 2023.

The company expects to construct more renewable projects in the near to medium term to address the tightening supply situation in the country.

ACEN shall continue to build on its key strategies that include: (1) expanding geographic footprint, (2) investing in new technologies, and (3) leveraging strategic partnerships.

The company continues to expand around the region. We recently completed 360 MW of attributable wind capacity and signed a deal worth 410 MW of attributable solar capacity in Vietnam. The company is also currently constructing a 520 MWp solar farm in Australia, and a 420 MWp solar farm in India. We expect to continue our expansion in these markets, as well as add new ones over time.





The company is also beginning to diversify into new technologies. In 2021, we started the operations of our first battery storage project, the 40 MW Alaminos energy storage project that complements the 120 MW solar plant. The company is also beginning to develop projects that involve new technologies such as floating solar and offshore wind. We believe that these technologies will become more competitive over time, and will provide alternative sites for geographies with land challenges.

As we aggressively roll out our renewable investments, the company shall continue to work with strategic partners to accelerate our growth. In 2021, we signed a partnership agreement with Nefin, a regional platform focused on distributed generation. We also recently signed cooperation agreements with ib vogg, a German-based global renewable developer and Super Energy, a regional renewable developer based in Thailand.

We have also decided to consolidate and integrate some of our partnerships into the broader ACEN platform. In December 2021, we signed agreements with our long-time partner, UPC, to consolidate their respective interests in Australia and Philippines into ACEN, while providing them direct ownership in our company. We also did a similar approach with our partners in Northwind.

These recent developments strengthen both ACEN's organic development and operating capabilities, as well as its partnership network across the region.

Sustainability remains at the core of ACEN.

The company is a significant component of the Ayala Group's commitment to achieve Net Zero Greenhouse Gas Emissions by 2050 or earlier, which we announced last November. This commitment aligns ACEN and our sister companies across the Ayala Group with the global campaign for climate action. This is our pledge to all generations to help secure the future from the threats brought by climate change and create a solid platform for equitable and sustainable growth.

As its commitment to this Group-wide initiative, ACEN will transition its generation portfolio to 100 percent renewables by 2025. ACEN is also working towards the early retirement of the SLTEC coal plant by 2040, 15 years earlier than its technical life. Towards this goal, we will adopt the Just Energy Transition principles on the transformation to cleaner energy, and develop programs for a successful transition of our employees and the communities that SLTEC serves.

The energy transition is expected to accelerate globally and in the Asia Pacific. ACEN's timely and successful transformation allows the company to play a leading role in the energy transition in the region.

On behalf of the Board of Directors, the management, and our entire team, we extend our most sincere appreciation to our shareholders and our many stakeholders for your continued trust and support.

**Fernando Zobel de Ayala**  
Chairman

**John Eric Francia**  
President & CEO

# Our 2021 Business Performance

## Impact to SDGs



In 2021, as the world recovered from the peak of the COVID-19 pandemic, the energy sector experienced resurging demand, heightened by interruptions to Philippine power supply. Aided by its strategy to aggressively roll out renewable energy investments in the Philippines and across the region, ACEN continued to be a direct beneficiary of the steady resurgence in consumer confidence both at home and in the Asia Pacific, especially as fossil fuels became more expensive towards the end of the year.

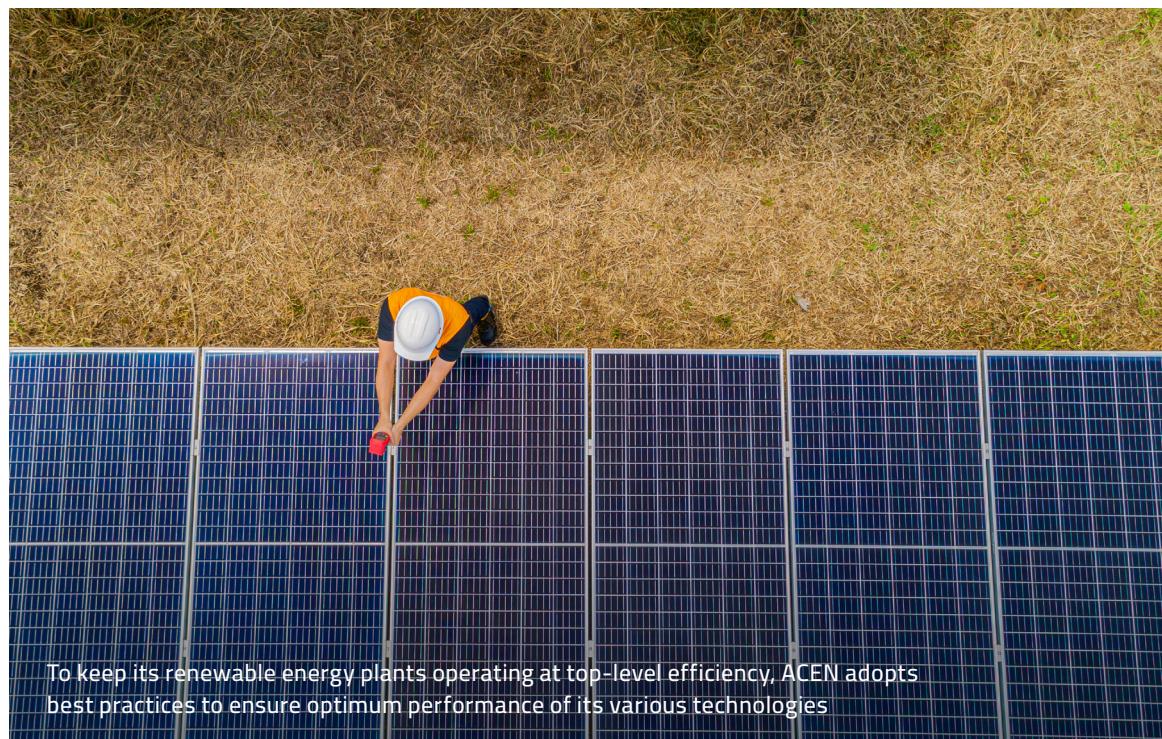
### FINANCIAL AND OPERATING HIGHLIGHTS

Despite the challenges, our consolidated net income increased 22 percent, reaching ₱5.3 billion in 2021, while revenues rose by 27 percent to

₱26.1 billion. The strong growth of new operating capacity powered its robust performance during the year.

Our noteworthy operating results underpinned our strong financials. Attributable output increased by 21 percent to 4,633 gigawatt-hours (GWh) in 2021 from newly operational projects. This was partly driven by a 23 percent rise from RE sources. Generation grew across technologies and geographies, following the resurgence of demand, with a 25 percent growth in international output, and a 20 percent increase from the Philippine assets.

Furthermore, our consolidated balance sheet strengthened in 2021 due to ₱48 billion in fresh



To keep its renewable energy plants operating at top-level efficiency, ACEN adopts best practices to ensure optimum performance of its various technologies

<sup>1</sup>Consolidated net income attributable to parent.

capital raised through a stock rights offering, a follow-on offering, a primary share investment by an affiliate of Singapore sovereign wealth fund GIC Private Limited, and a \$400-million fixed-for-life Green Bond issuance. ACEN's assets stood at ₱171.2 billion, growing 21 percent from last year. Total equity, on the other hand, grew 13 percent to ₱118.0 billion in 2021. Despite the company's maiden bond issuance, leverage ratios remained very healthy.

### CAPACITY EXPANSION

Against the backdrop of its 5,000 MW target by 2025, ACEN achieved a pro forma attributable capacity of 3,800 MW, in both the Philippines and across the region, at the end of March 2022, through several key greenfield projects and strategic acquisitions. Close to 90 percent of our portfolio is in renewables, among the highest in ASEAN. This includes 154 MW from the recently announced acquisitions of UPC\AC Australia and UPC Philippines, approved by the Board on 18 Oct 2021, as well as a 49 percent stake in SUPER Energy PCL's Vietnam platform in 2022, subject to regulatory and shareholder approvals. This puts us in a strong position to reach our 5,000 MW target earlier than 2025, towards our vision of becoming the largest listed renewables platform in Southeast Asia.

**In the Philippines**, we currently have ~1,500 MW in pro forma attributable capacity, as of March 2022. Over two-thirds of this, or ~1,000 MW is in renewable energy, mostly in solar and wind, as well as some battery storage and geothermal capacity. Close to 70 percent of our portfolio is already operating, with three new projects starting commercial operations in 2021: the 63 MW Palauig Solar in Zambales in April, the 120 MW Alaminos Solar in Laguna in June, and the 150 MW Ingrid Quick Response Plant in October. Later, in 2022, the 40 MW Alaminos Battery Energy Storage System (BESS), the first utility scale solar and storage hybrid in the Philippines, also began operations.

To address the supply challenges in the Philippines, we are currently building ~480 MW of new attributable wind and solar capacity, alongside a significant ~6,500 MW pipeline. Despite the uncertainties of the pandemic, we continue to complete projects, proving our ability to execute our aggressive renewable energy plans. Throughout 2021, ACEN issued notices to proceed for three new plants

## ATTRIBUTABLE CAPACITY BY COUNTRY

as of 31 March 2022

### PHILIPPINES

~1,500 MW

### VIETNAM

~1,000 MW

### AUSTRALIA

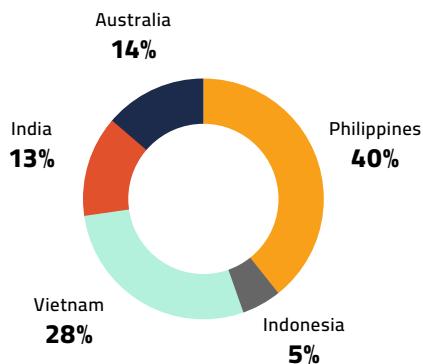
~520 MW

### INDIA

~500 MW

### INDONESIA

~200 MW



in the country: the 72 MW Arayat-Mexico Solar Farm in Pampanga in April, the 160 MW Pagudpud Wind in Balaoi and Caunayan, Ilocos Norte in May, and the 284 MW San Marcelino Solar in Zambales in November.

## INTERNATIONAL ASSET INFUSION

In June 2021, the infusion of international assets into the listed platform was completed. Since this initiative, ACEN has become a truly regional and diversified player in the energy sector, present in five key markets across the Asia Pacific. Our offshore portfolio is 100 percent from renewable energy sources, mainly solar and wind. ACEN is unique as a listed major Philippine power generation company with such a significantly large international portfolio, with ~2,300 MW in pro forma attributable capacity as of March 2022. As a result, shareholders managed to crystallize further value in ACEN with a more geographically diversified array of assets.



**Vietnam**, as of March 2022, is ACEN's largest market outside the Philippines with over ~1,000 MW in attributable capacity, accounting for 40 percent of its international portfolio. Against a clear government RE policy framework, all of our operating plants in Vietnam receive feed-in tariffs (FIT). As one of the fastest growing economies in Southeast Asia, the country is a key market for ACEN as we take advantage of its strong potential for long-term demand growth.

In November 2021, we successfully secured the FIT for ~380 MW of wind power projects in Vietnam, augmenting ~290 MW of existing operating attributable solar capacity in the country. These newly operational wind capacities are the 252 MW in Quang Binh, the 88 MW in Ninh Thuan, and the 40 MW in Mui Ne. Recently, we also announced our acquisition of a 49 percent stake in Solar NT, a subsidiary of Thailand's

SUPER Energy, with 837 MW of operating solar plants in Vietnam. The acquisition is subject to satisfaction of agreed conditions precedent.

**Australia** is ACEN's second largest offshore market.

In 2021, we broke ground on our first project in the continent: the 521 MW first phase of the 720 MW New England Solar Farm in Uralla, New South Wales, through joint venture company UPC\AC Renewables Australia. The announced acquisition of UPC\AC Renewables Australia will give us access to ~8,100 MW in pipeline projects and will allow us to independently develop power projects outside the Philippines for the first time.

With new capacity and capabilities, we are in a strong position to take advantage of the demand for new RE capacity that is expected to open up in Australia. Several planned baseload coal plant closures make the country an optimal target for investments in renewables. Through its large attributable capacity and pipeline in Australia, ACEN is well-placed to capitalize on the country's energy transition.

**India** accounts for over 500 MW of ACEN's pro forma attributable portfolio, as of March 2022. Driven by a population of over 1.4 billion, the growing demand resulting from the country's ever-expanding economy, as well as relatively low development costs, makes India a key market.

As a leading renewable energy developer, we are in a strong position to help with India's target to increase its RE capacity. In 2021, we opened two new plants in the country: the 140 MW Sitara Solar farm in Rajasthan, our first project in India, and the 70 MW Paryapt Solar in Gujarat. A third project, the 420 MW Masaya Solar Farm in Madhya Pradesh, our largest in the country, began construction in 2022.

**Indonesia** is ACEN's first market outside the Philippines. In 2017, alongside local geothermal company Star Energy and Thailand-based Electricity Generating Public Company Limited (EGCO), our parent, AC Energy, was part of a consortium that acquired the then-637 MW Salak and Darajat geothermal fields in West Java. Since then, we've pursued our first greenfield project outside of the Philippines, the Sidrap

Wind Farm in South Sulawesi. Today, the company's attributable capacity in the archipelago is at ~200 MW, as of March 2022.

With our proven experience in Indonesia, ACEN remains well-situated to take advantage of RE opportunities in this market.

### CAPITAL EXPENDITURE INVESTMENTS

In 2021, ACEN spent ₱33 billion in capex to fund our renewables portfolio expansion. For 2022, we plan to invest ~₱56 billion, a 68 percent jump from the previous year, to complete projects under construction

and to fund new projects that will help us achieve our 5,000 MW target by 2025.

As evidenced by our performance in 2021, our vision to become the largest listed renewable energy platform in Southeast Asia by 2025 is within reach, through aggressive expansion funded by our leadership in sustainable financing. Despite the challenges, ACEN continues to lead the charge in the renewable energy revolution.

## OUR OUTLOOK

### Charging toward the future

As economies emerge from the COVID-19 pandemic, global energy consumption is expected to rise as consumer spending and industrial output recover. However, supply chain disruptions, geopolitical restrictions on coal, oil, and gas imports, and the ongoing conflict between Russia and Ukraine, have amplified power supply issues in a world still largely dependent on thermal energy. As a leading renewable energy provider in the Philippines and the Asia Pacific region, ACEN stands to benefit from these trends.

Our aggressive expansion despite pandemic restrictions in the last two years has paid off, as more solar and wind farms are expected to begin operations in 2022 and 2023.

Currently, we hold ~3,300 MW in pro forma attributable renewable energy capacity<sup>1</sup>, putting us on track to achieving our 5,000 MW goal by 2025 ahead of schedule.

We continue to aggressively replenish our pipeline in the various geographies where we are present, with 18,000 MW of capacity in various stages of development, including projects that we are developing both organically and with strategic partners around the world.

The recent global conflicts and supply chain disruptions have led to volatile fuel prices, necessitating the development of more indigenous and sustainable energy sources. Beyond ACEN's onshore solar, wind, and geothermal portfolio, we have been busy exploring other technologies such as potential floating solar and offshore wind installations. Battery storage systems must also be developed in parallel to complement intermittent generation.

Demand for renewable energy will continue to grow as the world pursues energy transition to move away from fossil fuels toward cleaner, more sustainable energy sources. Although this means increased competition and margin pressures in the sector, the opportunities for ACEN will also expand as we get closer to realizing our vision of becoming the largest listed renewables player in Southeast Asia. Our efforts contribute to the Net Zero commitment that it has made together with the Ayala Group, with the vision of a more sustainable world that future generations deserve, free from the devastating effects of climate change. For this reason, ACEN continues to lead the charge in the renewables revolution.

<sup>1</sup>Pro forma - Includes 154 MW from the recently announced acquisition of UPC\AC Renewables Australia and UPC Philippines, approved by the Board on 18 Oct 2021 subject to regulatory and shareholder approvals, and 410 MW from the recently announced transaction with Super Energy, subject to conditions precedent



> We break from  
the status quo to chart  
**a sustainable path**

# 2021 Key Milestones

> JAN

## STOCK RIGHTS OFFERING

Completed stock rights offering which raised ₱5.4 billion (~US\$111 million) in gross proceeds.



> MAR

## GIC INVESTMENT

Singapore sovereign wealth fund GIC Private Limited, through affiliate Arran Investment, completed its subscription to ACEN primary shares.



> MAY

## FOLLOW ON OFFERING

Completion of follow-on offering. The FOO raised ₱10.3 billion (~US\$212 million) in gross proceeds from the primary share offering.

> JUN

## INTERNATIONAL INFUSION

Completion of infusion of all-renewable international portfolio into ACEN, transforming the company into a regional power platform.



> AUG

Inclusion into the Philippine Stock Exchange Index.



> SEPT

## MAIDEN GREEN BOND

ACEN, through wholly owned subsidiary, ACEN Finance Limited, launched its maiden Green Bond offering, raising US\$400 million in fixed-for-life perpetual green bonds listed on the Singapore Exchange's SGX-ST platform.

> OCT

## ACEN NET ZERO

ACEN reached a peak market capitalization of ~₱490 billion (~US\$10 billion).

ACEN declared its Net Zero by 2050 commitment, committing to a 100 percent renewable generation portfolio by 2025, and early retirement and just transition of the company's sole coal plant by 2040, which is 15 years earlier than the end of its useful life.

> NOV



ACEN debuted at the MSCI Philippines index, one of the MSCI Global Standard Indices.

## ACEN REBRAND



On its 10th year and fresh from back to back landmark milestones, ACEN announced its rebranding.

> DEC

## PARTNERS IN RENEWABLES

GIC Private Limited affiliate Arran Investment completed its top-up acquisition of secondary ACEN shares from parent AC Energy, bringing the Singapore sovereign fund's ownership to ~17.5 percent.

# Geographic Presence

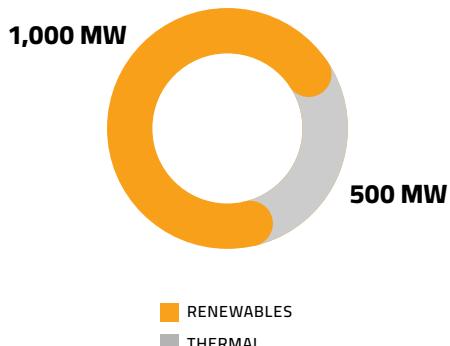
## Philippine Assets

ACEN accelerated its investments in the Philippines, our core market, which accounts for 40 percent of our portfolio, our largest investment in the region. In 2021, we started commercial operations in three new plants and added close to 260 MW to our beneficial portfolio: the 63 MW Palauig Solar Farm in Zambales, the 120 MW Alaminos Solar Farm in Laguna, and the 150 MW Ingrid Quick Response Plant in Pililla, Rizal.

In 2021, we commenced the construction of three projects with an aggregate pro forma attributable capacity of close to 500 MW during the year: the 160 MW Pagudpud Wind project in Ilocos Norte, slated to be the largest wind farm in the Philippines, the 72 MW Arayat-Mexico Solar Farm in Pampanga, a joint venture with Citicore Power, Inc., and the 284 MW San Marcelino Solar in Zambales.

These additional energy capacities are a critical addition to the Luzon grid that help secure the country's growing energy needs.

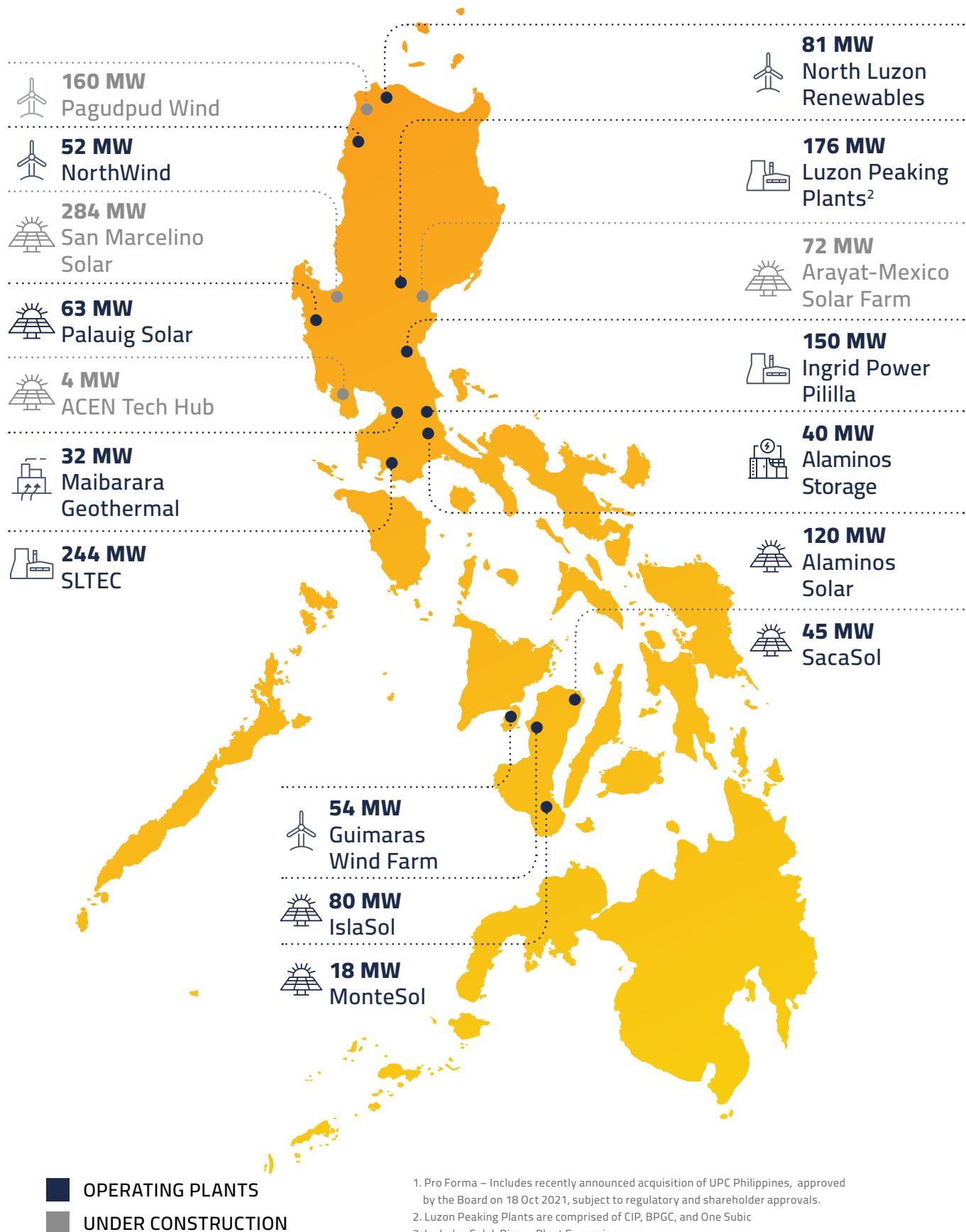
Net Attributable Capacity<sup>1</sup>



Renewable Energy Capacity

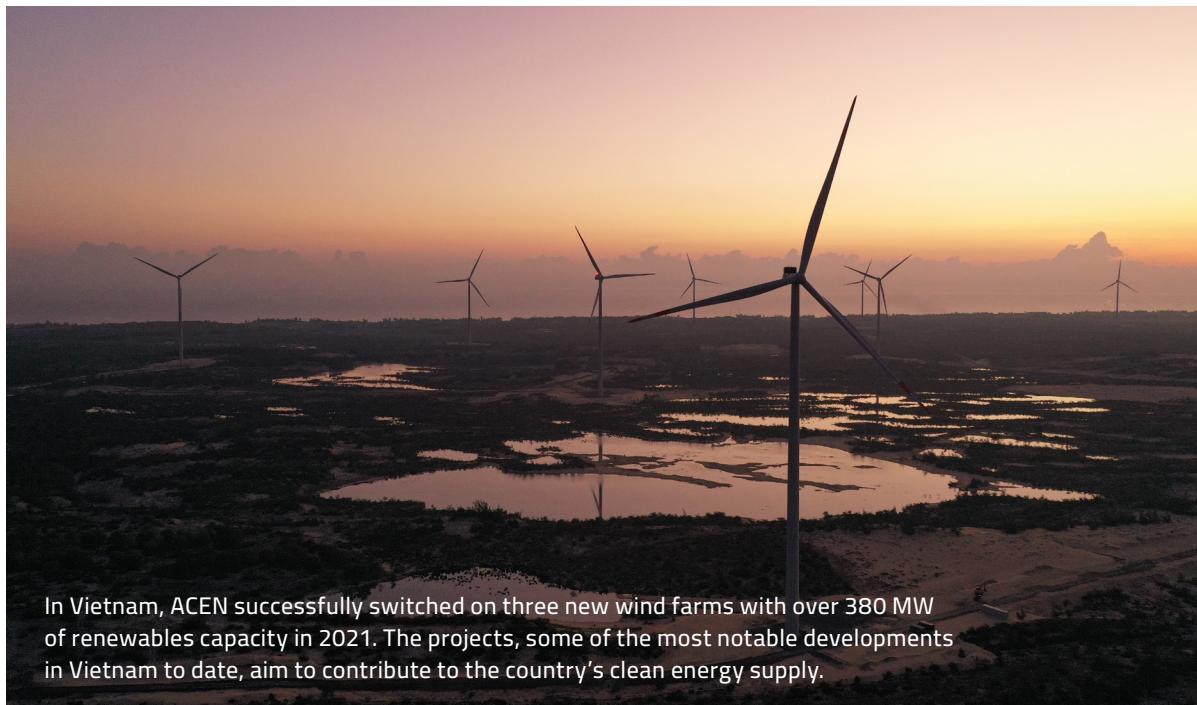
**~1,000 MW**





1. Pro Forma – Includes recently announced acquisition of UPC Philippines, approved by the Board on 18 Oct 2021, subject to regulatory and shareholder approvals.
2. Luzon Peaking Plants are comprised of CIP, BPGC, and One Subic
3. Includes Salak Binary Plant Expansion.

\*Map shows installed capacities as of 31 March 2022  
and presents DC capacities for solar projects.



In Vietnam, ACEN successfully switched on three new wind farms with over 380 MW of renewables capacity in 2021. The projects, some of the most notable developments in Vietnam to date, aim to contribute to the country's clean energy supply.

## International Assets

The year 2021 saw the infusion of international assets into ACEN and our transformation from a Philippine-focused energy provider into a regional renewable energy power player in the Asia Pacific, with international assets now comprising 60 percent of our portfolio. Today, ACEN has the largest international portfolio of among listed Philippine power companies, with close to 2,300 MW of renewables capacity spread throughout the region.

During the same year, we began the construction of our first project in Australia, the 521 MW first phase of the New England Solar Farm. In addition, our first investments in India began commercial operations during the year: the 140 MW Sitara and 70 MW Paryapt Solar farms. In Vietnam, our largest market outside of the Philippines, three new wind projects totaling ~380 MW of gross capacity successfully received feed-in tariffs: the 252 MW Quang Binh Wind project, the 88 MW Ninh Thuan Wind farm, and the 40 MW second phase of the Mui Ne wind farm.

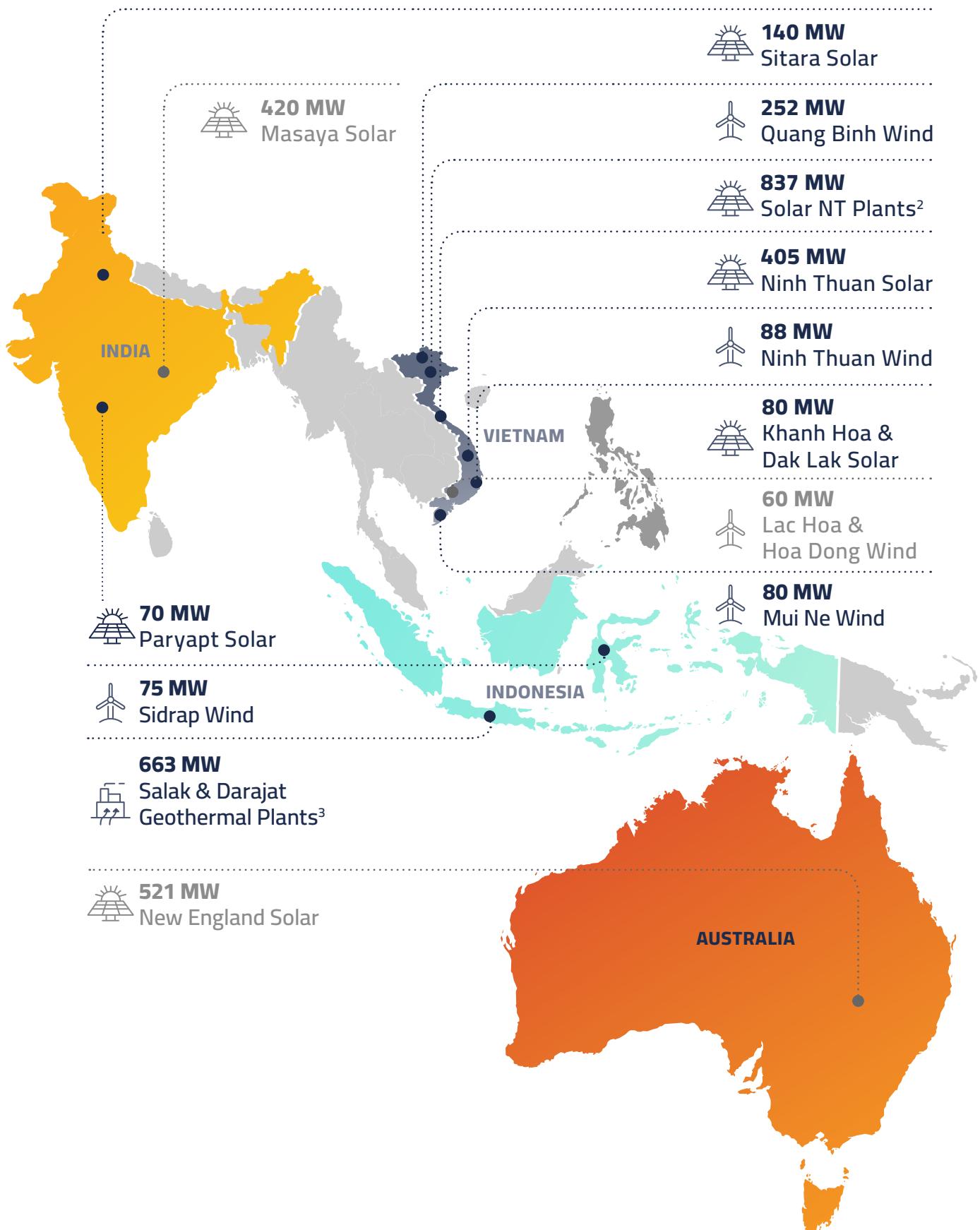
In February 2022, ACEN through our subsidiary, ACEN Vietnam, announced that we would be acquiring 49 percent of SUPER Energy PCL's Vietnam solar platform, which would add six operating solar plants with a total gross capacity of ~837 MW into our portfolio. This acquisition is subject to conditions precedent.

Net Attributable Capacity<sup>1</sup>

**~2,300 MW**

Renewable Energy Share

**100 %**



OPERATING PLANTS  
 UNDER CONSTRUCTION

1. Pro Forma – Includes recently announced acquisition of UPC-AC Australia and UPC Philippines, approved by the Board on 18 Oct 2021, subject to regulatory and shareholder approvals.
2. Subject to completion of the acquisition of a stake in Solar NT, a subsidiary of SUPER Energy
3. Includes Salak Binary Plant Expansion.

\*Map shows installed capacities as of 31 March 2022 and presents DC capacities for solar projects.



# How We Create Value

28

Our ESG Approach

30

Environment:  
Net Zero by 2050

38

Social:  
Investing in  
People

50

Governance:  
Integrating  
Sustainability

56

Stakeholder  
Engagement

60

Value Creation

# Our ESG Approach

ACEN's aspiration to be a leading renewable energy provider is driven by its goal to create value that would benefit society, as well as our employees and shareholders. Sustainability is at the core of our business, and it is integrated into the way we do things.

Last October, we announced our commitment to achieve Net Zero greenhouse gas emissions by 2050. ACEN recognizes that we have a role to play in addressing the rising global temperatures, threatened biodiversity, and social inequality.

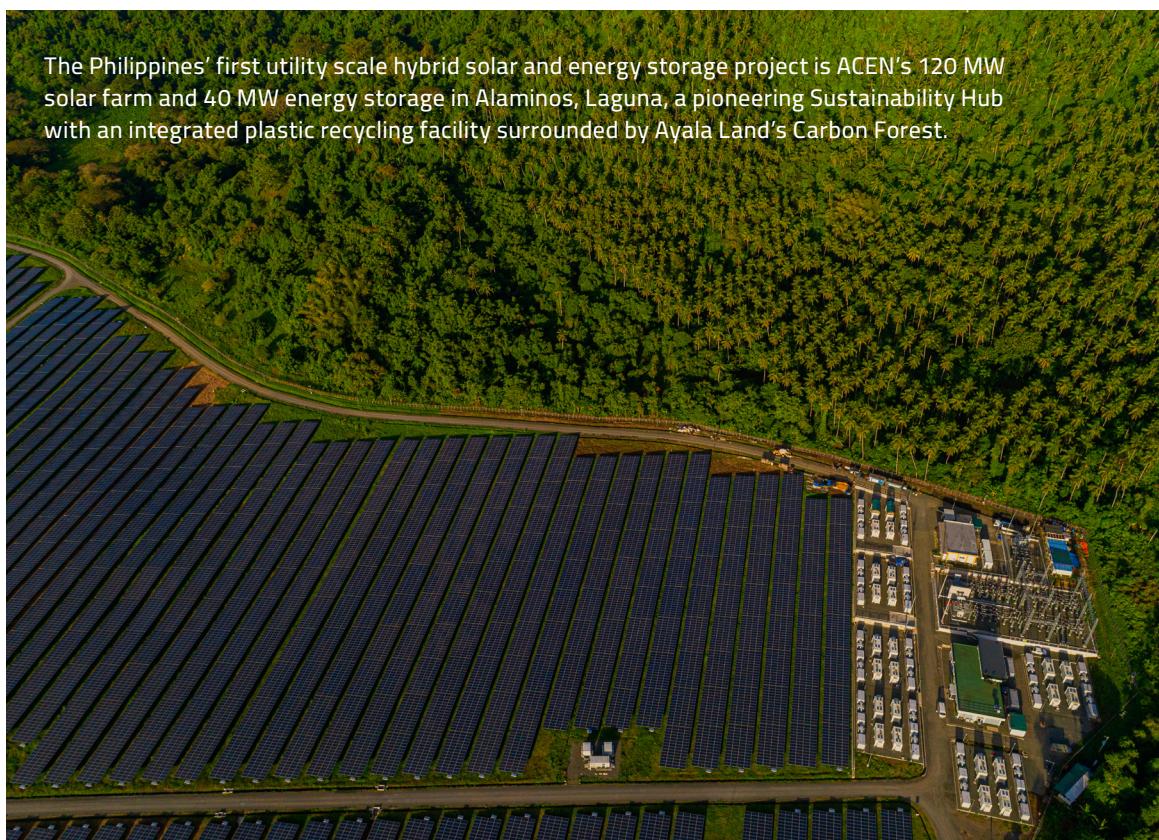
We believe that strong Environmental, Social, and Governance (ESG) performance is an indicator of long-term financial growth and resilience for a company.

We collaborate with different partners and influence others to do the same, in order to help accelerate the energy transition, and shape the future together.

We aim to deliver long-term value for all our stakeholders and continue to develop initiatives across our ESG strategy to have a clear roadmap, as well as metrics and targets, that track our ESG performance alongside our financial performance.

This journey is not just for ACEN but for all our stakeholders as well.

The Philippines' first utility scale hybrid solar and energy storage project is ACEN's 120 MW solar farm and 40 MW energy storage in Alaminos, Laguna, a pioneering Sustainability Hub with an integrated plastic recycling facility surrounded by Ayala Land's Carbon Forest.



Net Zero  
company by  
**2050**

Renewable Energy  
Capacity  
**~3,300 MW**

Renewable Energy  
by 2025

**100 %**

### ENVIRONMENTAL

ACEN aspires to be a Net Zero company by 2050.

- We have 3,300 MW of renewable energy capacity across the Asia Pacific.
- We are committed to transition the company's generation portfolio to 100 percent renewable energy by 2025.
- Our Environmental and Social Policy is a pillar of how we develop and operate our plants.

### SOCIAL

ACEN invests in its people and communities.

- We create programs and benefits that support the development of the entire organization.
- We partner with our host communities, local leaders and organizations to develop programs that would help address social needs.
- We continue to partner with our customers, suppliers, employees, and communities in prioritizing health and safety, environmental protection, labor and ethical business practices.

### GOVERNANCE

ACEN integrates sustainability into its culture, decisions and actions.

- We are committed to transparency, accountability, and ethical business conduct, in full compliance with applicable laws and regulations.
- We embed sustainability in the way we work and in our strategic planning, capital allocation, business development and operations.
- Our board and governance structure provides effective oversight over strategic decisions, and appropriate monitoring of performance.

**This is the ACEN Way.**

> We are aligning with the **global movement** for climate action as we **expand our renewables**



# Environment: Net Zero by 2050

## Impact to SDGs



To date, ACEN has achieved 60 percent of its renewable energy capacity goal of 5,000 MW by 2025. We also have 18,000 MW in pipeline projects in various stages of development.

Last October, we announced our ambitious goal to become a Net Zero GHG emissions company by 2050. This is supported by our commitment to bring our generation capacity to 100 percent renewables by 2025.

Our E&S Policy paved the way to integrate sustainability in the way we work and influence our decision-making on strategy, capital allocation, operations, governance and culture with the aim to deliver long-term value for all our stakeholders. As part of these commitments, we implement the Environmental and Social Management System (ESMS) to manage Environmental and Social (E&S) risks and impacts throughout the life cycle of our projects. Through the ESMS, we are able to identify and assess E&S risks to develop appropriate action plans and mitigation measures.

While we develop clear metrics and targets to track and communicate our sustainability performance, just as we have for financial performance, we continue to drive company-wide support to Environmental, Social and Governance (ESG) standards and practices across the organization starting from the top management, permeating across the organization.

ACEN is working to establish an ESG platform or channel to communicate our approach and progress on ESG and the value it brings to our stakeholders.

### > Learn more about our E&S policy

<https://acen.com.ph/sustainability/environment-social-policy/>

### > Our Net Zero by 2050 commitment

[https://acen.com.ph/2021/10/acen-commits-to-netzero-greenhouse-gas-emissions-by-2050/](https://acen.com.ph/2021/10/acen-commits-to-net-zero-greenhouse-gas-emissions-by-2050/)



## THE ENERGY TRANSITION

ACEN is aligned with the global movement for climate action as to help secure the future from the threats brought about by climate change. We recognize the effects of climate change and the need for energy transition in order to limit carbon dioxide (CO<sub>2</sub>) emissions while meeting the rising energy demand. The AC Energy group's sustainability journey started in 2016 when we shifted towards renewables and recalibrated our strategy and invested heavily in this space, specifically in solar, wind, and geothermal. That same year, we transitioned from a Philippine-based company to a regional one and rapidly grew our renewables portfolio across the Asia Pacific.

## TOWARDS NET ZERO

- We have made tremendous progress toward our 2025 goal. Our renewable energy capacity has reached 3,300 MW and we have 18,000 MW in pipeline projects in various stages of development.
  - In October, we announced our ambitious goal to reach Net Zero of GHG emissions by 2050, and our commitment to transition our generation capacity to 100 percent renewables by 2025.
- Together with the Ayala group, ACEN is working with South Pole to gain a more accurate view of its emissions across its business units. We aim to develop the following before the end of 2022:
- a. Net Zero roadmap
  - b. Detailed greenhouse gas footprint that includes all relevant Scope 3 emissions from the value chain, which is considered Net Zero best practice
  - c. Assess potential emission reduction activities and strategies to help ACEN prioritize and budget for these interventions across our core business units, ensuring practical steps are taken to reduce emissions as quickly as possible
  - d. Establish interim targets aligned with a science-based 1.5°C pathway across the core business units to ensure we have robust and measurable milestones along our journey to Net Zero by 2050

## SUSTAINABLE INVESTING

Through several well-received debt capital market issuances, ACEN and its parent AC Energy have both contributed to the country's sustainable financing achievements. AC Energy retains its place as one of the Philippines' largest issuers of green bonds, with four tranches of outstanding green bonds, ranging from US\$75 million to as large as US\$400 million.

Most recently, in September 2021, our subsidiary ACEN Finance Limited issued its maiden green bond:

senior guaranteed undated, fixed-for-life notes worth US\$400 million. As a result, the fresh capital we raised in 2021 alone reached close to US\$1 billion, which includes close to US\$600 million from our stock rights offering, follow-on offering, and an investment from GIC's Arran earlier that year.



## NATURE-BASED SOLUTIONS/ CARBON REMOVAL

ACEN recognizes that trees are vital in the fight against climate change and the critical role that business must play to safeguard biodiversity. The protection and restoration of natural ecosystems will help mitigate climate risks and limit global warming to below 1.5°C while bringing additional environmental and social benefits, linked to studies cited by the International Panel on Climate Change. We are committed to protecting and conserving biodiversity, maintaining ecosystem services, and adequately managing living natural resources throughout the life cycle of our power plants.

Since 2014, we have provided alternative sources of income to local communities. Our environmental program empowers locals through agro-forestry and reforestation, and the protection of biodiversity. As of 2021, we have established 1,275 hectares of

forest protected and ~527,000 trees planted. This is equivalent to approximately 31,875 metric tons of carbon sink per year.\* ACEN aims to plant 1 million trees by 2025 in locations where we have a presence.

We are also looking for ways to scale up and strengthen our environmental initiatives through collaboration and partnerships with sustainability organizations such as the World Business Council for Sustainable Development, Just Energy Transition for Inclusive Capitalism, Sustainability Council of the Ayala Group, local government agencies, Marine Wildlife Watch of the Philippines, and academes like UP Los Baños. We are also currently exploring Blue Carbon projects with the UP Marine Science Institute.

\*Based on internal carbon capture estimate of 25 MT per hectare per year



## INTEGRATING CIRCULAR-APPROACH SOLUTIONS

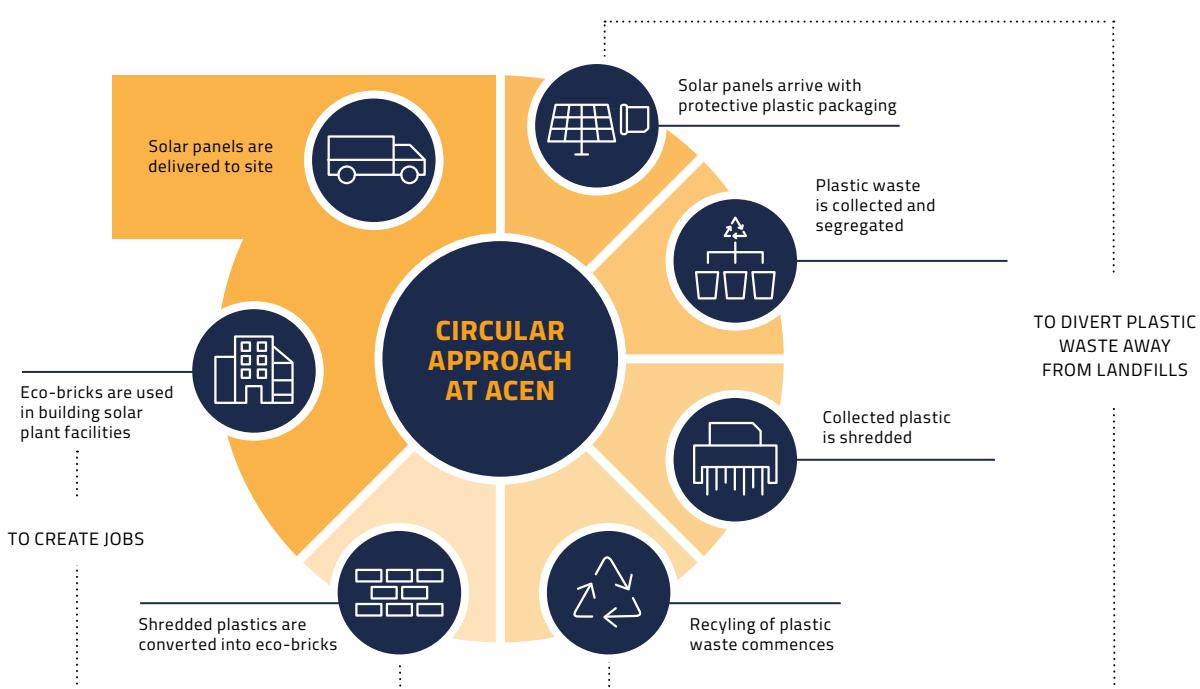
ACEN creates opportunities to lower its environmental footprint through the reduction and recirculation of natural resources used throughout the life cycle of its power plants.

To address the large amount of plastic waste produced during solar plant construction, we are working toward making construction sites plastic waste-free by pioneering circular approach initiatives. Through these efforts, plastic waste collected from solar module packaging is recycled into eco-bricks, which are used to build the solar plant facilities.

During the pilot phase of our circular approach solutions, more than 32,540 kg of plastic collected from our Alaminos solar plant, or the equivalent of about 25 compact size cars, was sent to our partner recycling facility, Green Antz.

In 2021, a total of 24,295 eco-bricks were used in the construction of our solar plant facilities. Such efforts helped limit the amount of plastic waste sent to landfill by diverting a further 3,280 kg.

**ACEN aims to close the loop within its project locations, and help communities live in a pollution-free environment.**



## BREATHING NEW LIFE INTO PLASTIC WASTE

Nestled between our solar panels and Ayala Land's Carbon Forest in Laguna is the tangible proof of the circular approach that we have pioneered in our 120 MW Alaminos Solar project. The 640 sqm. Alaminos Solar Control Building was built using 12,839 eco-casts upcycled from plastic waste from the plant's solar panel packaging and from the nearby communities. The building serves as the Alaminos Solar team's daily workplace. This is the first of many eco-brick buildings that ACEN plans to construct as it endeavors to implement the circular approach in more project sites while continuing to expand its renewables footprint.



## PLANT END-OF-LIFE MANAGEMENT

At present, ACEN proactively aligns with the best available practices on PV module waste management. We also partner with EPC contractors that are certified members of the PV Cycle Association, a global industry-based organization that provides businesses with sustainable waste management solutions aligned with the European Waste Shipment Regulation and the Basel Convention. The company adopts the PV Cycle system to ensure proper treatment measures are set in place to cover discarded end-of-life PV modules as well as modules damaged during transportation or installation. The PV Cycle is a voluntary mechanism to implement take-back and recycling programs for PV modules.

For wind projects, we develop decommissioning plans aligned with the regulatory requirements of the Department of Environmental and Natural Resources (DENR). The content of each decommissioning plan is tailor-made to address the structural specifications as well as the stakeholder concerns of each specific wind project. Possible interventions under the company's decommissioning plans may include circular approaches to recycling or reusing wind turbine

blades to the benefit of adjacent communities. As the activities of each plan shall be performed no less than 20 years from creation, the company will continue to monitor for best practices on wind turbine end-of-life management.

## UNDERSTANDING CLIMATE CHANGE

In Q1 2021, ACEN signed up as a supporter of the Task Force for Climate-Related Financial Disclosures (TCFD).

The TCFD was established by the Financial Stability Board to develop voluntary, consistent, climate-related financial disclosures that would be useful to investors, lenders and insurance underwriters in understanding material climate risks. These disclosures revolve around four thematic areas: governance, strategy, risk management, and metrics and targets.

**TCFD** | TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

## **WATER STEWARDSHIP**

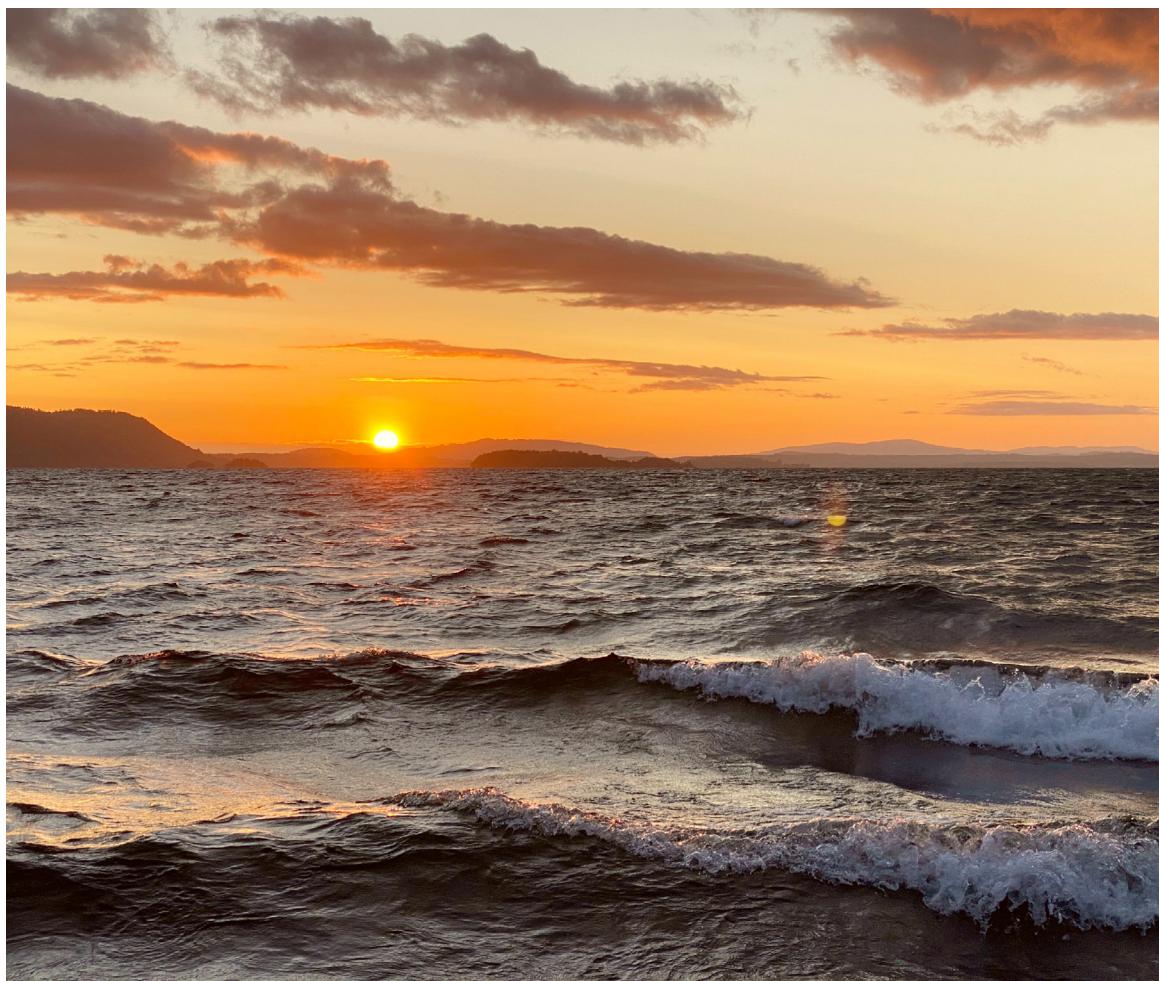
Water is an essential shared resource and vital to our operations. To address the water footprint of our corporate and suppliers' sites, we aim to use water efficiently, transition from freshwater to alternative sources, discharge used water responsibly, and pursue water stewardship to keep watersheds healthy.

In 2021 ACEN's Total Water Withdrawal reached 257,437,958.44 cubic meters while Total Water Consumption reached 180,984.21 cubic meters. Water Withdrawal was mainly driven by the cooling water system of SLTEC which draws and discharges seawater from Balayan Bay. To maintain the marine ecosystem, periodic testing for harmful substances is conducted in addition to water treatment and cooling prior to discharge.

In our solar plants, rain water harvesting systems have been installed to serve as an alternative water source for activities such as PV module cleaning and house load needs. These water harvesting systems

can collect an average of 751,550 liters across four different solar plants. MonteSol and SacaSol have worked to reduce their water impact even further by utilizing automated cleaning machines. These machines clean the panels with more efficiency and less time. More importantly, they have reduced the amount of water utilized per cleaning cycle from an average of 480 cubic meters to only 69 cubic meters. Meanwhile, in Indonesia the Darajat Geothermal plant through our partner Star Energy, continuously optimizes water use by replacing surface water with condensate water for production and maintenance activities.

In the latter part of the year, with the devastating impact of Typhoon Odette (Rai) and the trail of destruction that it left across six regions in Visayas and Mindanao, ACEN, launched a series of relief efforts for the affected communities, including the installation of a water filtration system within its Negros plant to provide drinking water to the locals.



> We create **meaningful ways**  
to ensure a **functional and**  
**productive society**



# Social: Investing in People

## Impact to SDGs



ACEN's success in forging a sustainable energy path across the region depends on our ability to effectively and efficiently engage with various stakeholders about our sustainable goals with expert execution.

Thus, through sustained and cohesive initiatives to integrate our values, vision and culture, our different stakeholders identify strongly with **ACEN's commitment to "do better" by driving positive change for people and planet, and building a resilient future.**

With the ongoing threat of the COVID-19 pandemic, a series of educational seminars were rolled out online, tapping external and internal subject matter experts as speakers and guest resources on various topics that support continuing education, as well as provide valuable opportunities to build new skill sets.

Meanwhile, leadership programs such as the Ayala Leadership Acceleration Program (LEAP) equip our Management Team to maneuver the organization in a swift and agile manner, in line with the demands of the dynamic energy sector that it navigates. This also includes executive educational programs and function-specific programs, coaching and 360 feedback mechanisms.

Managing the performance of all employees is also an important part of motivating and engaging our workforce, creating a venue for us to set clear targets for each team member and to help them understand how they contribute to the company's shared goals. To ensure personal and professional growth of each employee, a rigorous performance appraisal process is held each year which starts from goal setting, talent review using our nine-box grid and individual development plan (IDP), and the performance review proper.

## OUR EMPLOYEES: The Lifeline of our Business

### TRAINING AND DEVELOPMENT

We continuously invest in the capacity-building of our employees. In 2021, we spent over ₱30 million in training programs to support our leaders, managers and staff in developing their skills to better contribute to the company's success.

Apart from competency enhancement to drive excellence in our performance, we continue to invest in the welfare of our employees, ensuring their health, safety and overall well-being.



## INCLUSIVE WORKPLACE

We believe in fostering an inclusive culture where everyone feels they are heard, treated fairly and with respect, and where they are appreciated for their efforts regardless of the roles they play in the organization. **We aim to foster a workplace where employees feel a complete sense of ownership and belonging, and where their opinions matter.**

An integral aspect of this is developing a compensation structure that ensures equitable pay across all members of our workforce. Gender diversity is another important goal, where women are given opportunities at every level of the company and especially in leadership roles. **Around 35 percent of Senior Management positions is composed of women.** We also recognize the value of professional expertise across all age groups, and pride ourselves in having a multi-generational organization that encourages career growth for young professionals and mentorship from senior leaders.

Inclusivity is also ingrained in the design of ACEN's new headquarters occupying three floors in the state-of-the-art Tower Two of the Ayala Triangle Gardens. The office space boasts a fittingly modern aesthetic that reflects the company's commitment to sustainable development, with its design and features aligned with the specifications of the Leadership

in Energy and Environmental Design (LEED) Gold certification.

The space was deliberately designed with health and safety, collaboration, and inclusivity in mind, to create a sense of welcome and comfort amidst the ongoing pandemic.

We've set up a COVID-19 workplace health and safety plan, which ensures a spacious, low-density design to promote safer distances between workspaces. It also features no-touch technologies in lighting and door access to limit the spread of the virus in the office space. As many employees choose to continue working from home, the office space is outfitted with state-of-the-art audio-visual equipment to keep teams connected and to make virtual and hybrid meetings run seamlessly.

The office's agile design also makes it fully adaptable to meet immediate group needs. For example, the common dining area known as the "Melting Pot" features an ampitheater that serves as additional work spaces and provides comfortable seating for large gatherings. Private spaces like executive rooms can also transform into meeting rooms to accommodate smaller teams.

The new office space was designed to anticipate the particular needs of employees to make individuals feel thoroughly accommodated. Breastfeeding mothers, for example have access to lactation rooms; employees are free to use the office gym and nap areas to help safeguard their physical and mental well-being; and all employees are welcome to use gender-neutral restrooms. A room is also available for the employees to safely deposit their children when they are unable to leave them at home. Lastly, through its sleek, thoughtful, and modern design, the office allows all employees to enjoy the same breathtaking view of the Makati City skyline.

## EMPLOYEE ENGAGEMENT

In 2021, we conducted our fourth Employee Engagement Survey. This is conducted every 2 years to connect with our employees, allow them to provide meaningful input and to monitor engagement levels across all levels of the company. Among the respondents, 93 percent reacted favorably to the sustainable engagement criteria. We strengthened our employee engagement initiatives which cuts across recreational employee activities, performance management discussions, learning and development programs.

At ACEN, we help foster work-life balance through special interest groups that cater to various personal interests of our employees, allowing them to pursue hobbies and passions on a regular basis. As part of our commitment to our employees, we acknowledge the importance of supporting our team's physical and mental well-being. Throughout the year, we implemented group-wide employee activities such as online concerts and virtual teambuilding events. Online counseling and psychological well-being hotline channels are also made available for ACEN employees.

## COMPENSATION

ACEN is guided by its compensation philosophy that ensures the competitiveness of employees' total remuneration compared to its relevant market. As a result of the 2021 mid-year compensation review, improvements on the total compensation of employees were implemented. The salary increments, benefits and rewards are commensurate to the overall company and individual performance, determined

through the mid-year and annual performance and talent review process.

In 2021, an executive stock ownership program (ESOWN) was also approved. This form of compensation is integral in enhancing business ownership as well as prudence of company management.

## BENEFITS

We aim to provide employee benefits in line with our competitive salaries and compensation. In 2021, we earmarked ₱340 million in total benefits, and other employee aid and assistance.

Aside from standard compensation packages, we offer employees wellness benefits that subsidize activities that promote physical or mental well-being. Additionally, we recently increased the coverage of all existing health benefit plans for our employees and provided family coverage in our employee vaccination program.

Work-life balance is further encouraged with sufficient vacation and sick leaves, and other forms of paid time off. At the onset of the COVID-19 pandemic, work-from-home and shelter-in-place arrangements were put in place for the welfare and safety of our employees.

Employee  
Engagement Score

93%

Total  
Benefits

₱340 M

At our plants, dedicated shuttle services are provided for employees residing in remote areas. For plant-based employees, comfortable and sufficient staff housing is provided for long-term accommodation. Daily meals are provided by in-house canteen and pantry facilities.

Health-related benefits are extended to immediate family members and include mental health as well as wellness programs. COVID-19 vaccination coverage was also extended to employee dependents.

ACEN offers retirement benefits to ensure the long-term financial welfare of our employees, as well as financial support programs to meet more immediate needs.

## POLICIES

Health and Safety (H&S) are among our top priorities at ACEN, as we maintain operations on a wide geographical scale involving vital resources such as power and electricity. H&S is a foundational aspect of our workplace culture and is constantly observed and improved through monitoring, review and feedback mechanisms.



We also have policies in place that define and safeguard against undesired workplace situations such as harassment and discrimination. These are in line with our overall goal of creating a safe and inclusive workplace, which pertains not only to carrying out one's duties and tasks, but includes interpersonal aspects such as dealing with others and the observance of proper conduct and behavior.

We place the health and safety of our workforce at the forefront of our business agenda. We've also recently reinforced our safety efforts through the establishment of an HSSE Policy for operating plants. This policy provides a framework for all operations to sustain the highest industry standards for Health, Safety, Security and Environment. To ensure consistency across operations, we've set in place a Safety Performance Monitoring and Reporting Standard that enables plants to establish Key Performance Indicators (KPI) for continuous monitoring and improvement.

Our commitment to health and safety follows a top-down management approach where leadership is expected to cascade a culture of accountability across the company. Management programs are rolled out to provide employees with the necessary medical screening, equipment, and training for optimal performance.

Additionally, a risk management process to identify, assess, and prioritize health and safety risks is implemented at the plant operations level to minimize the probability or impact of potential incidents.

In 2021, no incidents involving fatalities or disabling injuries were recorded across our plant operations.

## PROTECTING OUR PEOPLE

The COVID-19 pandemic continues to have an adverse impact on business and operations, and as such, remains a key consideration in employee welfare and wellness initiatives. Apart from the continuing provision of employee wages and allocation for emergency funds, ACEN spearheaded innovative weekly health checks, periodic updates about the crisis, a dedicated hotline for Covid emergencies, and tele-psychological consultation services.

Our plant employees are given personal protective equipment (PPE) as part of their uniforms, tools and work equipment. Regular emergency preparedness and response trainings and programs are implemented to keep safety instincts sharp especially among onsite workers.

## OUR COMMUNITIES:

### Creating Shared Value



ACEN is committed to protecting communities, including both indigenous and vulnerable populations that are affected by its operations. We seek to build in areas with little or no population and will avoid involuntary resettlement (physical and economic) wherever possible. We will engage with affected communities and local government units when acquiring land for our projects and throughout the lifecycle of these projects. We also adhere to high standards on a broader range of material issues that impact power companies. These include business ethics, labor practices, employee health and safety, water and waste management, as well as materials sourcing and efficiency, and product design and lifecycle management.

#### ENABLING COMMUNITY PROGRESS

ACEN believes that the socio-economic progress of our host communities is a key metric of our business success. Supporting our communities' self-reliance and economic security enables us to create shared value.

ACEN has invested over ₱89 million towards our partner host communities. In 2021, ACEN has uplifted close to 32,500 individuals, 28 hospitals, 137 schools, and 41 communities through our

community initiatives by engaging in a range of social development initiatives and creating sustainable green jobs as well as promoting eco-preneurship to ensure the health and livelihood of the local communities.

We also prioritize job creation in all our project sites for the benefit of our host communities. Today, over 70 percent of our plant employees are locally hired.

In addition, ACEN's assets in International invested a total of P22.7M\* in various CSR activities for its host communities. Through our partner UPC Renewables, Sidrap Wind has implemented community development projects such as road improvements and water pipeline expansion activities. These programs have enhanced agricultural activities and provided clean water access to Lawowoi, Lainungan, and Mattirotasi villages within the Watang Pulu district. In Vietnam, the Mui Ne Wind project, through our partner The Blue Circle, delivered 10 water tanks to aid the water scarcity of poor households in Thien Nghiep Commune, benefitting over 6,000 people. These water tanks would allow for the storage of water during the rainy season to be used during the dry season.

\*9.4M of International spending on CSR activities are attributable to ACEN



## LIVELIHOOD PROGRAMS

As part of our strategy for resource enhancement and the integration of a stronger sense of environmental awareness, accountability, and stewardship in places of operation, we produced 13 different livelihood programs in 2021. The livelihood programs focused on skills enhancement, women empowerment, creation of green jobs and the promotion of sustainable eco-preneurship.

We recognize that the women's sector is among those most impacted by the pandemic. In partnership with Ensha Wellness, a unique skills training in hilot-hilom was conducted for 30 women from the local communities in Ilocos Norte. The hilot-hilom is a traditional massage locally known as "ablon" which has a healing effect on the body. The trainees were provided with massage kits during the training.

In the same vein, we collaborated with Ayala Foundation and TESDA to train 100 mothers in different municipalities of Cagayan Valley to equip them with various skills in vending, cooking, nail care, and sewing, with the goal to enhance their skills and provide additional knowledge to jumpstart new sources of income.

## ENVIRONMENTAL LIVELIHOOD PROGRAMS AND THE CONSERVATION ESTATE

ACEN ensures that aside from protecting the environment, we also create an impact on the lives of the communities we work with through our environmental livelihood programs. In collaboration with local and indigenous people's organizations, we invested ₱7 million in the promotion of green jobs which consist of reforestation efforts (seedling production, wildling

rescue, tree planting and tree nourishing, terrestrial and mangrove forest management, and protection and rehabilitation) and terrestrial and marine wildlife protection.

Inside the 700-hectare Conservation Estate in Ilocos Norte is a 4.5-hectare agroforestry model farm anchored on excellent environmental management and social programs. These social programs aim to improve the lives of host communities through the integration of agricultural innovation and practices, and additional income through green jobs.

Through analogue forestry, the community-based reforestation initiatives have planted a total of 453,710 endemic and fruit-bearing seedlings to create an ecologically diverse landscape.

To sustain green programs at the model farm, strengthened partnerships with local and business organizations are being forged to create a community-based agricultural enterprise among farmer-participants and their families.

**Read more about our Conservation Estate:**  
<https://acen.com.ph/sustainability/the-conservation-estate/>



## COMMUNITY ECO HUB

To further strengthen its **Circular Economy** Framework, ACEN partnered with Green Antz to put up a Community Eco Hub in the municipality of Piddig, Ilocos Norte, following the successful integration of the Eco Hub project in our 120 MW Alaminos Solar farm. The facility is a collaboration among ACEN's two wind farms, North Luzon Renewables and NorthWind, and the Provincial Government of Ilocos Norte. The Community Eco Hub will upcycle plastic wastes from our plants and nearby communities into eco-bricks.

The operational framework of the Community Eco Hub is designed to involve local communities in awareness trainings and campaigns, plastic waste collection, plastic waste processing, marketing, selling of eco-products to local suppliers, and profit-sharing. This program will not only help manage the issues of community plastic waste but will also create green jobs and promote eco-prenuership in the community.

More Community Eco Hubs are in the pipeline for development across our renewable energy plants.

## BIODIVERSITY PROTECTION

The forest patches inside our wind farms in Ilocos Norte serve as home to 117 species of birds, seven species of bats, seven species of snakes, and four species of rodents – one of which is the endemic Northern Luzon giant cloud rat. To protect this lush biodiversity, a state-of-the-art bioacoustics deterrence system was also put in place to help prevent potential harm to wildlife in the operations of the wind farms.

In Batangas, the South Luzon Thermal Energy Corporation (SLTEC) inked an agreement with the DENR Region IV-A for the adoption of a **10-hectare mangrove plantation** in Calatagan

Investment in  
Communities

₱89 M

for enhancement and rehabilitation. SLTEC has committed to implementing effective management practices and the use of appropriate science-based strategic actions through the assistance of the University of the Philippines Los Baños College of Forestry and Natural Resources (CFNR). SLTEC will work with a local people's organization to maintain a mangrove nursery to house an initial 10,000 mangrove saplings in preparation of tree planting activities in 2022.

ACEN's marine turtle **"Pawikan" Conservation Program** along the coast of Bangui and Pagudpud in Ilocos Norte is conducted in partnership with the Marine Wildlife Watch of the Philippines (MWWP). The program aims to protect marine turtles in the region by providing technical guidance on pawikan conservation to five coastal barangays and local government organizations such as DENR – CENRO (Department of Environment and Natural Resources – Community Environment and Natural Resources Office), MENRO (Municipal Environment and Natural Resources Office), PNP (Philippine National Police), BFP (Bureau of Fire Protection), the coast guard, Pagudpud Pawikan Conservation Group, and barangay officials. Since 2013, the collaboration of different stakeholders has resulted in 26 Pawikan nests recorded, 32 Pawikans rescued and released, and 1,465 Pawikan hatchlings released to the wild.



Meanwhile, ACEN's Guimaras Wind in Visayas is spearheading the establishment of a fish sanctuary with the Local Government Unit of Dumangas through the placement of **Artificial Reefs** (ARs) to supplement the habitat of marine life in the area. The establishment of ARs is part of our strategy for resource enhancement and integration of a stronger sense of environmental awareness, accountability, and stewardship among coastal communities. ARs serve as barriers against active fishing gear to protect fish nurseries and act as refuge and feeding grounds of various aquatic organisms. ARs contribute not only to protecting marine biodiversity but also in creating jobs in the community through the promotion of eco-tourism, and supporting the maintenance of sustainable food sources.

## EDUCATION

Despite the COVID-19 pandemic and the cancellation of face-to-face classes, ACEN continuously supports schools, host communities, and partner organizations that support the plight of Filipino learners. Over ₱3 million was provided to support scholarships, procurement of school supplies to print modules, and support efforts of Brigadang Ayala Eskwela initiatives.

We also provide training and seminars to our host communities to introduce the concept of renewable

energy, disaster resiliency, agroforestry, circular economy, biodiversity protection, rehabilitation, and conservation. As part of the One Ayala ecosystem, ACEN, in collaboration with Ayala Community for Social Impact, ensures inclusive and quality education by empowering teachers and learners with accessible digital content on STEM (Science, Technology, Engineering, and Mathematics) education.

We prioritized the rehabilitation of damaged schools affected by Typhoon Odette (Rai) within our host communities in Bais City, Negros Oriental. We also helped rehabilitate in the rehabilitation of 32 damaged classrooms to benefit 2,451 students have benefited.

ACEN's International assets invested over ₱1.4 million in educational programs and assistance to support various local communities in Vietnam and Indonesia. These programs include provisions for school supplies, scholarships, and the improvement of educational facilities. Through our partner STAR Energy, Salak Geothermal has contributed to the improvement of rural literacy by supporting the development of the Taman Pamekar Library into a digital library. This would benefit approximately 5,600 individuals in the local community.

## MANO AMIGA AND OTHER SCHOLARSHIPS

To further expand our education projects, we partnered with Mano Amiga, a non-profit organization that uplifts low-income communities by providing access to high quality education, skills training, and sustainable livelihood. The partnership seeks to provide scholarships to school-age children from marginalized families, integrate sustainability in Mano Amiga's academic curriculum, and create opportunities for meaningful employee engagement.

## DISASTER RESPONSE

With the increase in force and frequency of natural disasters, along with recovery costs, we have always ensured the quick implementation of measures to mitigate these events and leverage on the Ayala Group's strengths. ACEN, in collaboration with the Ayala Foundation, supported the typhoon-affected communities of Cagayan, La Union and Negros Oriental through relief operations and rehabilitation efforts.



Despite troubling economic times amidst the pandemic, in response to the areas devastated by Typhoon Maring (Kompasu) and Typhoon Odette (Rai), ACEN together with the Ayala Group, has distributed a total of 7,368 food packs to affected families. The food packs contain necessities such as rice, canned goods, noodles, face masks, eco-bags, and water. ACEN has spent a total of ₱12.96 million for the disaster response initiatives including the donation of a fire truck to Iloilo city.

### COVID-19 RESPONSE

In 2021, ACEN continued to extend **COVID-related assistance** to healthcare centers, schools, barangays, and LGUs of the different host communities that we serve, investing over ₱8 million in pandemic response initiatives in 2021. Furthermore, our assets in International contributed ₱4.6 million towards Covid relief. These helped fund the procurement of vaccines, testing kits, and other medical supplies. Collectively, these efforts have benefitted 17,000 households.

To fortify the local healthcare system and augment the challenges faced by hospitals and local communities, our power plants donated much needed medical supplies including medicine, personal

protective equipment (PPEs), face masks, alcohol, COVID-19 testing kits, and seven units of Integrated Micro-Electronics, Inc.'s UCL Ventura Flow Generator breathing assist kits.

In addition, relief food items were also distributed to families in our plants' host communities affected by prolonged community quarantines.



## OUR CUSTOMERS:

### Partners in Enabling Renewables

Vital to achieving ACEN's Net Zero carbon ambition is the spirit of collaboration with our customers as we empower and enable them to make a smooth and successful pivot to a renewable energy future.

We have enrolled our pioneer batch of qualified end-users—those with average peak demand of at least 100kW in the past year—who aim to switch to 100 percent renewable energy sourced from our portfolio of solar and geothermal plants in the country. This move is in strong support for the Department of Energy's Green Energy Option Program (GEOP) and the government's goal to achieve 35 percent renewables in the country's energy mix by 2030.

ACEN also remains committed to support businesses on their path to carbon neutrality by entering into energy supply contracts with our customers to provide renewable energy from our portfolio to ensure that the energy they will use in operating their businesses will come from sustainable power sources. Our customers also get to support the growth of the emerging renewables sector and take part in the energy transition from fossil fuels to green energy sources.

#### SUPPORTING OUR CUSTOMERS' PATH TO CARBON NEUTRALITY



**ACEN**



**PACIFIC SYNERGY**  
Food & Beverage

➤ Committing to support businesses on their path to carbon neutrality, ACEN signed an agreement with Pacific Synergy last year to provide its Laguna plant facility with 100 percent renewable energy during peak hours, eliminating an estimated 1,500 tonnes of CO<sub>2</sub>e for the duration of their engagement, the equivalent of taking ~324 cars off the road annually.

Under the energy supply agreement, Pacific Synergy's power needs during peak operational hours will be energized by renewable energy from ACEN's portfolio of operating wind, solar and geothermal power plants for the next two years, or around 28,913 MWh of renewable energy.

## OUR SUPPLIERS & CONTRACTORS: Creating Ripples in Sustainability

Our suppliers and contractors are valuable stakeholders as well in our thrust toward sustainability. We carefully assess and select prospective vendors on their ability to adhere to the standards and principles of a circular economy that we espouse. For instance, since 2020, we began integrating the use of eco-products in our construction sites across the Philippines.

We also partner with engineering, procurement and construction (EPC) contractors that are certified members of the PV Cycle Association—a global industry-based organization that provides businesses with sustainable waste management solutions aligned with the European Waste Shipment Regulation and the Basel Convention.

ACEN adopts this framework to ensure proper disposal or recycling of e-waste such as photovoltaic (PV) modules that have reached end-of-life or that have been otherwise damaged during transport or installation.

Additionally, over 90 percent of our regular contractors in the Philippines are hired locally.

In Australia, our development platform UPC\AC Renewables has signed a modern slavery pledge developed by the Clean Energy Council to strengthen efforts in managing the risks of modern slavery in the supply chain.

## OUR PARTNERS: Ensuring a Just Energy Transition for All

ACEN is cognizant of the challenge of ensuring that the benefits of a renewable energy future redound to all sectors of society. With the impending shift from traditional energy sources such as fossil fuels, the risk of disenfranchising certain stakeholders and disempowering economies is imminent.

We are primarily addressing this challenge together with global multi-sectoral partners and the Council for Inclusive Capitalism in developing the Just Energy Transition framework, which is seen as a definitive guide for enterprises across various industries to ensure inclusive, long-term positive impact of pivoting to cleaner energy.

By promoting best practices, convening in roundtable discussions, organizing learning sessions from expert groups, as well as seeking feedback from the public, we believe that a just energy transition could be within view sooner than anticipated.

> **The Ayala Group, ACEN and the Just Energy Transition:**

<https://acen.com.ph/2021/11/acen-jet/?fbclid=IwAR28jJnFOB-8Zwz6JrcpjZOTNN53L9OftYfoMrhOBzXXvP-NaSLaexQ-6JnM>



> We adopt a **resilient** stance in our corporate governance system with **integrity**, long-term vision and **commitment to sustainability**



# Governance: Integrating Sustainability

Impact to SDGs



We believe that adherence to good corporate governance principles is essential for the achievement of our strategic goals. We are committed in doing business ethically, with integrity and in full compliance with laws and regulations.

We continue to improve our internal systems and to be transparent about the ways we manage environmental, social and governance topics across our business and our stakeholders.

Our leadership and governance structure is crucial in the execution of our strategies and delivering our vision, assuring that the long-term interests of stakeholders are being served.

## BOARD OVERSIGHT

Our Corporate Governance System is a combination of clear organizational structure guided by an active Board of Directors, visionary management, strong core values and adequate policies and controls.

To aid in good governance, several committees assist the Board in the oversight of various areas of the business. ACEN's Board has constituted the following committees for this purpose: Audit Committee, Executive Committee, Personnel and Compensation Committee, Corporate Governance and Nomination Committee, Board Risk Management and Related Party Transactions Committee, and a Sustainability Committee.

Our governance framework is constantly evolving to align with best practices and to satisfy the changing expectations of regulators, investors, and other stakeholders. By continuously evaluating and improving our governance structures, systems, and procedures, we can ensure that proper and adequate controls are in place to sustain the business.

Recently, the Board approved the creation of a Sustainability Committee, which is responsible for the oversight of sustainability issues and climate-related risks and opportunities. Dedicating a committee to sustainability reinforces the commitment of the Board towards climate governance, and oversight over the business as we move towards a low carbon portfolio.

As part of the Board's commitment to climate governance, directors and key officers are provided with training specific to sustainability and climate change. This recently came in the form of the Integrated Corporate Governance, Risk Management and Sustainability Summit conducted by the Ayala Group in collaboration with the Institute of Corporate Directors (ICD) held on 10 November 2020, which was participated by directors and key officers. Serving as a continuous education program, this was based on "the theme "The Board's Agenda: The Business of Building Back Better" that revolved around the Board's roles and skills for the 'new normal' and navigation of the complexity and obstacles of the market in times of the pandemic."

This was followed by the 2021 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit held on 21 October 2021 which in addition to including sessions on Governance, Risk Management and Sustainability also included a session by South Pole (an advisor on climate change and a leading project developer that implements projects and strategies to reduce emissions for companies and governments) on climate change and Net Zero.

### BOARD DIVERSITY

As mentioned in its Corporate Governance Manual, ACEN is committed to having our Board comprised of qualified and dedicated Directors with a diverse mix of expertise, experience, skills and backgrounds. Diversity includes business experience, age, gender, and ethnicity. Nominees shall be selected based on merit. With respect to gender, the Board shall commit to ensure appropriate representation of women in the Board to the greatest extent possible.

Our Board has a diverse group of highly qualified and experienced leaders in their respective fields. Among our 11 Board members, 45 percent are women, while 36 percent are independent directors.

As of 31 December 2021, more than 80 percent of the Board is composed of non-executive and/or independent directors. Independent directors do not have any interest or relationship with the Company that may hinder their independence, or which could reasonably be perceived to interfere with the exercise of their independent judgment while carrying out their responsibilities as Directors.

### MANAGEMENT OVERSIGHT

Our environmental and social initiatives are embedded across our organization to drive forward initiatives that are important to us and our aspiration to be a Net Zero GHG emissions company by 2050.

Responsibility for furthering the sustainability agenda and for addressing the various challenges posed by climate change to business, the communities that ACEN operates in, and the wider world is shared across ACEN. At the corporate level, the Sustainability team performs sustainability and climate oversight function. This is headed up by the VP for Corporate

**45%**  
of our Directors  
are women

**35%**  
women in leadership  
positions

Communications and Sustainability who has oversight in terms of managing sustainability initiatives, and the company's climate-related risks and opportunities, as well as climate-related disclosures.

At the project level, project development leads proactively mitigate physical effects of climate change in the planning and design of new projects. The Sustainability team works closely with the project development teams to ensure that any environmental issues are adequately addressed. For operating plants, plant managers, HSSE leads and pollution control officers work closely with the Sustainability team to address any environmental issues and manage physical risks of climate change.



(From L to R) First row: John Philip Orbeta, Eric Francia; Second row: Cezar Consing, Ma. Aurora Geotina-Garcia; Third row: Melinda Ocampo

## GOOD GOVERNANCE

Beyond the oversight of sustainability and climate issues, ACEN upholds good governance and ethics on every aspect of the business, and respect for human rights guides all our interactions with stakeholders, counterparties and communities.

Ethics, compliance, and respect for human rights are at the core of our Code of Conduct and Ethics. We aspire to achieve our position of leadership by being values-driven and by committing to conduct our business with the highest ethical standards. ACEN and its directors, officers and employees are fully committed to promote a culture of good corporate governance anchored on core values of integrity, long-

term vision, empowering leadership and commitment to national development.

ACEN's Code of Conduct and Ethics include guidelines on the following:

- Fair dealing with customers, suppliers and business partners
- Confidentiality of information
- Conflicts of interest
- Insider trading
- Safety in the workplace, including anti-harassment, and
- Anti-bribery and anti-corruption

As part of our commitment to adhere to the highest ethical standards, we conduct regular trainings on anti-bribery and corruption which covers all employees of the ACEN group, whether regular or part time.

ACEN's Code of Conduct and Ethics and other related policies may be found here:

**Code of Conduct**

<https://acen.com.ph/disclosures/code-of-conduct>

**Board Charter**

<https://acen.com.ph/disclosures/board-charter/>

**Internal Audit Charter**

<https://acen.com.ph/disclosures/internal-audit-charter/>

**Manual on Corporate Governance**

<https://acen.com.ph/disclosures/manual-on-corporate-governance/>

**Policy on Related Party Transactions**

<https://acen.com.ph/disclosures/policy-on-related-party-transactions/>

**Whistleblower Policy**

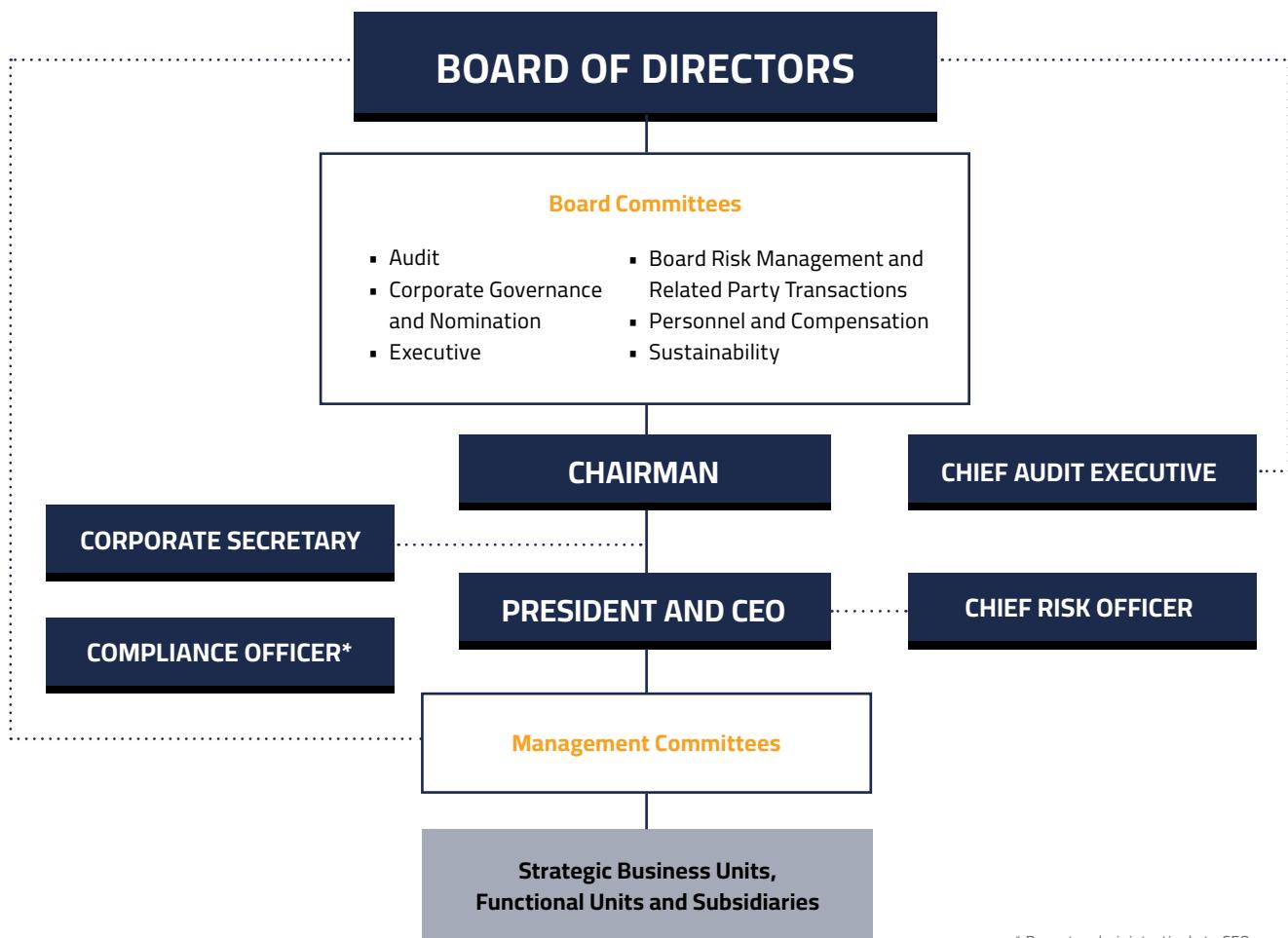
<https://acen.com.ph/disclosures/whistleblower-policy/>

**Environment & Social Policy**

<https://acen.com.ph/disclosures/environmental-social-policy/>

More information on ACEN's governance structure and policies may be found on page 64.

## CORPORATE GOVERNANCE STRUCTURE



\* Reports administratively to CEO



(From L to R) First row: Fernando Zobel de Ayala, Nicole Goh Phaik Khim, Jose Rene Gregory Almendras; Second Row: Sherisa Nuesa, Solomon Hermosura; Third row: Consuelo Garcia



> We foster and nurture bonds with our partners in sustainability

# Stakeholder Engagement

We proactively engage with our stakeholders to help us understand their perspectives on significant issues, and share our progress and best practices. We gather feedback and insights from the stakeholder engagements and take these into consideration when we review processes and work on improvements in our strategy, business operations and disclosures.

STAKEHOLDER GROUP	OBJECTIVES	LEVEL OF ENGAGEMENT (ORGANIZATIONAL OR PROJECT LEVEL)	METHODS OF ENGAGEMENT	MANAGEMENT OF STAKEHOLDER ENGAGEMENT RISKS
<b>INVESTORS &amp; SHAREHOLDERS</b>	To maximize shareholder value and to address investor concerns in a timely fashion;  To increase the market's understanding of corporate developments and to help ensure a fair valuation for the company's shares	Organizational	<ul style="list-style-type: none"> <li>▪ Dedicated Investor Relations Team</li> <li>▪ Annual Stockholders Meeting</li> <li>▪ Investor meetings, conferences and roadshows</li> <li>▪ Disclosures to the SEC, PSE, and SGX</li> <li>▪ Quarterly investor &amp; analyst briefings</li> <li>▪ Corporate website</li> <li>▪ Social media updates</li> </ul>	<ul style="list-style-type: none"> <li>▪ Proactive and transparent in providing information in anticipation of shareholder questions or concerns</li> <li>▪ Open communication channels to the C-suite and the IR team</li> </ul>
<b>CUSTOMERS</b>	To fulfill customers' power needs in a timely and sustainable manner, while maintaining consistently high quality and standards	Organizational	<ul style="list-style-type: none"> <li>▪ Dedicated client-facing group dealing with RES customers</li> <li>▪ Regular client meetings</li> <li>▪ Organized interactive webinars</li> <li>▪ Participation in industry conferences</li> <li>▪ Virtual plant tours</li> </ul>	<ul style="list-style-type: none"> <li>▪ Proactive discussions with customers to understand their power requirements to develop customized customer solutions</li> <li>▪ Ability to offer sustainable solutions for customers who require renewables</li> </ul>
<b>BUSINESS PARTNERS</b>	To build and sustain mutually beneficial strategic partnerships to serve as a catalyst for growth and to meet power demand challenges in the markets we are present in	Organizational & Project	<ul style="list-style-type: none"> <li>▪ Actively seeking collaboration opportunities</li> <li>▪ Alignment to E&amp;S Policy</li> <li>▪ Close coordination and continuous dialogue; exchanging best practices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Partnership with strategic partners whose goals and principles are aligned with those of ACEN</li> </ul>

STAKEHOLDER GROUP	OBJECTIVES	LEVEL OF ENGAGEMENT (ORGANIZATIONAL OR PROJECT LEVEL)	METHODS OF ENGAGEMENT	MANAGEMENT OF STAKEHOLDER ENGAGEMENT RISKS
<b>GOVERNMENT &amp; REGULATORS</b>	To be a steadfast partner in policy formulation & adherence	Organizational & Project	<ul style="list-style-type: none"> <li>▪ Compliance with government regulations and leading practices in corporate governance</li> <li>▪ Collaborative interactions &amp; consultations</li> <li>▪ Participative regulatory audits</li> <li>▪ Active participation in dialogues on regulations, policy, and market outlook</li> <li>▪ Close and constant communication with regulators</li> </ul>	<ul style="list-style-type: none"> <li>▪ Active participation in policy dialogues, consultations and meetings, and legislative hearings</li> </ul>
<b>EMPLOYEES</b>	To maintain a safe and rewarding work environment that promotes the personal development of all company employees	Organizational & Project	<ul style="list-style-type: none"> <li>▪ Active communication channels</li> <li>▪ Monthly internal e-newsletters</li> <li>▪ Collaborative employee engagement committee</li> <li>▪ Organized townhalls</li> <li>▪ Regular provision of wellness consultation services</li> <li>▪ Professional &amp; personal development via online on-demand learning</li> <li>▪ Setup of digital infra for remote work</li> <li>▪ Ayala Vaccination and Immunization Program (AVIP) for employees and dependents</li> <li>▪ Virtual versions of employee engagement activities such as games, online celebrity concerts, Christmas parties, and birthday greetings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Biannual employee engagement survey and quarterly pulse surveys to understand and address employee concerns in a timely manner</li> </ul>

STAKEHOLDER GROUP	OBJECTIVES	LEVEL OF ENGAGEMENT (ORGANIZATIONAL OR PROJECT LEVEL)	METHODS OF ENGAGEMENT	MANAGEMENT OF STAKEHOLDER ENGAGEMENT RISKS
COMMUNITY	To promote socio-economic progress in our host communities and surrounding areas	Organizational & Project	<ul style="list-style-type: none"> <li>▪ Designated CSR / Stakeholder Officer for each project including at the corporate level</li> <li>▪ Regular and continuing community assessment, in line with ESMS policy</li> <li>▪ Institutional development initiatives with local governments</li> <li>▪ Community welfare &amp; other support programs focused on education &amp; healthcare</li> </ul>	<ul style="list-style-type: none"> <li>▪ Community impact studies from the project development to operations</li> <li>▪ Establishment and mainstreaming of a Grievance Mechanism</li> <li>▪ Constant coordination with communities, especially during periods of crisis</li> <li>▪ Maintaining strong local ties with community leaders</li> </ul>
BANK COUNTERPARTIES & CREDITORS	To maintain adequate capital for both existing operations and development plans, as well as other corporate purposes	Organizational	<ul style="list-style-type: none"> <li>▪ Consultation calls/ huddles with banks;</li> <li>▪ Weekly update meetings during capital raising exercises</li> <li>▪ Regular economic briefings and market updates by banks</li> <li>▪ Compliance with bank covenants</li> <li>▪ Regular submission of financial reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Close monitoring of the market and active coordination on the Company's funding requirements</li> </ul>
SUPPLIERS	To secure high-quality sustainable materials in adequate amounts to construct new projects and operate existing plants	Organizational & Project	<ul style="list-style-type: none"> <li>▪ Dedicated materials management team</li> <li>▪ Clear procurement guidelines</li> <li>▪ Close coordination with suppliers on requirements and timelines</li> <li>▪ Site visits by suppliers to ACEN sites, and by ACEN to suppliers' factories/warehouses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Vendor Accreditation Process and compliance with Procurement Guidelines and Anti Bribery &amp; Corruption policies</li> </ul>
MEDIA AND OTHER STAKEHOLDER	To provide information about corporate developments and management perspective to the broader public	Organizational & Project	<ul style="list-style-type: none"> <li>▪ Dedicated Communications team</li> <li>▪ Media briefings</li> <li>▪ Regular participation in industry conferences &amp; speaking engagements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Proactive discussions with media</li> <li>▪ Attendance in policy dialogues, consultations and meetings with industry associations</li> </ul>

# Value Creation

## Ensuring efficient use of our resources

Our multi-capital approach in the implementation of our business model allows us to identify valuable levers for value creation anchored on sustainability.

### FINANCIAL

We are disciplined and strategic in allocating our financial capital, and we strive to raise shareholder value through sustainable growth.



Revenue

**₱26 B**

▲ 27%

Share

**₱11.00 per share**

▲ 36%

Net Income

**₱5.3 B**

▲ 22%

Total Shareholder's Equity

**₱118 B**

▲ 13%

Market Capitalization

**₱422 B**

▲ 4x

Total Assets

**₱171 B**

▲ 21%

### MANUFACTURED

We derive energy from our renewable assets, and we continuously invest in plant optimization and reliability while ensuring the health and safety of our employees.



Total Attributable Capacity

**3,800 MW**

Attributable Energy Output

**4,633 GWh**

▲ 21%

Renewable Energy Capacity

**3,300 MW**

Attributable Output from Renewable Sources

**2,675 GWh**

▲ 23%

## NATURAL

We strive for excellence in the conservation and protection of natural resources within and beyond our host communities, while mitigating our ecological footprint.

We are committed to transition our generation portfolio to 100 percent renewable energy by 2025.



Land Protected or Restored

**1,275 hectares**

CO2 GHG Emissions Avoided

**2,194,060 MT CO2e**

Trees Planted

**~527,000, 92% survival rate**

Attributable GHG Emissions

**2,152,062 MT CO2e**

Turtle Hatchlings Protected

**1,465**

GHG Emissions Intensity

**465 tons/GWh**

## SOCIAL

We actively pursue open dialogue and consistent collaboration in engaging our stakeholders. We strive to understand their needs, involve them in our business process, and communicate our sustainability strategy in order to create long-term shared value.



Community Investment

**₱233 M**

Lives Reached Through Programs

**~70,000**

COVID Relief Aid

**₱12 M**

Supported Organizations

**650**

Typhoon Odette Aid

**₱2 M**

## HUMAN

Our people are the core of our business. Apart from competency enhancement to drive excellence in their performance, we continue to invest in the welfare of our employees, ensuring their health, safety and overall well-being.



Employees

**702**

Investment in Employee Training and Development

**~₱30 M**

Total Training Hours

**26,886**

## INTELLECTUAL

The adoption of emerging technologies play a prominent role in our renewables expansion, while continuously building on our IT capabilities ensures business continuity amidst the new normal.



Renewable Energy Project Development Spend

**₱145 M**

IT Infrastructure Spend

**₱63 M**

"Figures on Community investment, Lives reached through programs, and Supported organization are cumulative since 2019."



# Governance and Leadership Team

64

Corporate  
Governance

66

Our Board  
of Directors

74

Our Management  
Team

# Corporate Governance

As it embarks on its journey to leading the charge towards a sustainable future, ACEN pursues continuous improvement to its Corporate Governance System. It ensures that evolving stakeholder interests, including the growing emphasis on sustainability, are fundamental considerations in the Company's oversight, strategy setting, risk management and decision processes, on top of compliance with laws, standards, and leading practices.

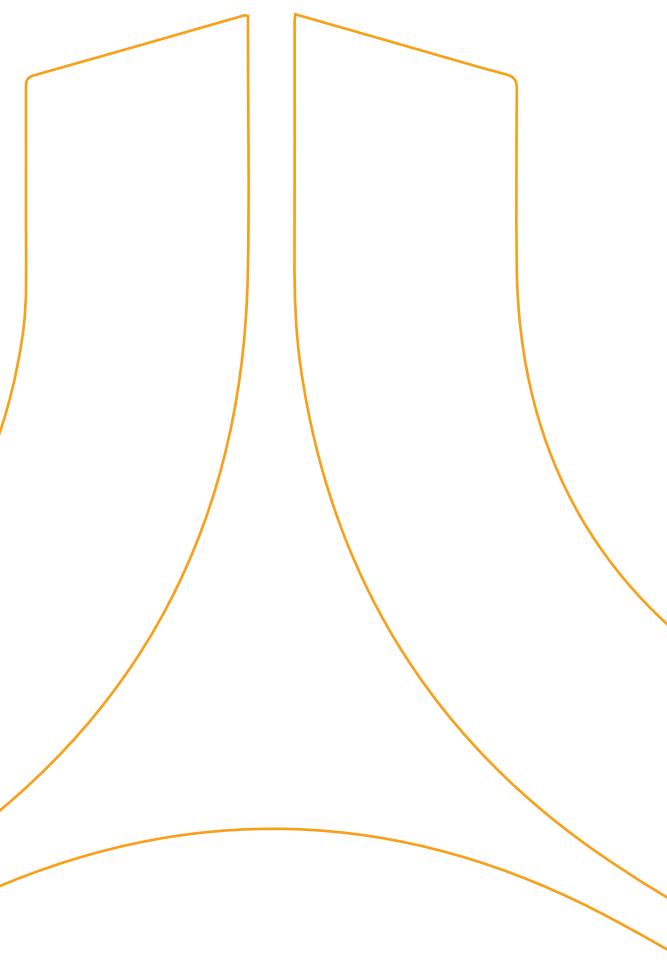
Governance provides the structure and processes through which the objectives of the organization are set, progress against performance is monitored, and results are evaluated. ACEN affirms that adherence to good corporate governance principles is essential for the achievement of its strategic goals.

The Company's Corporate Governance System builds on a clear organizational structure, guided by an active Board and its Committees, visionary management, strong core values and adequate policies and controls.

The Company's governance framework constantly evolves to align with leading and best practices, to address evolving stakeholder needs and expectations, and to mitigate emerging risk areas, as ACEN grows into a truly regional energy player. Through continuously evaluating and improving our governance structures, systems, and procedures, we can ensure proper and adequate controls are in place to guide the business.

ACEN complies with the Code of Corporate Governance for Publicly Listed Companies as required by the Securities and Exchange Commission ("SEC"), supported by an attestation from the company's Chief Executive Officer ("CEO") and Chief Audit Executive ("CAE") in 2021.

See the Corporate Governance Structure on page 54



## BOARD STRUCTURE AND PROCESS KEY ROLES AND RESPONSIBILITIES

The Board's roles and responsibilities as stated in its Charter include establishing the vision, strategies, and policies of the Company, and a system to monitor, evaluate and improve management's performance. Also, in exercising its powers and duties, the Board always considers the best interest of the Company, its shareholders, and other stakeholders.

The Board consistently reviews and ensures the adequacy of the Company's internal control mechanisms and risk management process for good governance, and the proper implementation of the Code of Conduct and Ethics. The Board reviews and affirms the true and fair representation of the annual financial statements, as it did for the financial statements for fiscal year 2021.

There is also an appropriate mix of non-executive, independent, and executive directors from a wide variety of backgrounds :

2021 BOARD OF DIRECTORS	DESIGNATION	YEAR APPOINTED (NO. OF YEARS IN THE BOARD)	EXPERTISE
Fernando M. Zobel de Ayala	Non-Executive, Chairman	2019 (2 years 5 months)	General management, real estate, utilities, arts, and culture
Jaime Augusto M. Zobel de Ayala	Non-Executive, Chairman	2019 (2 years 5 months)	General management, strategy, and finance
John Eric T. Francia	Executive, President & CEO	2019 (2 years 7 months)	General management, strategy, and utilities
Gerardo C. Ablaza, Jr. <i>(resigned effective 18 March 2021)</i>	Non-Executive	2019 (1 year 8 months)	General management, utilities
Jose Rene Gregory D. Almendras	Non-Executive	2019 (2 years 5 months)	General management, utilities, banking, and sustainability
Cezar P. Consing	Non-Executive	2021 (8.5 months)	Banking, capital markets
John Philip S. Orbeta	Non-Executive	2019 (2 years 5 months)	General management, strategic human resources
Nicole Goh Phaik Khim	Non-Executive	2021 (9.5 months)	Finance, infrastructure, and capital markets
Sherisa P. Nuesa	Non-Executive, Lead Independent	2019 (2 years 3 months)	General management, finance and accounting, utilities, real estate
Ma. Aurora Geotina-Garcia	Non-Executive, Independent	2019 (2 years 3 months)	Finance and accounting, capital markets
Mario Antonio V. Paner <i>(until expiration of term on 19 April 2021)</i>	Non-Executive, Independent	2019 (1 year)	Banking, capital markets, and treasury
Consuelo D. Garcia	Non-Executive, Independent	2019 (2 years 3 months)	Finance and accounting, banking, capital markets
Melinda L. Ocampo	Non-Executive, Independent	2019 (2 years 3 months)	Energy systems and regulations

## BOARD COMPOSITION

The Board is comprised of qualified and dedicated directors with a diverse mix of expertise, experience, skills, and backgrounds to guide management in carrying out its responsibilities. The structure, size, and composition of the Board are reviewed and monitored by the Corporate Governance and Nomination Committee.

- Each director is elected by the shareholders annually and serves a term of one year.
- More than 80 percent of the Board is composed of non-executive and/or independent directors.
- None of the independent directors own more than two percent of the Company's outstanding capital stock.
- The profile of each director can be found in the Board of Directors section of this report on pages 66 to 75.

# Our Board of Directors

## Fernando Zobel de Ayala

Mr. Zobel de Ayala, Filipino, 61, is President of Ayala Corporation since April 2006 and Chief Executive Officer since April 2021. He was Chief Operating Officer of Ayala Corporation from April 2006 until April 2021. He has been a Director of Ayala Corporation since May 1994. He holds the following positions in publicly listed companies: Chairman of Ayala Land, Inc. and ACEN (formerly AC Energy); Vice Chairman of Bank of the Philippine Islands; Co-Vice Chairman of Globe Telecom, Inc. ("Globe"); Director of Integrated Micro-Electronics, Inc. ("IMI"), and Manila Water Company, Inc. ("MWCI"); and Independent Director of Pilipinas Shell Petroleum Corporation. He is the Chairman of AC International Finance Ltd., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.) ("ACEIC"), Ayala Healthcare Holdings, Inc., Alabang Commercial Corporation, Accendo Commercial Corp., BPI Foundation, and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc.; Vice-Chairman of AC Industrial Technology Holdings, Inc., ALI Eton Property Development Corporation, Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings,



Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., AKL Properties, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc.; Director of AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development Corporation, Asiacom Philippines, Inc., BPI Asset Management and Trust Corp., and Manila Peninsula; Member of the Board of INSEAD Business School and Georgetown University; Member of the Board of Trustees of Asia Philanthropy Circle and of Asia Society; Member of the International Advisory Board of Tikehau Capital; Member of the Philippine-Singapore Business Council; Member of the International Council of The Metropolitan Museum; Co-Chair of Asia Pacific Acquisitions Committee of The Tate Museum; Member of the Chief Executives Organization and Habitat for Humanity International's Asia Pacific Development Council; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum.

Mr. Zobel de Ayala graduated with B.A. Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

# Jaime Augusto Zobel de Ayala

Mr. Zobel de Ayala, Filipino, 62, is Chairman of Ayala Corporation since April 2006, and was Chief Executive Officer from April 2006 to April 2021. He has been a Director of Ayala Corporation since May 1987. He holds the following positions in publicly listed companies: Chairman of Globe, IMI, and Bank of the Philippine Islands; and Vice Chairman of ALI and ACEN (formerly AC Energy). He is also the Chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc.; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, ACEIC, Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Ltd. Outside the Ayala group, he is a Director of Temasek Holdings (Private) Limited and a member of various business and socio- civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council and Asia Center Advisory Committee, HBS Board of Dean's Advisors, and HBS Asia Advisory Committee.



He sits on the Board of Singapore Management University (SMU) and is the Chairman of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and World Wildlife Philippines National Advisory Council. He is Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and Trustee Emeritus of Eisenhower Fellowships. He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business.

Mr. Zobel de Ayala graduated with B.A. in Economics (cum laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.



## John Eric Francia

Mr. Francia, Filipino, 50, is the President and Chief Executive Officer of ACEN (formerly AC Energy). Under his leadership, Ayala established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms in Southeast Asia, with ~3,300 MW of attributable renewables capacity.

Mr. Francia is also a Managing Director and member of the Management Committee of Ayala Corporation since 2009 and was appointed as Chairman of Ayala's Investment Committee in 2021. He is also a Director of various Ayala group companies including AC Infrastructure, AC Health, AC Ventures, and Chairman and CEO of ACE Enexor.

Mr. Francia earned a Master's Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude.



## Jose Rene Gregory Almendras

Mr. Almendras, Filipino, 61, concurrently serves as Senior Managing Director of Ayala Corporation, Director of Manila Water Company, Inc. (MWCI), and President & Chief Executive Officer of AC Infrastructure Holdings Corporation. He is also a member of the Ayala Group Management Committee since August 2016. He is a member of the Executive Committee of MWCI and a member of the Board of Directors of the following companies within the Ayala Group: AF Payments Inc.; Light Rail Manila Holdings, Inc.; MCX Tollway Inc.; and ACEN (formerly AC Energy). He is the Chairman and President of MCX Project Company, Inc. He served as President and Chief Executive Officer of MWCI from September 1, 2019 to June 4, 2021.

He spent 13 years with the Citibank group where he started as a management trainee and landed his first CEO position as President of City Savings Bank of the Aboitiz Group at the age of 37. In 2011, he was recognized by the World Economic Forum as a Sustainability Champion for his efforts as President of MWCI. During his stint as MWCI President and Chief Operating Officer, the company received multiple awards and was recognized as one of the Best Managed Companies in Asia, Best in Corporate Governance, one of the Greenest Companies in the Philippines and hailed as the world's Most Efficient Water Company. Under the Administration of President Benigno S. Aquino III, he served as a member of the Cabinet, holding the position of Secretary of the Department of Energy, Office of the Cabinet Secretary and the Department of Foreign Affairs. In June 2016, he was acknowledged by the Administration for his remarkable performance in addressing the country's urgent issues and was awarded the highest Presidential Award given to a civilian — Order of Lakandula, Rank of Gold Cross Bayani.

He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Business Management in 1981.



## John Philip Orbeta

Mr. Orbeta, Filipino, 60, is the Chief Human Resources Officer, Chief Administrative Officer, and Chief Risk Officer of ACEN (formerly AC Energy), where he serves as Director. He is also a Director at ACE Endevor, Inc. and ACE Shared Services, Inc.

Mr. Orbeta was a Managing Director at Ayala Corporation, where he served as Chief Human Resources Officer and Group Head for Corporate Resources from 2005 to September 2021. Today, he serves on the Boards of several companies across the Ayala group including AC Industrials and AG Legal and is currently the Chairman of the Ayala Multi-Purpose Cooperative (Ayala Coop). Previously, he was the President and CEO of Ayala Automotive Holdings Corporation, Automobile Central Enterprise, Inc. and Ayala Aviation. He also previously served as a Director on the Boards of BPI Family Bank, ALFM Mutual Funds, AC Health and Ayala Foundation. Prior to joining Ayala Corporation, he was the Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson).

Mr. Orbeta completed his advance management programs at Harvard Business School, IMD and INSEAD, and holds a degree in A.B. Economics from the Ateneo de Manila University.



## Cezar Consing

Mr. Consing, Filipino, 62, has been a Director of Ayala Corporation since December 3, 2020. He was the President and CEO of Bank of the Philippine Islands (BPI), one of the Ayala Group's publicly listed companies, from 2013 to 2021. He is a Director of BPI, Globe Telecom, Inc. and ACEN (formerly AC Energy). He is currently a member of BPI's executive committee of the board and is a board director of its investment bank, microfinance bank and asset management company.

Mr. Consing is also a Director of the Singapore-listed Yoma Strategic Holdings Ltd., and the Myanmar-listed First Myanmar Investment Public Company Limited. He served as the Chairman and President of the Bankers Association of the Philippines and was the President of Bancnet, Inc. He was a Partner at the Rohatyn Group from 2004 to 2013 and headed its Hong Kong office and its private investing business in Asia and was a board director of its real estate and energy and infrastructure private equity investing subsidiaries. He worked for J. P. Morgan & Co. in Hong Kong and Singapore from 1985 to 2004 and headed the firm's investment banking business in Asia Pacific from 1997 to 2004 and served as President of J. P. Morgan Securities (Asia Pacific) Ltd. As a senior Managing Director, Mr. Consing was a member of the firm's Global Investment Banking Management Committee, its Asia Pacific Management Committee, and its Global Managing Director Selection Committee. He has served as an independent board director of four PLCs in Asia: Jollibee Foods Corporation (2010 to 2021), CIMB Group Holdings (2006 to 2013), First Gen Corporation (2005 to 2013), and National Reinsurance Corporation (2014 to 2019), where he also served as Chairman (2018 to 2019). He currently serves on the board of FILGIFTS.com. He has also served on the boards of SQREEM Technologies, Endeavor Philippines and the Hongkong based Asian Youth Orchestra. He is a board director of the US-Philippines Society and the Philippine-American Educational Foundation, and a board trustee of the Manila Golf Club Foundation. He is a member of the National Mission Council of De La Salle Philippines and a board trustee of College of St. Benilde and La Salle Greenhills. Mr. Consing has been a member of the Trilateral Commission since 2014.

Mr. Consing obtained an M.A. in Applied Economics from the University of Michigan in 1980. He received an A.B. Economics degree (Accelerated Program), magna cum laude, from De La Salle University in 1979.



## Consuelo Garcia

Ms. Garcia, Filipino, 66, is an independent director of ACEN (formerly AC Energy). She is currently an Independent Director of The Philippine Stock Exchange, Inc., Sun Life Investment and Trust Corporation, and Far Eastern University, Incorporated. She is presently the Senior Consultant for Challengers and Growth Markets, Asia for ING Bank. She is an Independent Director and Trustee of ING Foundation Philippines, Inc. and is a member of the board of the Financial Executives Institute of the Philippines ("FINEX") and the liaison director to the FINEX Capital Markets Development Committee and the ICT Committee. She is a Fellow of the Institute of Corporate Directors and is a director of a family-owned business - Murrayhill Realty and Development Corporation. She was formerly the Country Manager and Head of Clients of ING Bank N.V. Manila, Philippines from September 2008 to 15 November 2017. She joined ING in February 1991 as Head of Financial Markets. She previously worked with SyCip, Gorres, Velayo & Co. ("SGV & Co.") and Bank of Boston, Philippine Branch.

Ms. Garcia received a Bachelor of Science degree in Business Administration, major in Accounting (magna cum laude) from the University of the East and is a Certified Public Accountant.



## Sherisa Nuesa

Ms. Nuesa, Filipino, 67, is an independent director of ACEN (formerly AC Energy). She was a former Managing Director of Ayala Corporation until her retirement in 2011. Currently, she is an Independent Director of the following PLCs: Manila Water Corporation, Inc. (MWCI), Integrated Micro-Electronics, Inc. (IMI), and Ayala Land, Inc. (ALI). She is also an Independent Director of FERN Realty Corp, a Director of Far Eastern University, Inc., a publicly listed company, and a Senior Adviser to the Boards of Metro Retail Stores Group, Inc. and Vicsal Development Corporation. She is a member of the Boards of Trustees of the Judicial Reform Initiative, Nextgen Organization of Women Corporate Directors, and the Financial Executives Institute ("FINEX") Foundation.

In the recent past, from 2012 to early 2021, she was the President and Director of the ALFM Mutual Funds Group and a Trustee of the Institute of Corporate Directors. In addition to her background as a Chief Finance Officer and currently as a Board Director, she also held previous senior positions in management operations and has been active in speaking and lecturing engagements. She was the Chief Finance Officer and Chief Administrative Officer of IMI from January 2009 to July 2010. She was then a Managing Director of Ayala Corporation and served in various capacities in Ayala Corporation, ALI, and MWCI.

Ms. Nuesa attended post-graduate courses in Harvard Business School and Stanford University. She graduated summa cum laude with a degree of Bachelor of Science in Commerce from the Far Eastern University and received a Master of Business Administration degree from Ateneo Graduate School of Business in Manila. She is a Certified Public Accountant and was awarded as the ING-FINEX CFO of the Year for 2008.



## Melinda Ocampo

Ms. Ocampo, Filipino, 65, is an independent director of ACEN (formerly AC Energy). She served as President of the Philippine Electricity Market Corporation ("PEMC"), a nonstock, non-profit private organization that governs the country's wholesale electricity spot market, from 27 March 2009 until 31 July 2017. Her experience includes developing energy policies and programs as Undersecretary of the Department of Energy from May 2005 to December 2007. She was also involved in electric utility system regulation, planning and technical feasibility of electric power generation, transmission and distribution systems including granting of electric franchises to both electric cooperatives and private distribution utilities. She has extensive knowledge of energy regulation including petroleum and electricity pricing and competition rules and has provided consulting services to legislators on electricity pricing, particularly on the power purchased adjustments. She was also a consultant in the World Bank's project on Electric Cooperatives system loss reduction program and to the USAID under the Asia Foundation in its project to introduce the open access and competition in the coverage of Philippine Economic Zone (PEZA). She was a board member (February 1996 to June 1998) and Chairman (August 1998 to August 2001) of the Energy Regulatory Board (now Energy Regulatory Commission). She served as a division chief (October 1979 to November 1988) and a director (December 1988 to February 1996) of the National Electrification Administration.

Ms. Ocampo received her MBA from the University of the Philippines, Diliman, Quezon City, and obtained her Bachelor of Science degree in Commerce, Major in Accounting, from the Republic Central Colleges, in Angeles City, Pampanga, in 1977. She is a certified public accountant.



## Ma. Aurora Geotina-Garcia

Ms. Geotina-Garcia, Filipino, 69, is an independent director of ACEN (formerly AC Energy). She is currently the President of Mageo Consulting Inc., a company providing business advisory and corporate finance consulting services. A Certified Public Accountant, she started her professional career at SGV & Co., Ernst & Young Philippines, where she led the Firm's Global Corporate Finance Division. She is also currently an Independent Director of ACEX and Cebu Landmasters Inc., both of which are PLCs, and Professional Services Inc. She is the first female Chairperson of the Bases Conversion and Development Authority (BCDA) (2015 -2016), and was a Director in the following companies: Bases Conversion and Development Authority (2011-2016), BCDA Management Holdings, Inc. (2011-2016), Fort Bonifacio Development Corporation (2011-2016), Heritage Park Management Corporation (2015-2016), Bonifacio Global City Estates Association, Inc. (2012-2016), Bonifacio Estates Services Corporation (2012-2016), HBC, Inc. (2012-2016), and Queen City Development Bank (2009-2021).

Ms. Geotina-Garcia is a Fellow and Vice Chairperson of the Institute of Corporate Directors (ICD), and a Trustee and Vice Chairperson of the Shareholders Association of the Philippines. She is the Founding Chairperson and President of the Philippine Women's Economic Network, and is Chairperson of the NextGen Organization of Women Corporate Directors. She also Co-Chairs the Philippine Business Coalition for Women Empowerment and is CoConvenor of Male Champions of Change Philippines. Ms. Garcia is former Co-Chair of the ASEAN Women's Entrepreneurs' Network where she remains as one of the Philippine Focal Points. Boots serves several women business organizations as a long-time Trustee, namely: Women's Business Council Phils., Inc., Business & Professional Women's, Makati (BPW), and the Samahan ng Pilipina para sa Reporma at Kaunlaran (Spark! Philippines).

Ms. Geotina-Garcia received her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines in 1973 and completed her Master of Business Administration from the same university in 1978.



## Nicole Goh

Ms. Goh, Malaysian, 37, is a director of ACEN (formerly AC Energy) and is a Senior Vice President at GIC Private Limited's (GIC) infrastructure practice, where she has coverage responsibility for the Asia-Pacific region with prior experience investing in the US and Europe. GIC was established in 1981 as a private company, wholly-owned by the Government of Singapore, to manage the foreign reserves of Singapore. It is one of the world's largest global investors, with well over U.S.\$100 billion of assets in more than 40 countries worldwide. She has been a member of GIC's infrastructure practice since 2008.

Ms. Goh has an MSc in Management Science & Engineering from Stanford University and a BSc in Mathematics with Statistics for Finance from Imperial College London.

# Our Management Team



**John Eric Francia**  
President & Chief Executive Officer



**Maria Corazon Dizon**  
Chief Finance Officer & Treasurer  
Compliance Officer



**John Philip Orbeta**  
Chief Human Resources Officer  
Chief Administrative Officer  
Chief Risk Officer



**Jose Maria Zabaleta**  
Chief Development Officer



**Patrice Clausse**  
Chief Operating Officer,  
International Group



**Solomon Hermosura**  
Corporate Secretary



**Dodge Lagazo**  
Executive Director & Head,  
Legal and Regulatory Group  
Assistant Corporate Secretary



**Miguel De Jesus**  
Executive Director & Head,  
Commercial Operations



**Gabino Ramon Mejia**  
Executive Director & Head,  
Plant Operations



**Irene Maranan**  
Vice President & Head, Corporate  
Communications and Sustainability

We ensure an independent minority representation in the Board and the exercise by minority shareholders of their rights, including the right to cumulative voting in the election of directors and appraisal right.

### **CHAIRMAN AND VICE CHAIRMAN**

Fernando Zobel de Ayala, the Company's Chairman, and Jaime Augusto Zobel de Ayala, Vice-Chairman, assumed their respective positions on 23 July 2019. The positions of Chairman of the Board and CEO are held by different persons. This enables the Board to maintain independent reviews and quality discussions at meetings.

#### **Role of the Chairman and Vice-Chairman**

The Chairman leads the Board by promoting active engagement and open discussion among the directors. The Chairman presides at all meetings of the Board and of the stockholders, exercises the powers given to him in the By-Laws, and performs the duties enumerated under the Code of Corporate Governance as well as such other responsibilities as the Board may impose upon him. The Chairman also guides senior management on its strategic actions on the business. In the absence of the Chairman, the Vice-Chairman succeeds the duties of the Chairman.

### **LEAD INDEPENDENT DIRECTOR**

To promote good relationships and functions of the Board, the Company appointed Sherisa P. Nuesa as its Lead Independent Director during its organizational meeting on 19 April 2021.

#### **Role of the Lead Independent Director**

When needed, the Lead Independent Director acts as an intermediate between the Chairman of the Board and the other directors, convenes and leads the periodic meetings of the non-executive directors with the external auditor and heads of internal audit, compliance and risk management, and contributes to the performance evaluation of the Chairman of the Board.

### **NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

As of 31 December 2021, more than 80 percent of the Board membership is composed of non-executive and independent directors of which four are independent and nine are non-executive directors. The independent directors do not have any interest or relationship with the Company that may hinder their independence, or which could reasonably be perceived to interfere with the exercise of their independent judgment while carrying out their responsibilities as directors.

A limit of nine years has been set by the Company for its independent directors in accordance with the rules laid out by the SEC. As of 2021, none of the independent directors has served the Company for more than nine years, reckoning from 2012, in compliance with SEC Memorandum Circular No. 9, series of 2011. Furthermore, none of the directors or senior management has worked for ACEN's external auditing firm within the three years immediately preceding the date of their election or appointment.

#### **Role of the Non-Executive and Independent Directors ("NEID")**

The role of the NEID is, through an unbiased view of the business, to provide oversight, exercise independent judgment, ensure the continuing soundness, effectiveness and adequacy of the Company's control environment, and act in the best interest of the Company, the stockholders, and the stakeholders considering transparency, accountability, and fairness in all activities.

### **BOARD DIVERSITY POLICY**

As mentioned in its Corporate Governance Manual, the Company is committed to having our Board comprised of qualified and dedicated Directors with a diverse mix of expertise, experience, skills and backgrounds. Diversity includes business experience, age, gender, and ethnicity. Nominees are selected based on merit. With respect to gender, the Board commits to ensure appropriate representation of women in the Board to the greatest extent possible.

## BOARD PERFORMANCE

The Board is devoted to carry out its duties and responsibilities and commits enough time for their meetings. The presence of at least two-thirds of the number of directors, as fixed in the Articles of Incorporation, constitutes a quorum for the transaction of business. The Board held four (4) regular, three (3) special, and one (1) organizational meetings in 2021.

The annual calendar of activities for the Board and Committees are established and approved at the start of the year. The Board is supported by the Corporate Secretary who monitors the Board activities and ensures materials are available at least five business days in advance of the scheduled meeting allowing the Board to make informed decisions.

### Performance Assessment

The Board commits to a formal assessment process to review and evaluate the performance of the Board, its Committees, and its individual members. The purpose of the assessment is to measure the effectiveness of the Company's governance practices and identify areas for improvement; and to adopt new methodologies towards further strengthening the company's corporate governance standards.

In 2020, AON was appointed as the independent consultant to assist in the board assessment exercise.

Each of the directors was requested to complete a self-assessment form which includes Board evaluation categories such as: (1) board composition, (2) roles and functions, (3) information management, (3) representation of shareholders and environment, social and governance (ESG) factors, (4) managing Company's performance, (5) senior executive's performance management and succession planning, (6) director development and management, (7) risk management and internal control, and (8) overall perception.

The results of the self-assessment survey, including the comments of the directors, were compiled by the Corporate Secretary and reported during the Board meeting immediately following the completion of the survey.

## CORPORATE SECRETARY

In the discharge of his duties as the Corporate Secretary, Atty. Solomon M. Hermosura plays a significant role in supporting the Board fulfill its responsibilities. Among his responsibilities include assisting the Chairman in preparing the Board meeting agenda, maintaining Board minutes and records, facilitating director trainings, and updating directors with relevant statutory and regulatory changes. He is knowledgeable on legal and regulatory requirements and is well-informed on relevant developments through part-time teaching of graduating law students and appearing as a speaker in various public fora.

## TRAINING OF DIRECTORS

It is ACEN's policy that all its directors attend at least a four-hour annual continuing training program on corporate governance. All new directors must take at the minimum an eight-hour orientation program on the company's strategy, business and structure, vision and mission, Governance Codes and Policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance and other subjects needed in the performance of their duties and responsibilities. In 2021, all directors complied with this policy.

To remain relevant in a global environment with increasing competitiveness, Ayala facilitates an annual group-wide Corporate Governance and Risk Management Summit which has been held since 2014. The summit serves as a continuing education program for the Board, CEOs, and senior management, and at the same time promotes the importance of strengthening our corporate governance structures. On 21 October 2021, the group held its virtual Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme "The Board's Agenda 2021: The Pathway to Recovery Through ESG" that delved into updates on corporate governance and sustainability and their importance during the market's transition into the 'new normal'.

## DIRECTOR COMPENSATION

Total director remuneration or changes thereto are recommended by the Personnel and Compensation Committee to the Board and are approved by the stockholders during the annual stockholders' meeting to ensure these are consistent with the Company's culture, strategy, control environment, and aligned with the long-term interests of the Company and its stakeholders.

## Independent Directors' Remuneration

On 23 July 2019, upon the recommendation of the Committee, the Board approved a resolution fixing the current remuneration of independent directors. The power of fixing the fees was delegated by the stockholders to the Board as provided for in the Amended By-laws.

The existing remuneration framework for the independent directors adopted by the Company consists of attendance fees. Executive directors do not receive attendance fees. On 4 August 2021, in compliance with Section 29 of the Revised Corporation Code, the independent directors approved the proposed remuneration for non-executive and non-independent directors at ₱100,000.00 per board meeting attended, and ₱20,000.00 per committee meeting attended, which are the same rates approved for the independent directors.

In 2021, the following NEIDs received gross remuneration as follows:

NON-EXECUTIVE DIRECTORS	MEETINGS' ATTENDANCE FEES (IN PHP)
Fernando M. Zobel de Ayala	180,000
Jaime Augusto M. Zobel de Ayala	270,000
Jose Rene Gregory D. Almendras	180,000
Cezar P. Consing	288,000
Nicole Goh Phaik Khim	360,000
Melinda L. Ocampo	720,000
Ma. Aurora D. Geotina-Garcia	648,000
Consuelo D. Garcia	954,000
Mario Antonio V. Paner ( <i>until expiration of term on 19 April 2021</i> )	162,000
Sherisa P. Nuesa	774,000
<b>TOTAL</b>	<b>4,536,000</b>

None of the IDs receive compensation from ACEN for services other than those provided as a director. They are not entitled to stock options and performance bonuses from the Company.

## BOARD COMMITTEES

The Board Committees assist the Board in the discharge of its functions, to aid in good governance, and are governed by their rights and responsibilities as defined in their Charters duly approved by the Board.

### Executive Committee

The Executive Committee acts on such specific matters within the competence of the Board as may from time to time be delegated to it in accordance with the By-Laws. The Committee is composed of not less than three (3) but not more than five (5) members and designates among the members of the Committee a Chairman and a Vice Chairman.

The Committee deliberated, reviewed, and approved the following transactions in 2021:

1. Follow-on offering price range and issue size;
2. Follow-on offer price;
3. Conversion of advances to One Subic Power Generation Corporation ("OSPGC") into equity;
4. Sale of Power Barge 101 (or its designated affiliate or subsidiary) and Power Barges 102 and 103 to SPC Power Corporation (or its designated affiliate or subsidiary);
5. Amendment of the Company's Power Administration and Management Agreements ("PAMAs") with its wholly-owned subsidiaries CIP II Power Corporation, Bulacan Power Generation Corporation, and OSPGC;
6. Appointment of Mr. John Philip S. Orbeta as the Company's Chief Administrative Officer and Chief Human Resources Officer effective 1 October 2021;
7. A capital expenditures ("CAPEX") budget for the expansion of the Company's ~288MW solar project in Buguey and Lal-lo, Cagayan;
8. A CAPEX budget for the proposed 275MW expansion of the Company's Gigasol Palaug solar project in Zambales;
9. Entry into a joint venture with ib vogt Singapore Pte Ltd for the development of solar projects in the Philippines;
10. The issuance by the Company's wholly-owned subsidiary, ACEN Finance Limited, of senior guaranteed undated notes to be listed on the Singapore Exchange; and
11. Subsequent decision to no longer proceed with the amendments to the PAMAs.

The Executive Committee had seven (7) meetings in 2021.

## CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

### The Corporate Governance and Nomination Committee

Committee has three independent directors, including the Chairperson. The Committee ensures that good corporate governance principles and practices are compiled with by the Company. This includes the adoption of a Board process in the nomination, election, or replacement of Board members and the review of the succession plans for members of the Board and senior executives. The Board composition is reviewed regularly to allow the Board to exercise effective decision-making powers and meet the needs of the Company.

The Committee's accomplishments in 2021 are as follows:

1. Reviewed the nominees for director of the Company, evaluated their qualifications and endorsed qualified nominees for nomination to the Board for the year 2021;
2. Reviewed the Integrated Annual Corporate Governance Report for submission to the SEC; and
3. Reviewed and approved amendments to the By-laws and Corporate Governance Manual for endorsement to the Board.

The Committee had four (4) meetings in 2021, during which the Chairperson and members were all present.

The attendance of the members at the meetings of the Committee held in 2021 is as follows:

	17 MARCH 2021	25 MAY 2021	8 NOVEMBER 2021	8 NOVEMBER 2021 <sup>1</sup>
Consuelo D. Garcia (Chairperson)	/	/	/	/
Melinda L. Ocampo	/	/	/	/
Mario Antonio V. Paner <sup>2</sup>	/			
Sherisa P. Nuesa <sup>3</sup>		/	/	/

<sup>1</sup> Joint committee meeting with the Audit Committee and Board Risk Management and Related Party Transactions Committee

<sup>2</sup> Until 19 April 2021

<sup>3</sup> Ms. Nuesa was appointed as Member of the Committee on 19 April 2021.

## AUDIT COMMITTEE

The Audit Committee is composed of two (2) independent directors including the chairperson and one non-executive director. At least one of its members has a background and expertise in accounting. The Committee assists the Board through overseeing matters relating to the financial statements and financial reporting process, external and internal auditors, internal control, and compliance with applicable legal and regulatory requirements.

In 2021, the Committee reviewed the Company's parent and consolidated financial statements, and the work performed by both internal and external auditors through reports provided. Based on the assurance provided by the auditors from their reviews, the Committee assessed the Company's systems of internal controls, compliance, and governance processes as adequate. Please refer to the annual report of the Committee to the Board on the discharge of their duties and responsibilities on pages 111 to 112.

The Committee's accomplishments in 2021 are as follows :

1. Recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company's 2021 external auditors and the related audit fee;
2. Reviewed and discussed the quarterly unaudited and the annual audited parent and consolidated financial statements of ACEN and Subsidiaries, including the Management's Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. These activities were performed in the following context:
  - Management has the primary responsibility for the financial statements and the financial reporting process; and
  - SGV & Co. is responsible for expressing an opinion on the conformity of ACEN's audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.
3. Approved the overall scope and the respective audit plans of the Company's internal auditors and SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company's internal controls, and the overall quality of the financial reporting process including their management letter of comments;
4. Reviewed the reports and updates of the internal and external auditors ensuring that management

is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by the internal audit as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's system of internal controls, risk management, compliance, and governance processes are adequate;

5. Reviewed and approved all audit, audit-related and non-audit services provided by SGV & Co. to ACEN and the related fees. We also assessed the compatibility of non-audit services with the auditors' independence to ensure that such services will not impair their independence;
6. Reviewed the Audit Committee Charter and Internal Audit Charter to ensure that it is updated and aligned with regulatory requirements;
7. Endorsed for Board approval the appointment of Mr. Arnel A. Racelis as the Company's Officer-in-Charge (OIC) Chief Audit Executive effective 1 February 2022 to replace Mr. Henry T. Gomez, Jr., who took on a new role in the Company;
8. Evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and
9. Conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter.

The Committee had four (4) regular meetings and one (1) special meeting in 2021, during which the Chairperson and members were all present.

The attendance of the members at the meetings of the Committee held in 2021 is as follows:

	1 MARCH 2021	3 MAY 2021	2 AUGUST 2021	2 NOVEMBER 2021	8 NOVEMBER 2021 <sup>4</sup>
Ma. Aurora Geotina-Garcia (Chairperson)	/	/	/	/	/
Consuelo D. Garcia	/	/	/	/	/
Nicole Goh Phaik Khim <sup>5</sup>			/	/	/

<sup>4</sup> Joint committee meeting with the Audit Committee and Board Risk Management and Related Party Transactions Committee

<sup>5</sup> Ms. Goh was appointed as Member of the Committee on 19 April 2021.

## BOARD RISK MANAGEMENT AND RELATED PARTY TRANSACTIONS COMMITTEE

The Board Risk Management and RPT Committee is a board level Committee with three (3) members who

are independent directors, including the chairperson. The Committee is responsible for the oversight of the Company's enterprise risk management system and for the review of all material related party transactions of the Company.

The Committee's accomplishments in 2021 are as follows:

1. Reviewed and approved the terms of the lease agreement with Crimson Field Enterprises, Inc. and Red Creek Properties, Inc. for endorsement to the Board;
2. Reviewed and approved the sharing of the Company's credit facilities with Solar Philippines Central Luzon Corporation ("SPCLC") for endorsement to the Board, subject to the Board's approval of the Company's joint venture with SPCLC;
3. Reviewed and approved the issuance of 16.868 billion shares of the Company to AC Energy and Infrastructure Corporation ("ACEIC") at a price of Php 5.16 per share, in exchange for ACEIC's international assets valued at Php 86.0 billion for endorsement to the Board;
4. Reviewed the terms of and approved the power supply agreement between the Company and DirectPower Services, Inc. for endorsement to the Board;
5. Reviewed and approved the transfer of all of the retail electricity supply customers of ACEIC to the Company for endorsement to the Board;

6. Reviewed and approved the appointment of BPI Capital Corporation ("BPI Capital") as the sole global coordinator and one of the joint lead managers and joint bookrunners of the perpetual fixed for life green bonds to be issued by ACEN Finance Limited;
7. Reviewed and approved the property for shares swap with ACE Enexor, Inc. ("ACEX") for endorsement to the Board;
8. Reviewed and approved the appointment of BPI Capital as lead arranger for the South Luzon Thermal Energy Corporation loan refinancing;
9. Reviewed and approved the loan terms for the Arayat Phase 1 and Phase 2 for endorsement to the Board;
10. Reviewed and approved the terms of the loan in favor of ACEX for endorsement to the Board; and
11. Reviewed and approved the amendments to the Company's Related Party Transactions ("RPT") Policy (with respect to the inclusion of certain transactions as RPTs delegated to management) for endorsement to the Board.

The Committee had eight (8) meetings in 2021, during which the Chairperson and members were all present.

The attendance of the members at the meetings of the Committee held in 2021 is as follows:

	20 JANUARY 2021	22 FEBRUARY 2021	16 MARCH 2021	14 APRIL 2021	27 JULY 2021	15 OCTOBER 2021	8 NOVEMBER 2021	8 NOVEMBER 2021 <sup>6</sup>	3 DECEMBER 2021
Sherisa P. Nuesa (Chairperson)	/		/	/	/	/	/	/	/
Nicole Goh Phaik Khim <sup>7</sup>					/	/	/	/	/
Ma. Aurora Geotina-Garcia	/		/	/					
Ma. Aurora Geotina-Garcia	/		/	/	/	/	/	/	/

<sup>6</sup> Joint committee meeting with the Corporate Governance and Nomination Committee and Audit Committee

<sup>7</sup> Ms. Goh was appointed as Member of the Committee on 19 April 2021.

## **PERSONNEL AND COMPENSATION COMMITTEE**

The Personnel and Compensation Committee currently has three (3) members, majority of which are independent directors. The Committee's role is to establish a transparent policy and procedure for

the fixing of the remuneration packages of corporate officers and directors. The Committee ascertains that compensation is aligned with the Company's culture, strategy, and control environment and competitive against the market, and ensures that it is reasonable for the work required, the Company's size, and scope.

The Committee's accomplishments in 2021 are as follows:

1. Reviewed and approved the key terms of the proposed Employee Stock Ownership ("ESOWN") plan for endorsement to the Board;
2. Reviewed the Company's ESOWN allocation for 2021; and

3. Reviewed and approved amendments to the Company's retirement plan for endorsement to the Board

The Committee had four (4) meetings in 2021, during which the Chairperson and all members were present.

The attendance of the members at the meetings of the Committee held in 2021 is as follows:

	17 MARCH 2021	15 JULY 2021	28 JULY 2021	10 NOVEMBER 2021
John Philip S. Orbeta (Chairperson) <sup>8</sup>	/			
Gerardo C. Ablaza, Jr. <sup>9</sup>	/			
Consuelo D. Garcia (Chairperson) <sup>10</sup>		/	/	/
Sherisa P. Nuesa	/	/	/	/
Cezar P. Consing <sup>11</sup>		/	/	/

<sup>8</sup> Mr. Orbeta's term as Chairman of the Committee expired on until 19 April 2021.

<sup>9</sup> Mr. Ablaza resigned as director of the Company effective 18 March 2021.

<sup>10</sup> Ms. Garcia was appointed as Chairperson of the Committee on 19 April 2021.

<sup>11</sup> Mr. Consing was appointed as Member of the Committee on 19 April 2021.

## SUSTAINABILITY COMMITTEE

As a testament to its commitment to the environment and the communities it serves, ACEN established the Sustainability Committee in October 2021.

The Sustainability Committee has three (3) members, two (2) of whom must be members of the Board including the chairperson and one (1) of whom must be an independent director. The Committee's role is

to ensure the Company's commitment to sustainable development. The Committee is responsible for monitoring the Company's progress towards meeting the Company's sustainability objectives and determines strategic sustainability objectives and performance indicators as part of the Company's overall corporate strategy.

The Committee did not have any meetings in 2021.

## BOARD AND BOARD COMMITTEE MEMBERSHIP STOCKHOLDERS, BOARD, BOARD COMMITTEE MEETINGS, AND DIRECTORS' ATTENDANCE

### FOR THE YEAR ENDED 31 December 2021

For 1 January 2021 until 31 December 2021, the Board committees and their members were as follows:

DIRECTORS	AUDIT COMMITTEE	BOARD RISK MANAGEMENT & RELATED PARTY TRANSACTIONS COMMITTEE	CORPORATE GOVERNANCE & NOMINATION COMMITTEE	EXECUTIVE COMMITTEE	PERSONNEL & COMPENSATION COMMITTEE	SUSTAINABILITY COMMITTEE
1. Fernando M. Zobel de Ayala				C		
2. Jaime Augusto M. Zobel de Ayala				M		
3. John Eric T. Francia				M		
4. Gerardo C. Ablaza, Jr. <sup>12</sup>					M <sup>13</sup>	
5. Jose Rene Gregory G. Almendras						
6. Cezar P. Consing				M <sup>14</sup>	M <sup>15</sup>	C
7. John Philip S. Orbeta					C <sup>16</sup>	
8. Nicole Goh Phaik Khim <sup>17</sup>	M <sup>18</sup>	M <sup>19</sup>				
9. Ma. Aurora Geotina-Garcia (Independent)	C	M <sup>20</sup>				
10. Consuelo D. Garcia (Independent)	M		C		C <sup>21</sup>	
11. Sherisa P. Nuesa (Independent)		C	M <sup>22</sup>		M	
12. Melinda L. Ocampo (Independent)		M	M			M
13. Mario Antonio V. Paner (Independent) <sup>23</sup>	M <sup>24</sup>		M <sup>25</sup>			

<sup>12</sup>Mr. Ablaza resigned as director of the Company effective 18 March 2021.

<sup>13</sup>Until 18 March 2021

<sup>14</sup>Mr. Consing was appointed as Member of the Committee on 19 April 2021.

<sup>15</sup>Mr. Consing was appointed as Member of the Committee on 19 April 2021.

<sup>16</sup>Until 19 April 2021

<sup>17</sup>Ms. Goh was elected as director of the Company to replace Mr. Ablaza on 18 March 2021.

<sup>18</sup>Ms. Phaik Khim was appointed as Member of the Committee on 19 April 2021.

<sup>19</sup>Ms. Phaik Khim was appointed as Member of the Committee on 19 April 2021.

<sup>20</sup>Until 19 April 2021

<sup>21</sup>Ms. Garcia was appointed as Chairperson of the Committee on 19 April 2021.

<sup>22</sup>Ms. Nuesa was appointed as Member of the Committee on 19 April 2021.

<sup>23</sup>Mr. Paner's term as director of the Company expired on 19 April 2021.

<sup>24</sup>Until 19 April 2021

<sup>25</sup>Until 19 April 2021

The attendance of the directors at the meetings of the Board and of stockholders held in 2021 is as follows:

DIRECTORS	22-Jan-21	18-Mar-21	14-Apr-21	14-Apr-21	4-Aug-21	18-Oct-21	11-Nov-21	13-Dec-21	15-Dec-21	No. of Meetings Present	Percent Present
	Special	Regular	ASM	Organizational	Regular	Special	Regular	Regular	SSM		
Fernando M. Zobel de Ayala	/	/	/	/	/	/	/	/	/	9/9	100%
Jaime Augusto M. Zobel de Ayala	/	/	/	/	/	/	/	/	/	9/9	100%
John Eric T. Francia	/	/	/	/	/	/	/	/	/	9/9	100%
Gerardo C. Ablaza, Jr. <sup>26</sup>	/									1/1	100%
Jose Rene Gregory G. Almendras	/	/	/	/	/	/	X	/	/	8/9	89%
Cezar P. Consing				/	/	/	/	/	/	7/7	100%
John Philip S. Orbeta	/	/	/	/	/	/	/	/	/	9/9	100%
Nicole Goh Phaik Khim <sup>27</sup>				/	/	/	/	/	/	8/8	100%
Ma. Aurora Geotina-Garcia (Independent)	/	/	/	/	/	/	/	/	/	9/9	100%
Consuelo D. Garcia (Independent)	/	/	/	/	/	/	/	/	/	9/9	100%
Sherisa P. Nuesa (Independent)	/	/	/	/	/	/	/	/	/	9/9	100%
Melinda L. Ocampo (Independent)	/	/	/	/	/	/	/	/	/	9/9	100%
Mario Antonio V. Paner (Independent) <sup>28</sup>	/	/								2/2	100%

<sup>26</sup> Mr. Ablaza resigned as director of the Company effective 18 March 2021.

<sup>27</sup> Ms. Goh was elected as director of the Company to replace Mr. Ablaza on 18 March 2021.

<sup>28</sup> Mr. Paner's term as director of the Company expired on 19 April 2021.

## **MANAGEMENT ROLES AND RESPONSIBILITIES**

Management is primarily responsible for the execution of the Board-approved strategies and monitoring of performance. Management also designs and implements an adequate and effective system of internal controls and risk management processes to ensure achievement of objectives while maintaining compliance with laws, rules, and regulations.

To facilitate the flow of strategic and operational information among the internal decision-makers, the Company has created specific management committees for operations management, investments, finance, procurement, organizational development, and compensation and benefits. These Committees are composed of key executives who meet regularly to discuss significant matters relevant to the achievement of targets and continuous growth of the Company. Initiatives that are reviewed and endorsed by the management committees are discussed with the corresponding Board Committees for approval and endorsement to the Board of Directors for ratification.

## **PERFORMANCE ASSESSMENT AND COMPENSATION**

The performance management system drives the compensation and incentive plans of senior executives, and is meant to align employees' individual goals with the organization's goals and strategies.

Management compensation is typically broken down into three components: (1) Base compensation; (2) Variable compensation based on annual targets or Key Result Areas (KRAs); and (3) a Long-Term Incentive Plan, which is typically vested over a three-year period and is linked to long-term objectives.

The performance of the Company's senior executives, including the CEO, are rated based on their respective KRAs. These KRAs cover various aspects of the business, covering a wide array of performance areas, including Financials, Operations, Development and Pipeline, Organization, and Risk Management and ESG.

Executives receive annual bonuses based on Company results, business unit or team performance and individual achievements of performance goals/KRAs. Performance ratings are similarly taken into consideration in determining any salary adjustments.

ACEN's Employee Stock Ownership (ESOWN) program serves as a long-term incentive program for qualified executives and managerial employees. The award range is a percentage of the grantee's annual gross compensation, as approved by the Compensation and Benefits Committee and the Board. Potential awards are based on employee performance, company performance, and share price.

## **STRATEGY PLANNING AND EXECUTION**

ACEN utilizes an inclusive and iterative approach in crafting and executing a long-term strategic plan. It ensures that risks are managed appropriately using a risk management process as these plans are finalized.

Strategy formulation generally involves establishing the purpose and scope of the organization's activities, defining the nature of its businesses, and setting long term goals, considering the risks and opportunities it faces and the environment in which it operates.

### **Building a Climate Resilient Strategy**

ACEN aligns itself with the United Nations Framework Convention on Climate Change and the Paris Agreement on reducing global carbon emissions to limit global temperature increase to well below 2 degrees Celsius. Consistent with the Ayala group's commitment to the UN Sustainable Development Goals, ACEN is additionally focused on protecting the wider environment and creating value for the communities it serves. In Q1 2021, ACEN signed up as a supporter of the Task Force for Climate-Related Financial Disclosures(TCFD). The resilience of ACEN's strategy under the face of heightening risks of climate change is continually discussed and taken into account in the refinement of the organization's goals and strategies.

The following are the Physical Risks, Transition Risks and Opportunities identified by ACEN.

## CLIMATE-RELATED RISKS OF ACEN

TRANSITION RISKS			
Policy and Legal	Technology	Market	Reputation
<ul style="list-style-type: none"> <li>▪ The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emission could have effect of restricting the use of coal</li> <li>▪ Regulatory regimes in support of renewables and implementation of market making mechanisms for renewables</li> <li>▪ Increasingly difficult to finance and insure coal projects driven by rapidly increasing global demand for RE technologies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transition risk includes global energy transition towards renewables, investor preference towards green assets and increasing difficulty of financing and insuring coal projects</li> <li>▪ Technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal generated power</li> <li>▪ High costs of battery energy storage to complement renewable technologies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased competition and declining returns in renewables</li> <li>▪ Contracting risk for new projects given the auction systems have replaced feed-in tariff regimes</li> <li>▪ Shift to retail contracts which requires different marketing and pricing model</li> <li>▪ Volatility of merchant exposure</li> <li>▪ Supply chain issues driven by post-pandemic increase in demand for power and for renewable energy in particular</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reputational damage from inability to grow/expand the RE portfolio</li> <li>▪ Reputational damage from inability to reduce emissions and meet Net Zero targets</li> <li>▪ Reputational damage due to partner actions</li> </ul>

## PHYSICAL RISKS

- The physical effect of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may disrupt the Company's operations and/or result in physical damage to the company's assets and/or to grid infrastructure

The company remains committed to sustainable development and drive the renewables expansion given its key role in the green-led recovery. These renewable energy investments help reignite the economy and create jobs while mitigating climate change.

ACEN has identified the following opportunities that climate change presents to its business model and operations.

OPPORTUNITIES				
Resource Efficiency	Energy Source	Products/ Services	Markets	Resilience
<ul style="list-style-type: none"><li>▪ Investor preference for green assets and opportunities for sustainable financing.</li><li>▪ The AC Energy group was cited as the largest issuer in the Philippines in 2020. The green bonds further strengthen ACEN's liquidity and enable it to continue scaling up its renewable investments despite the challenging environment</li><li>▪ Changes in regulatory environment. The development of renewable power sources is being increasingly facilitated by favorable government policies, which include higher RE targets in pursuit of Net Zero commitments.</li><li>▪ The Government of the Philippines recognizes natural gas and renewable energy as key sources of power. The Renewable Portfolio Standards target a 35 percent share of renewables in total system output by 2030.</li></ul>		<ul style="list-style-type: none"><li>▪ Global shift to renewable energy technologies driven by rising and volatile fuel prices.</li><li>▪ The rising awareness of customers and stakeholders on climate change issues and the need to transition to a low-carbon economy is an opportunity to provide low-emission power from ACEN's renewable energy portfolio.</li><li>▪ All of these are aligned with the strategic target of ACEN to increase its renewable energy portfolio to 5,000 MW by year 2025.</li></ul>		

These energy transition opportunities are key drivers of ACEN's thrust towards renewable energy expansion, and complement ACEN's commitment to Net Zero by 2050.

## RISK MANAGEMENT

Risk management is core to ACEN's strategy setting process. Key risks that could affect the achievement of the company's goals are considered in strategy setting, and mitigation plans for key risk areas are included in the key result areas for the relevant business units.

The past few years have been very volatile, because of the pandemic, the global thrust towards energy transition, supply chain challenges, and recently the Ukraine crisis. As such, ACEN conducts semiannual planning sessions to review company performance, revisit targets, and recalibrate strategies as needed, depending on new and emerging risks and opportunities identified.

The risk management process is driven by the Chief Risk Officer, who leads the implementation of the Enterprise Risk Management process. ACEN is also represented at the ERM council led by Ayala's Risk Management unit. ACEN seeks to continuously improve its risk management process by adopting processes and strategies in line with Ayala's best practices.

ACEN is strengthening its approach to risk management through research and by consulting with risk management experts, including on improved disclosures over management of material climate risks. The recent adoption of the TCFD framework also initiated management discussions on the identification of key climate risks and opportunities affecting ACEN's projects and the organization as a whole.

## INTERNAL GOVERNANCE MECHANISMS

### ACCOUNTABILITY AND AUDIT

#### External Auditors

On 19 April 2021, the stockholders, upon recommendation of the Audit Committee and endorsement by the Board of Directors, approved the re-appointment of Sycip Gorres Velayo and Co. (SGV & Co.) as the independent external auditor of ACEN. The lead engagement partner of SGV & Co. is Mr. Benjamin N. Villacorte, an SEC-accredited audit partner.

The responsibilities of SGV & Co. include providing an opinion on the conformity of the Company's parent and consolidated financial statements with Philippine Financial Reporting Standards and assessing the quality of the Company's financial reporting process.

SGV & Co.'s overall plan, which includes the objectives, scope and timing of the audit, was reviewed and approved by the Audit Committee on its 2 August 2021 meeting. To ensure that the external auditor maintains the highest level of independence from the Company, both in fact and appearance, the Audit Committee had pre-approved all audit, audit-related, and permitted non-audit services rendered by the External Auditor.

The total external auditors' fees of SGV & Co. in 2021 amounted to ₱13.65 million, exclusive of VAT and out-of-pocket expenses. The Audit Committee reviewed the nature of these non-audit services and concluded that these are not in conflict with SGV & Co.'s function as the Company's external auditor, both in relation to their significance to the audit and the Company's total expenditure on consultancy.

2021 EXTERNAL AUDITOR FEES AMOUNT IN MILLION PESOS	
Audit and Audit-Related Fees	₱13.60
Non-Audit Fees	0.058
<b>GRAND TOTAL</b>	<b>₱13.65</b>

The audit and audit-related fees include the audit of ACEN's annual financial statements, quarterly reviews and other assurance services related to performance of the audit or review of the Company's financial statements pursuant to the regulatory requirements. Non-audit fees pertains to the validation of results of the annual and special stockholders' meetings in 2021.

The audit results were presented to the Audit Committee during its 24 February 2022 meeting.

There were no disagreements between the Management and SGV & Co. on any matters of accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

#### Internal Auditors

Internal Audit, headed by the Chief Audit Executive (CAE), Henry T. Gomez, Jr., maintains organizational independence by functionally reporting to the Audit Committee and administratively to the Group Chief Financial Officer. The Audit Committee is responsible in advising the Board of Directors regarding the qualifications and recruitment, appointment, and removal of the CAE and evaluating Internal Audit's performance at least annually.

The audit team is composed of professionals, certified as follows: certified public accountants, certified internal auditors, and certified lead auditors in ISO 9001, ISO 45001, ISO 14000, and ISO 27001. All the internal auditors are members of The Institute of Internal Auditors-Philippines and adopt the International Professional Practices Framework promulgated by The Institute of Internal Auditors, Inc.

The activities of Internal Audit are governed by a separate Internal Audit Charter approved by the Audit Committee. Internal Audit adopts a risk-based approach in developing its annual work plan, subject to the review and approval of the Committee. The Committee likewise ensures that audit resources are appropriate, sufficient, and effectively allocated to accomplish the approved plan.

Quarterly, Internal Audit presents to the Audit Committee the results of its reviews as well as the status of Management's corrective action plans to address control or compliance issues.

For the year 2021, the Internal Audit attests, that ACEN's system of internal controls, risk management, compliance, and governance processes are designed adequately and continue to operate effectively.

#### COMPLIANCE OFFICER

As ACEN's Compliance Officer, Ms. Maria Corazon G. Dizon:

- ensures proper onboarding of new Directors (i.e. orientation on the Corporation's business, Charter, Articles of Incorporation and By-laws, among others);
- monitors, reviews, evaluates and ensures the compliance by the Company as well as its Officers and Directors with the relevant laws, the Corporate Governance Code for PLCs rules and regulations, and all governance issuances of regulatory agencies;
- ensures the integrity and accuracy of all documentary submissions to regulators, among others;
- identifies and manages compliance risks;
- ensures that the Company adheres to sound corporate governance and best practices;
- issues an Integrated Annual Corporate Governance Report that is duly signed under oath by the Chairman, Chief Executive Officer or President, all independent directors, the Chief Compliance Officer, and the Corporate Secretary;
- strives to conduct a yearly performance assessment of the Board, Board Committees, and individual members of the Board using a formal self-rating system; and
- performs such other duties and responsibilities as may be provided by the SEC.

## DISCLOSURE AND TRANSPARENCY

In line with the Company's policies on disclosure and transparency and the disclosure requirements of the SEC, Philippine Stock Exchange ("PSE"), all material and market-sensitive information about the Company as well as other relevant information were publicly and timely disclosed to the investing public, stakeholders, and other interested users through media and analysts' briefings or other means. Such information includes key results of operations, execution of contracts, declaration of dividends and investment, among others.

The Board of Directors has a responsibility to the shareholders to ensure the integrity of the Company's consolidated financial statements and non-financial information disclosed in the Integrated Report. The financial statements comply with the Philippine Financial Reporting Standards, with significant accounting judgments and estimates disclosed.

In dealing with RPTs, the Board of Directors, with the assistance of the Board Risk Management and Related Party Transactions Committee composed of independent Directors, reviews and approves the material RPTs of the Company in accordance with the RPT policy, ensuring that the transactions are at arm's length, fair, and inure to the best interest of the Company and its subsidiaries or affiliates and the shareholders. Based on the policy, the related party or any of its subsidiaries or affiliates, shall disclose

any material RPT to the Board Risk Management and RPT Committee for review and approval prior to entering the transaction, unless covered under any of the exceptions under the policy.

Furthermore, there were no cases of noncompliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years. However, the Company inadvertently failed to timely file two (2) advisement reports with the SEC pertaining to its: (1) Deed of Assignment with ACEIC executed in March 2021 for the property for shares swap between the two companies, and (2) power supply agreement with DirectPower Services, Inc. executed in November 2021. The Company has duly submitted the corresponding advisement reports in December 2021.

A summary of the material RPTs of the Company is presented in the Notes to the Consolidated Financial Statements under Related Party Transactions.

### Ownership Structure

As of December 31, 2021, 55.57 percent of ACEN's outstanding common shares were held by PCD Nominee Corporation (PCD). As of 31 December 2021, parent AC Energy and Infrastructure Corporation held a 64.65 percent stake in ACEN, through direct and indirect shareholdings. Indirect shares refer to scripless shares held through the PCD Nominee Corporation. ACEN had a public float of 15.9 percent as of 31 December 2021.

## 2021 DISCLOSURES

In 2021, the Company filed, among others, unstructured disclosures involving the following:

### UNSTRUCTURED DISCLOSURES

- Appointment of directors and officers
- Notice and Agenda of the 2021 Annual Stockholders' Meeting
- Results of 2021 Annual Stockholders' Meeting and Organizational Board of Directors' Meeting
- Acquisition and sale of Company shares by the directors, officers, and 10 percent owners
- Change in Corporate Name and/or Stock Symbol
- Press Releases
- Notice of Analysts' Briefings
- Matters taken up at board meetings
- Signing of subscription agreements with subsidiaries that are special purpose vehicles for development projects used by the AC Energy group
- Comprehensive Corporate Disclosure on original issuance of shares to Arran Investment Pte Ltd ("Arran") pursuant to a private placement
- Change in number of issued and/or outstanding shares for the issuance of 4,000,000,000 new shares of the Company to Arran
- Executive Committee's approval of the final timeline for the Company's stock rights offering ("SRO")
- Acquisition by the Company of shares in Solar Philippines Central Luzon Corporation from Solar Philippines Power Project Holdings, Inc. ("SPPPPI")
- Notification of the results of the Company's Stock Rights Offering
- Executive Committee's approval of the follow-on offering ("FOO") price range and issue size
- Shareholders' Agreement among ACEN, ACE Endevor, Inc., and Citicore Solar Energy Corporation
- Filing of the Registration Statement with the SEC for the Company's planned FOO
- Amendments to the Articles of Incorporation ("Articles") and By-laws
- Re-confirmation of the Board approval of the increase of the Company's authorized capital stock to Php48.4 billion pesos, divided into 48.4 billion common shares, and Board approval of a further amendment to the Articles to increase the number of shares exempt from the pre-emptive rights of shareholders for issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt from 16 billion shares to 24 billion shares
- Declaration of cash dividends of six centavos (PhP0.06) per share on the 19,960,037,644 issued and outstanding shares of the Company, or a total dividend amount of PhP1,197,602,258.64 to be paid on or before April 19, 2021 to stockholders of record as of April 5, 2021
- Stockholders' approval of the property-for-share swap with ACEIC and the issuance of 16.686 billion primary shares to ACEIC in exchange for ACEIC's shares of stock in AC Energy International, Inc., which holds ACEIC's international assets, for an issue price of PhP5.15 per Company share
- Bulacan Power Generation Corporation's disposition of 30,248,617 shares of the Company Executive Committee's approval of conversion of advances to One Subic Power Generation Corporation into equity
- Issuance of 16,685,800,533 new shares to ACEIC
- Approval of the revisions to the use of SRO and FOO proceeds
- Executive Committee's approval of sale of power barge assets and amendment of agreement with diesel subsidiaries
- Acquisition by ACEN of additional interest in Northwind Power Development Corporation
- Acquisition by ACEN of the ownership interest of UPC Philippines Wind Investment Co. BV and Stella Marie L. Sutton in their Philippine renewable energy companies and businesses
- Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited and Mr. Anton Rohner in UPC-AC Renewables Australia
- Change in website to [www.acen.com.ph](http://www.acen.com.ph) effective 19 November 2021.
- Sale of Power Barge 101 to MORE Power Barge, Inc.
- Property for shares swap between the Company and ACEX

## CLARIFICATION OF NEWS ARTICLES

- Ayala power unit plans to raise P30 billion this year (February 2, 2021, philSTAR.com)
- AC Energy gets SEC approval for P16.4 billion follow-on offering (April 23, 2021, philStAR.com)
- ACEN to build 4 wind farms in Vietnam (July 21, 2021, philSTAR.com)
- Energy Department authorizes SMC's 6,491 MW LNG project to proceed with grid impact study (December 7, 2021, manilastandard.net)

## FINANCIAL AND NON-FINANCIAL REPORTS

The Board ensures the integrity of the Company's consolidated financial statements and non-financial

information as disclosed in the company's Integrated Report. The financial statements including significant judgments and estimates disclosed thereto comply with the requirements of the Philippine Financial Reporting Standards. Non-financial performance was prepared using the guiding principles and content elements of the Integrated Reporting framework.

To help stakeholders gain a better understanding of the Company's business and its process of value creation, a thorough discussion on both financial and non-financial performance indicators is provided in the Integrated Report. Please refer to pages 48 to 49 for the financial and non-financial performance indicators, respectively.

## CHANGES IN SHAREHOLDINGS

Reported trades of directors and officers of ACEN's securities in 2021:

	Balance as of 31 Dec 2020	Acquired	Disposed of	Balance as of 18 Mar 2021	Balance as of 31 Mar 2021	Balance as of 19 Apr 2021	Balance as of 4 Aug 2021	Balance as of 30 Sep 2021	Acquired	Disposed of	Balance as of 31 Dec 2021
<b>DIRECTORS</b>											
Fernando M. Zobel de Ayala <sup>29</sup>	237,264,671							295,240,778	0	532,505,449	
Jaime Augusto M. Zobel de Ayala	1							416,217	0	416,218	
Gerardo C. Ablaza, Jr. <sup>30</sup>	1,000,001	1,081,080	0	2,081,081							
Jose Rene Gregory G. Almendras	500,001						1		0	0	1
Cezar P. Consing <sup>31</sup>						1			0	0	1
John Eric T. Francia	78,981,271							85,385,155	58,166,400	106,200,026	
John Philip S. Orbeta	2,000,001							5,162,161	0	7,162,162	
Nicole Goh Phaik Khim <sup>32</sup>				1					0	0	1
Consuelo D. Garcia	1,000							900	0	1,900	
Ma. Aurora D. Geotina-Garcia	1								0	0	1
Sherisa P. Nuesa	840,000							908,107	0	1,748,107	
Melinda L. Ocampo	1								24,000	0	24,001
Mario Antonio V. Paner <sup>33</sup>	1	0	0		1						
<b>OFFICERS</b>											
Solomon M. Hermosura	0							0	0	0	
Dodge Lagazo	6,526,166							7,055,313	6,027,700	7,553,779	
Maria Corazon G. Dizon	20,432,383							22,089,061	0	42,521,444	
Gabino Ramon G. Mejia	5,221,428							2,772,525	0	7,993,953	
Patrice R. Clausse <sup>34</sup>					29,814,701				0	0	29,814,701
Roman Miguel G. de Jesus	9,444,049							9,777,349	1,400,000	17,821,398	
Danilo L. Panes <sup>35</sup>	719,737	726,066	325,000		1,120,803						
Sebastian Arsenio R. Lacson <sup>36</sup>	517,000	619,765	0		1,136,765						
Jose Maria Eduardo P. Zabaleta <sup>37</sup>					0				0	0	0
Alan T. Ascalon	669,173							717,328	0	1,386,501	
Mariejo P. Bautista <sup>38</sup>	2,374,677	2,410,219			4,784,896						
Irene S. Maranan	3,931,718							4,250,504	4,165,000	4,017,222	
Andree Lou C. Kintanar <sup>39</sup>	1,584,660	1,701,622			3,286,282						
Ma. Teresa P. Posadas <sup>40</sup>	321,898	252,655			574,553						
Henry T. Gomez, Jr.	0								0	0	0
Peter C. Buenaseda <sup>41</sup>					0		0				
Ronald F. Cuadro <sup>42</sup>					900,000				0	0	900,000

<sup>29</sup>Mr. Zobel de Ayala corrected his Form 23A (initial statement of beneficial ownership) in February 2021 to correct his initial ownership to be 52,514,671 shares.

<sup>30</sup>Mr. Ablazara resigned as director of the Company effective 18 March 2021.

<sup>31</sup>Mr. Consing was elected as director of the Company on 19 April 2021.

<sup>32</sup>Ms. Goh was elected as director of the Company to replace Mr. Ablaza on 18 March 2021.

<sup>33</sup>Mr. Paner's term as director of the Company expired on 19 April 2021.

<sup>34</sup>Mr. Clausse was appointed as Head of the International Group of the Company effective 4 August 2021.

<sup>35</sup>Mr. Panes' term as VP – Wind Operations of the Company expired on 19 April 2021.

<sup>36</sup>Mr. Lacson resigned as Head of Plant Operations of the Company effective 31 March 2021.

<sup>37</sup>Appointed as Chief Development Officer of the Company effective 19 April 2021.

<sup>38</sup>Ms. Bautista's term as SVP – Finance and Controller of the Company expired on 19 April 2021.

<sup>39</sup>Ms. Kintanar's term as Head – Human Resources of the Company expired on 19 April 2021.

<sup>40</sup>Ms. Posadas' term as AVP – Human Resources of the Company expired on 19 April 2021.

<sup>41</sup>Mr. Buenaseda was appointed as Chief Human Resources Officer effective 18 March 2021 and resigned effective 30 September 2021.

<sup>42</sup>Mr. Cuadro was appointed as VP – Finance & Controller of the Company effective 19 April 2021.

## STAKEHOLDER RELATIONS

As a stronger, bolder, and faster energy company, ACEN's ultimate goal is to uplift the lives of its stakeholders and help build a more sustainable future for Filipinos. It aims to uphold the highest possible level of moral benchmarks and fairness in dealing with shareholders, customers, employees, and business partners to strengthen its foundation of long-term beneficial relationships.

### Shareholder Meeting and Voting Procedures

Notice of regular or special meetings are sent to shareholders at least 15 days before the scheduled date. It details the agenda and sets the date, time, and place for validating proxies, which must be done at least five (5) business days prior to the annual stockholders' meeting. Each outstanding common share of stock entitles the registered holder to one vote.

For transparency and improved shareholder involvement, the Company provides multiple voting options such as appointing a proxy, voting in-person, or through electronic voting in absentia.

The Company established a secure electronic Voting in Absentia Shareholder System that is accessible to all stockholders, easy to use, and allows stockholders to exercise their right if unable to attend the Annual Stockholders' Meeting. Equal effect is given to votes whether cast in person or in absentia. Non-controlling or minority shareholders are given the right to nominate, elect, and remove candidates for board of directors.

### Shareholder and Investor Relations

The Company encourages active participation and regular dialogue with institutional and retail investors. Information requirements of the investing public and minority shareholders are fully disclosed to the securities' regulators on time and are accessible both through the company's website and through the PSE. The Investor Relations Team, who directly reports to the CEO, provides for an avenue to receive feedback, complaints, and queries from shareholders other than through the annual stockholder's meeting.

## CODE OF CONDUCT AND ETHICS

All directors, officers, and employees are required to always act in the best interest of the Company. They are directed to avoid any situation that could interfere or appear to interfere with his or her independent judgement in performing his or her duties. The code also prohibits employees from using their official position to secure a contract of employment for a related party, soliciting gifts or

any property for personal gain from any individual or organization that deals with the Company and using Company information for personal gain. No employee may engage in any business or undertaking that is indirectly or directly in competition with or prejudicial to the interests of the Company.

## POLICY ON INSIDER TRADING

A policy on insider trading has been defined by ACEN to ensure compliance with Corporate Disclosures Manual and prevent unlawful practice of using to one's own advantage confidential information one has access to.

### Reporting of Transactions

ACEN has established and implemented guidelines for all directors, officers, and employees on when to declare trades. All directors and officers from Managing Directors and above, the Controller, Chief Audit Executive, Chief Risk Officer, Treasurer, Compliance Officer, Corporate Secretary, and Assistant Corporate Secretary must report all acquisitions or disposals, or any changes in their shareholdings in the Company within the period specified in the policy.

### Trading Blackouts

To ensure compliance with PSE Insider Trading Rules, the Company issues a blackout notice to all concerned

whenever a price sensitive information has been disclosed to the Exchange.

The Policy on Insider Trading provides that all directors, key officers, employees, consultants, and advisers of the Company who may have knowledge of material information that have not been disclosed to the public, including their immediate families, are prohibited from trading in ACEN's shares during the trading blackout period lasting from the time the information is obtained until a minimum of two (2) trading days after the disclosure thereof with the PSE. In addition, they are also required to submit annually a certification of compliance with the prohibition against trading during the blackout periods.

## POLICY ON RELATED-PARTY TRANSACTIONS

ACEN recognizes the fiduciary responsibility of its board of directors to ensure the fairness, transparency, and integrity of the Company's RPTs for the protection of all shareholders' interest.

To support the implementation of this duty, the Company has adopted a Related Party Transactions Policy that:

- Defines related party relationships and transactions;
- Provides guidance in the review, approval, maintenance of registry, and disclosure of material RPTs to ensure that the terms are fair, and inure to the best interest of the Company and all its shareholders;
- Mandates regular monitoring of the Company's business relationships;
- Promotes the objectives of the SEC Rules on Material Related Party Transactions for Publicly Listed Companies; and
- Prohibits, remedies, and penalizes material RPTs deemed non-compliant with policy.

The Board Risk Management and Related Party Transactions Committee is tasked with overseeing the implementation of this policy.

## POLICY AGAINST SEXUAL HARASSMENT

Increasing awareness of the value of respecting the dignity and rights of each employee is a commitment from ACEN. The Company is dedicated to keeping its work environment free from sexual harassment and all forms of sexual intimidation and exploitation. In keeping with this commitment, the Company will not tolerate harassment of its employees and will penalize any such actions with a permanent ban from the Company working environment.

## POLICY ON ANTI-FRAUD

ACEN has adopted a zero-tolerance policy towards fraudulent reporting, misappropriation of assets, corruption, bribery in any form, and all unethical practices, and is committed in taking all appropriate measures in complying with relevant laws and standards. The Policy on Anti-Fraud prohibits directors, officers, and employees, from doing business with malicious intent. It provides guidance to everyone on how to conduct business in a fair, ethical,

and legal manner. Seeking unwarranted monetary and substantial advantage from any transaction is strictly forbidden. The policy also applies even if business was made through another person.

### POLICY ON GIFT AND GRATUITIES

The Company has established guidelines for managing gifts and gratuities to protect the integrity of its employees and its business interest. Any offers given to directors, officers, and employees, or their immediate family, with an intent to influence business decisions and recommendations are strictly prohibited and must be disclosed immediately to the appropriate reporting level. Directors, officers, and employees are likewise prohibited from accepting gifts or invitations of any form, except token gifts of small value that meet the criteria set by the Company.

### CONFLICT OF INTEREST POLICY

No officer or employee may be involved in any business or undertaking that influences or could influence the ability to exercise objectivity and perform responsibilities in the best interest of the Company. Any potential conflict of interest, actual or apparent, must be brought to the attention of the appropriate levels of authority and all relevant facts are required to be disclosed.

### WHISTLEBLOWER POLICY

ACEN conducts its business with the highest ethical standards. The Company and its directors, officers, and employees strive to uphold a culture of good corporate governance by heeding integrity in all its transactions internally, with its customers, suppliers, contractors, business partners, government, regulators, and the public.

The Whistleblower Policy provides a mechanism and an avenue to report any perceived wrongdoing, malpractice, and any irregularities that are contrary to the Company's Core Values and protects whistleblowers against possible retaliation.

The whistleblower may submit a written report directly to the Office of the Compliance Officer, or by email to [whistleblower@acenergy.com.ph](mailto:whistleblower@acenergy.com.ph) or through a face-to-face meeting with any of the Whistleblower

Committee composed of one representative each from the Legal and Regulatory Department, Human Resources and Corporate Services, Internal Audit, and Enterprise Risk Management.

There is an established investigation process on reported violation of Company policies, rules, and regulations. All reports are treated in confidence and monitored until resolution and closure.

### DATA PRIVACY POLICY

In keeping its utmost commitment to safeguard and respect the right to personal data privacy of stakeholders, ACEN appointed a Data Protection Officer, Atty. Alan T. Ascalon. With the support of the different business units, ACEN's data privacy team regularly reviews the security measures that the Company puts in place to maintain the integrity, confidentiality, and availability of the personal data that it collects and processes. The policy aims to protect these data from accidental loss or destruction, unauthorized access, fraudulent misuse, and unlawful alteration.

The Office of the Data Protection Officer can be reached through writing or email ([dataprivacyacen@acenergy.com.ph](mailto:dataprivacyacen@acenergy.com.ph)) should there be any inquiries or concerns on data privacy or data subjects' rights.

#### Website

Information on the company's corporate governance initiatives, this Integrated Report, and all other relevant information is available on the company's website at <https://www.acen.com.ph/>

As part of our stakeholder engagement, ACEN also maintains social media accounts at

#### Facebook

(<https://www.facebook.com/officialACEN/>)

#### LinkedIn

(<https://ph.linkedin.com/company/officialacen>)



# Annexes

# Materiality

A materiality assessment was conducted in order to identify the Company's material issues with regards to its business strategy, capitals, and stakeholder concerns. The Company references the SASB Materiality Map and GRI Standards in identifying its material topics.

## ECONOMIC

Material Factors and the relevant <IR> Capitals	Specific Topics	Why it is Material	Management Approach
<b>Economic Performance</b> Financial Capital	Direct economic value generated, distributed and retained	This is our direct contribution to the Philippine economy and to our stakeholders.	See pages 16-19
<b>Power Generation</b> Financial Capital Manufactured Capital	Power generated Installed capacity	Our core business is to be able to provide reliable, affordable, and sustainable power to meet the country's energy demand.	See pages 16-19
<b>Anti-Corruption</b> Financial Capital	Anti-Corruption	Our Company commits to ensuring all our business activities are conducted in an ethical and legal manner.	See pages 54 and 93-95

Economic material topics cover all plants listed under ACEN and are reported on an equity share approach.

## ENVIRONMENTAL

Material Factors and the relevant <IR> Capitals	Specific Topics	Why it is Material	Management Approach
<b>Energy Consumption</b> Natural Capital	Electricity consumption within the organization Fuel consumption within the organization	Energy, in the form of fuel and electricity is a significant input to our operations.	We conduct continuous monitoring of our energy consumption across all plants and are implementing structural retrofits to improve plant efficiency in identified thermal plants.
<b>Water Consumption</b> Natural Capital	Water consumption	Water is used in our business operations, especially in our thermal plants.	We conduct continuous monitoring of our water consumption and comply with relevant environmental laws across our plants.
<b>Effluents and Waste</b> Natural Capital	Hazardous wastes Flyash Management	The Company's plant operations regularly generate hazardous waste and coal ash as by-products.	We implement a strict policy ensuring that the hazardous wastes that we generate are turned over to accredited haulers for proper disposal. Coal residual is sold to cement processing companies for co-processing purposes. Excess waste is disposed through DENR-approved disposal pits.

The materiality assessment started with the identification of initial topics through industry benchmarking and extensive desk-research based on global ESG standards.

Initial material topics were then prioritized according to the results of consultation sessions, taking into account stakeholder concerns and accounts from stakeholder-facing units.

The findings were further validated through questionnaires disseminated across senior management.

The results are the Company's baseline material topics and will be subjected to annual review to ensure accuracy and relevance.

Performance Scorecard Indicator	ESG Indicators	Reporting Boundary
<ul style="list-style-type: none"> <li>▪ Direct economic value generated, distributed and retained</li> </ul> <p>See page 102</p>	GRI: 201-1 SASB: IF-EU-110a.1	
<ul style="list-style-type: none"> <li>▪ Power generated</li> <li>▪ Attributable installed capacity</li> </ul>		
<ul style="list-style-type: none"> <li>▪ Confirmed incidents of corruption and actions taken</li> </ul> <p>No incidents reported, no aspect of operations within our organization was identified to have existence of corruption</p>	GRI: 205-3	
Performance Scorecard Indicator	ESG Indicators	Reporting Boundary
<ul style="list-style-type: none"> <li>▪ Energy consumed</li> <li>▪ Energy intensity</li> </ul>	GRI: 302-1	
<ul style="list-style-type: none"> <li>▪ Water consumed</li> <li>▪ Water withdrawn by source</li> </ul>	<p>GRI: 303-3, 303-5 SASB: IF-EU-140a.1</p> <p>See pages 103-104</p>	Extraction from surface water and third-party water is disclosed in cubic meters
<ul style="list-style-type: none"> <li>▪ Hazardous waste generated</li> <li>▪ Flyash generated</li> <li>▪ Percentage of flyash recycled</li> </ul>	GRI: 306-2 SASB: IF-EU-150a.1	

## ENVIRONMENTAL

Material Factors and the relevant <IR> Capitals	Specific Topics	Why it is Material	Management Approach
<b>Biodiversity Impacts</b> Natural Capital	Biodiversity Tree planting	The Company commits to ensuring environmental responsibility is practiced across the different stages of operations.	See pages 34 and 44-46
<b>Greenhouse gas emissions</b> Natural Capital	Scope 1 GHG emissions Scope 2 GHG emissions	GHG emissions are a by-product of our operations, especially our thermal plants.	The Company regularly monitors its GHG emissions across all its plants.
<b>Climate Strategy</b> Natural Capital Manufactured Capital	Installed RE Capacity RE projects within the pipeline	Embedded in our business strategy is building towards a low-carbon portfolio and achieving Net Zero emissions by 2050.	See pages 31-32

Environmental material topics cover all operational plants listed under ACEN excluding the Maibarara Geothermal Plant due to insignificant economic stake by the Company. The Company has no operational control over the excluded plant.

## SOCIAL

Material Factors and the relevant <IR> Capitals	Specific Topics	Why it is Material	Management Approach
<b>Employee Engagement</b> Human Capital	Total employee headcount New hires and turnover	The Company considers its human capital as one of its most important assets to its value creation.	See page 41
<b>Diversity, Equal Opportunity &amp; Anti-Discrimination</b> Human Capital Social and Relationship Capital	Breakdown of employees by age, gender and rank Non-discrimination	A diverse and healthy workplace environment enables the Company to expand.	The Company practices equal opportunity employment and diversity
<b>Community Relationship</b> Social and Relationship Capital	Sustainable livelihood programs	Our operations are located within the proximity of local communities and may directly affect their livelihood and way of living.	See pages 43-47
<b>Training and Development</b> Human Capital Intellectual Capital	Training hours and training programs	Upskilling of talent is material to our Company given the fast-evolving nature of our industry.	See page 39
<b>Occupational Health and Safety</b> Human Capital	Types of injuries	A safe working environment is of paramount importance in our business.	See page 42

Social material topics cover all operational plants listed under ACEN excluding the Maibarara Geothermal Plant due to insignificant economic stake by the Company. The Company has no operational control over the excluded plant.

Performance Scorecard Indicator	ESG Indicators	Reporting Boundary
▪ Habitats protected or restored  See page 10	GRI: 304-1  GRI: 304-3	
▪ GHG Emissions ▪ GHG Intensity  See pages 103-104	GRI: 305-1 SASB: IF-EU-110a.1 GRI: 305-2 SASB: IF-EU-110a.1	
▪ Attributable RE capacity  See page 10		
<hr/>		
Performance Scorecard Indicator	ESG Indicators	Reporting Boundary
▪ Employee headcount ▪ Total new hires ▪ Employee turnover  See pages 105-106	GRI: 102-8  GRI: 401-1	Reporting scope covers the Company's direct employees
▪ Employee count by age, gender, and rank	GRI: 405-1  GRI: 406-1	Reporting scope covers the Company's direct employees
▪ Community investments  See page 10	GRI: 413-1	
<hr/>		
▪ Total and average training hours ▪ Training hours by gender and rank  See pages 105-106	GRI: 404-1, 404-2	Reporting scope covers the Company's direct employees
▪ Number of safety-related incidents ▪ Total safe manhours	GRI 403-2 SASB: IF-EU-320a.1	Reporting scope covers both direct and indirect employees within the Company's plants

# Economic Performance Indices

*2019 and 2020 figures are restated to reflect the retroactive infusion of international assets into ACEN*

Economic Performance	Unit	2019 Performance	2020 Performance	2021 Performance
Direct economic value generated	PhP	17,802,268.00	25,426,041.63	33,627,623.10
Direct economic value distributed	PhP	24,556,605.00	36,514,841.48	40,534,616.27
a. Operating cost (Payments to suppliers)	PhP	15,212,620.26	14,487,138.51	22,041,560.21
b. Employee wages and benefits	PhP	429,912.17	938,163.00	902,207.00
c. Dividends given to stockholders and interest payments to loan providers	PhP	7,224,516.00	18,421,475.00	14,417,369.62
d. Taxes given to government	PhP	1,689,556.56	2,602,372.53	3,097,378.49
e. Investments to community (CSR, sponsorships, donations, contributions)	PhP	-	65,692.44	76,100.96

*Based on ACEN Consolidated Audited FS*

Procurement Practice	Unit	2019 Performance	2020 Performance	2021 Performance
Procurement budget spent on local suppliers	%	90	89	96

# Environmental Performance Indices

*2019 and 2020 figures are restated to reflect the retroactive infusion of international assets into ACEN*

Electricity and Fuel Consumption	Unit	2019 Performance	2020 Performance	2021 Performance
Electricity Consumption	kWh	23,722,107.48	15,403,417.67	16,509,786.89
Diesel Consumption	liters	41,674,180.50	15,104,243.66	73,868,365.41
Gasoline Consumption	liters	1,842,086.79	32,953.59	17,936.61
Coal Consumption	Tons	782,489.30	1,037,355.79	1,084,652.64

Energy Consumption	Unit	2019 Performance	2020 Performance	2021 Performance
Energy consumption from diesel	GJ	1,595,850.50	578,394.45	2,828,678.73
Energy consumption from gasoline	GJ	63,845.21	1,142.14	621.67
Energy consumption from coal	GJ	14,789,047.77	19,606,024.41	20,499,934.95
Electricity/indirect energy	GJ	85,399.59	54,876.78	58,605.85
Energy consumed within the organization	GJ	16,534,143.07	20,240,437.78	23,387,841.20
Energy intensity	GJ/GWh	4,731.46	5,300.96	5,048.16

Emissions	Unit	2019 Performance	2020 Performance	2021 Performance
Scope 1 Emissions	Tons CO2e	1,256,933.46	1,574,956.48	2,343,050.57
Scope 2 Emissions	Tons CO2e	16,617.31	11,942.01	11,849.48
Scope 1 Emissions (Attributable)	Tons CO2e	1,057,138.93	1,286,896.34	2,141,993.03
Scope 2 Emissions (Attributable)	Tons CO2e	16,245.32	10,960.41	10,069.12
Total Attributable GHG Emissions	Tons CO2e	1,073,384.25	1,297,856.74	2,152,062.15
Emissions Intensity	Tons CO2e/ GWh	307.16	339.91	464.51

*Our Scope 1 emissions include the direct combustion of various diesel and gasoline among our Company's plant equipment, generator sets, and company-owned vehicles, as well as, the combustion of coal in SLTEC. Standards used for the computations are based on the GHG Protocol Corporate Accounting and Reporting Standard. The gases reported include carbon dioxide, methane, and nitrous oxide.*

# Environmental Performance Indices

Water	Unit	2019 Performance	2020 Performance	2021 Performance
Water Consumption	cu.m	136,418.59	200,357.27	180,984.21
Water Withdrawal	cu.m	248,347,418.59	265,206,702.35	257,437,958.44
Surface Water	cu.m	-	2,445.00	5,158.00
Ground Water	cu.m	19,042.19	9,191.10	46,063.80
Seawater	cu.m	248,211,000.00	265,006,345.08	257,256,974.23
3rd Party Water	cu.m	117,376.40	188,721.17	129,762.41

*Seawater withdrawn by SLTEC from Balayan Bay is pass-through water for cooling purposes*

Hazardous Waste Generated by Type	Unit	2019 Performance	2020 Performance	2021 Performance
Batteries	kg	11,038.80	5,597.00	12,113.36
Electronic waste	kg	1,381.00	5,172.45	7,998.69
Used oil	kg	1,031,302.98	1,034,353.52	1,145,922.27
Busted fluorescent lamps	kg	500.50	485.62	107.50
Oil contaminated materials	kg	63,089.30	1,433,841.80	41,558.95
Chemical contaminated materials	kg	240.00	2,777.40	3,733.00
Other hazardous wastes	kg	3,320.20	1,159.80	17,352.41

Flyash Management	Unit	2019 Performance	2020 Performance	2021 Performance
Flyash generated	tons	44,277.15	60,955.65	82,196.77
Percentage of flyash recycled	%	92	82	83

# Human Capital Performance Indices

Employee Headcount			
	2019	2020	2021
Total Permanent Employees	428	649	702

Permanent Employees by Age									
2019			2020			2021			
Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	
153	188	87	222	332	95	222	393	87	

Permanent Employees by Gender					
2019		2020		2021	
Male	Female	Male	Female	Male	Female
328	100	488	161	515	187

Permanent Employees by Position									
2019			2020			2021			
Rank-and-file	Middle Management	Senior Management	Rank-and-file	Middle Management	Senior Management	Rank-and-file	Middle Management	Senior Management	
54	350	24	208	388	53	422	249	31	

Hires and Turnover					
2019		2020		2021	
New Employee Hires	Total Employee Turnover	New Employee Hires	Total Employee Turnover	New Employee Hires	Total Employee Turnover
67	53	90	63	140	110

# Human Capital Performance Indices

Training Hours by Position								
2019			2020			2021		
Employee Position	Total Training Hours	Average Training Hours	Employee Position	Total Training Hours	Average Training Hours	Employee Position	Total Training Hours	Average Training Hours
Rank-and-file	584	11	Rank-and-file	4,789	23	Rank-and-file	16,953	40
Middle Management	5,371	15	Middle Management	4,400	11	Middle Management	8,497	34
Senior Management	106	4	Senior Management	840	16	Senior Management	1,436	46

Training Hours by Gender								
Gender	Total Training Hours	Average Training Hours	Gender	Total Training Hours	Average Training Hours	Gender	Total Training Hours	Average Training Hours
Male	4,592	14	Male	6,749	14	Male	21,770	42
Female	1,469	15	Female	3,280	20	Female	5,116	27

Total Training Hours								
Total Employee Training Hours	6,061	Total Employee Training Hours	10,029	Total Employee Training Hours	26,886			
Company-wide Average Training Hours	14	Company-wide Average Training Hours	15	Company-wide Average Training Hours	38			

Occupational Health and Safety								
2019					2020			
Total number of non-disabling injuries	Total number of disabling injuries	Total number of fatalities	Safe manhours	Total number of non-disabling injuries for employees	Total number of disabling injuries	Total number of fatalities	Safe manhours	
15	0	0	2,543,234	109	14	1	7,256,162	
2021								
Total number of non-disabling injuries	Total number of disabling injuries	Total number of fatalities	Safe manhours					
90	0	0	6,468,047					

This table includes Occupational Health and Safety data for both direct and indirect workers at the plant level.



# Independent Assurance Statement

## INTRODUCTION

DNV AS Philippine Branch ('DNV') has been commissioned by the management of ACEN ('ACEN', 'the Client' or 'the Company', Securities and Exchange Commission Identification Number: 069-039274) to undertake an independent assurance of the sustainability / non-financial disclosures in ACEN's 2021 Integrated Report ('the Report') in its printed format for the year ended 31 December 2021. The intended users of this Assurance Statement are the management of the Company.

We performed a limited level of assurance using DNV's assurance methodology VeriSustain<sup>TM</sup><sup>1</sup>, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised\*, along with the Global Reporting Initiative's ('GRI's') Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ('SASB's') industry-specific Standards. The verification engagement was carried out from December 2021 to March 2022.

## SCOPE AND BOUNDARY OF ASSURANCE

The scope of assurance included a review of sustainability related disclosures and performance data from ACEN's operations in the Philippines.

Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics of ACEN as detailed under the section 'Materiality Assessment Process' in the Report i.e., covering entities over which ACEN has operational control or has seconded employees in operations. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

## RESPONSIBILITIES OF THE MANAGEMENT OF ACEN AND OF THE ASSURANCE PROVIDER

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. ACEN has stated that this Report has been prepared based on the Guiding Principles and Content Elements of the International <IR> Framework (the "<IR> Framework") and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards as well as the SASBs industry-specific Standards.

In performing our assurance work, DNV's responsibility is solely towards the Management of ACEN in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

## BASIS OF OUR OPINION

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to ACEN and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the Head Office, and sample sites at One Subic, Gigasol Paulig in the Philippines and consolidated annual numbers, based on DNV's sampling plan. Due to the COVID-19 pandemic and associated travel restrictions, we undertook remote audits in line with DNV's remote assessment methodology as site visits were not possible. We undertook the following activities:

- Review of the non-financial sustainability-related disclosures in this Report;

<sup>1</sup> The VeriSustain protocol is available on [www.dnv.com](http://www.dnv.com)

\*Assurance Engagements other than Audits or Reviews of Historical Financial Information.

- Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by ACEN;
- Interviews with select members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;
- Carried out remote assessment on their head office, select branches to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

#### **OPINION AND OBSERVATIONS**

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that ACEN's 2021 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework"). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

#### **Stakeholder Inclusiveness**

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

The Report has brought out key stakeholders (e.g., Investors & Shareholders, Customers, Business Partners, Government and Regulators, Employees, Community, Bank Counterparties & Creditors, Suppliers, Media, etc.) to engage with, to build trust, enhance ACEN's sustainability performance as well as managing risks in stakeholder engagement. The Report also describes the engagement modes such as meetings, involving, or collaborating with each stakeholder considering based on the extent of influence and articulates the value ACEN seeks to deliver through various engagement platforms including ACEN's responses to the key concerns through various disclosures on strategies and value creation in the Report.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

#### **Materiality**

*The process of determining the issues that are most relevant to an organization and its stakeholders.*

The Report brings out ACEN's process for identification and prioritization of the Company's material matters. Taking references from a wide variety of sources namely, the SASB Materiality Map, GRI Standards, industry benchmarks, global ESG trends in identifying its material topics, the Company identified material issues with regards to its business strategy, capitals, and stakeholder concerns. Finally, the material matters were validated through questionnaires disseminated across senior management and the Company commits to annual review.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

#### **Responsiveness**

*The extent to which an organization responds to stakeholder issues.*

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues including risks which have arisen during the reporting period through disclosures on Governance, Business Review, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices. The Report may further strengthen on this Principle in future reporting periods by bringing out the long- and medium-term targets towards value creation related to its identified material topics.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

### **Reliability**

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The majority of the performance disclosures verified through offsite verification, i.e., at the Head Office and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

### **Completeness**

*How much of all the information that has been identified as material to the organization and its stakeholders is reported.*

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2021 related to its material issues using appropriate GRI Topic Specific Standards and SASB disclosures, for the identified boundary of operations and covers the Company's approaches to value creation during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

### **Neutrality**

*The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.*

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

### **LIMITATIONS**

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement

excludes the sustainability management, performance, and reporting practices of ACEN's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements<sup>2</sup>, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

#### **STATEMENT OF COMPETENCE AND INDEPENDENCE**

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>2</sup> during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

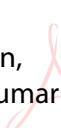
This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV has provided assurance to Ayala Corporation, Ayala Land Inc., AREIT, AC Energy Corporation, Manila Water Company Inc., and Globe Telecom, Inc. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any services to ACEN in 2021 that could compromise the independence or impartiality of our work.

#### **PURPOSE AND RESTRICTION ON DISTRIBUTION AND USE**

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

**For and on behalf of DNV AS Philippine Branch, Manila, The Philippines.**

 <b>Nagarajan, Sathishkumar</b> <small>Digital signature by Nagarajan, Sathishkumar Date: 2022.04.10 13:00:43 +08'00'</small>  <b>N Sathishkumar</b> <b>Lead Verifier</b> <b>Head, Sustainability Services (SEA)</b> <b>DNV Business Assurance</b> <b>Singapore Pte. Ltd.</b>	 <b>Percy Lakdawalla</b> <small>Digital signature by Percy Lakdawalla Date: 2022.04.11 16:40:00 +08'00'</small>  <b>Percy Lakdawalla</b> <b>Regional Manager - Asia Pacific</b> <b>Supply Chain and Product Assurance</b> <b>DNV Business Assurance Singapore</b> <b>Pte. Ltd.</b>	 <b>Kaliaperumal, Thamizharasi</b> <small>Digital signature by Kaliaperumal, Thamizharasi Date: 2022.04.11 10:28:52 +08'00'</small>  <b>Thamizharasi Kaliaperumal</b> <b>Assurance Reviewer</b> <b>Sustainability Services</b> <b>DNV Business Assurance India</b> <b>Private Limited</b>
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DNV AS Philippine Branch is part of DNV, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>2</sup>The DNV Code of Conduct is available from the DNV website ([www.dnv.com](http://www.dnv.com))

# 08 March 2022

# Report of the Audit Committee to the Board of Directors For the Year Ended 31 December 2021

The Board-approved Audit Committee (“the Committee”) Charter defines the duties and responsibilities of the Committee. In accordance with the Charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to the:

- Integrity of the Company’s financial statements and the financial reporting process;
- Appointment, remuneration, qualification, independence and performance of the external auditors and the integrity of the audit process as a whole;
- Effectiveness of the system of internal control;
- Performance and leadership of the internal audit function; and
- Company’s compliance with applicable legal and regulatory requirements.

In compliance with the Audit Committee Charter, we confirm that:

- A majority of the Audit Committee members are independent directors, including the Chairman;
- We had four (4) regular meetings and one (1) special meeting with Management, internal auditors and external auditors and two (2) executive sessions with internal auditors;
- We recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company’s 2021 external auditors and the related audit fee;
- We reviewed and discussed the quarterly unaudited and the annual audited parent and consolidated financial statements of AC Energy Corporation (ACEN) and Subsidiaries, including the Management’s Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. These activities were performed in the following context:
  - Management has the primary responsibility for the financial statements and the financial reporting process; and
  - SGV & Co. is responsible for expressing an opinion on the conformity of AC Energy Corporation’s audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.
- We approved the overall scope and the respective audit plans of the Company’s internal auditors and SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company’s internal controls, and the overall quality of the financial reporting process including their management letter of comments;

- We reviewed the reports and updates of the internal and external auditors ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by the internal audit as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's system of internal controls, risk management, compliance, and governance processes are adequate;
- We reviewed and approved all audit, audit-related and non-audit services provided by SGV & Co. to AC Energy Corporation and the related fees. We also assessed the compatibility of non-audit services with the auditors' independence to ensure that such services will not impair their independence;
- We reviewed the Audit Committee Charter and Internal Audit Charter to ensure that it is updated and aligned with regulatory requirements;
- We endorsed for Board approval the appointment of Mr. Arnel A. Racelis as the Company's Officer-in-Charge (OIC) Chief Audit Executive effective 1 February 2022 to replace Mr. Henry T. Gomez, Jr., who took on a new role in the Company;
- We evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and
- We conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter.

*Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2021 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the reappointment of SGV & Co. as AC Energy Corporation's external auditors and the related audit fee for 2022 based on their performance and qualifications.*

9 March 2022

Signed by:

 <hr/> <b>MA. AURORA D. GEOTINA-GARCIA</b> Chairperson	 <hr/> <b>CONSUELO D. GARCIA</b> Member	<div style="border: 1px solid blue; padding: 5px; display: inline-block;">           DocuSigned by:    <small>71C23ADBAC9B4CF...</small> </div> <b>NICOLE GOH PHAIK KIM</b> Member
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# Corporate Information

## STAKEHOLDER INQUIRIES

ACEN welcomes inquiries from analysts, the financial community, institutional and retail investors, customers, media, and the general public.

Please contact:

### Investors

[investorrelations@acenenergy.com.ph](mailto:investorrelations@acenenergy.com.ph)

### Corporate Communications

#### and Sustainability

[corpcomm@acenenergy.com.ph](mailto:corpcomm@acenenergy.com.ph)

### Governance

[corpsec.acen@acenenergy.com.ph](mailto:corpsec.acen@acenenergy.com.ph)

### Data Protection

[dataprivacyacen@acenenergy.com.ph](mailto:dataprivacyacen@acenenergy.com.ph)

### Human Resources

[careers@acenenergy.com.ph](mailto:careers@acenenergy.com.ph)

## FINANCIAL STATEMENTS

ACEN 2021 Audited Financial Statements and Definitive Information Statement may be accessed from [www.acen.com.ph](http://www.acen.com.ph)

## SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of address and account status, and lost or damaged stock certificates, please write or call:

BPI Stock Transfer Office

3F BPI Buendia Center

372 Sen. Gil Puyat Avenue,

Makati City, 1226 Philippines

Tel + 632 8580 4693 to 95

[stocktransferoffice@bpi.com.ph](mailto:stocktransferoffice@bpi.com.ph)



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