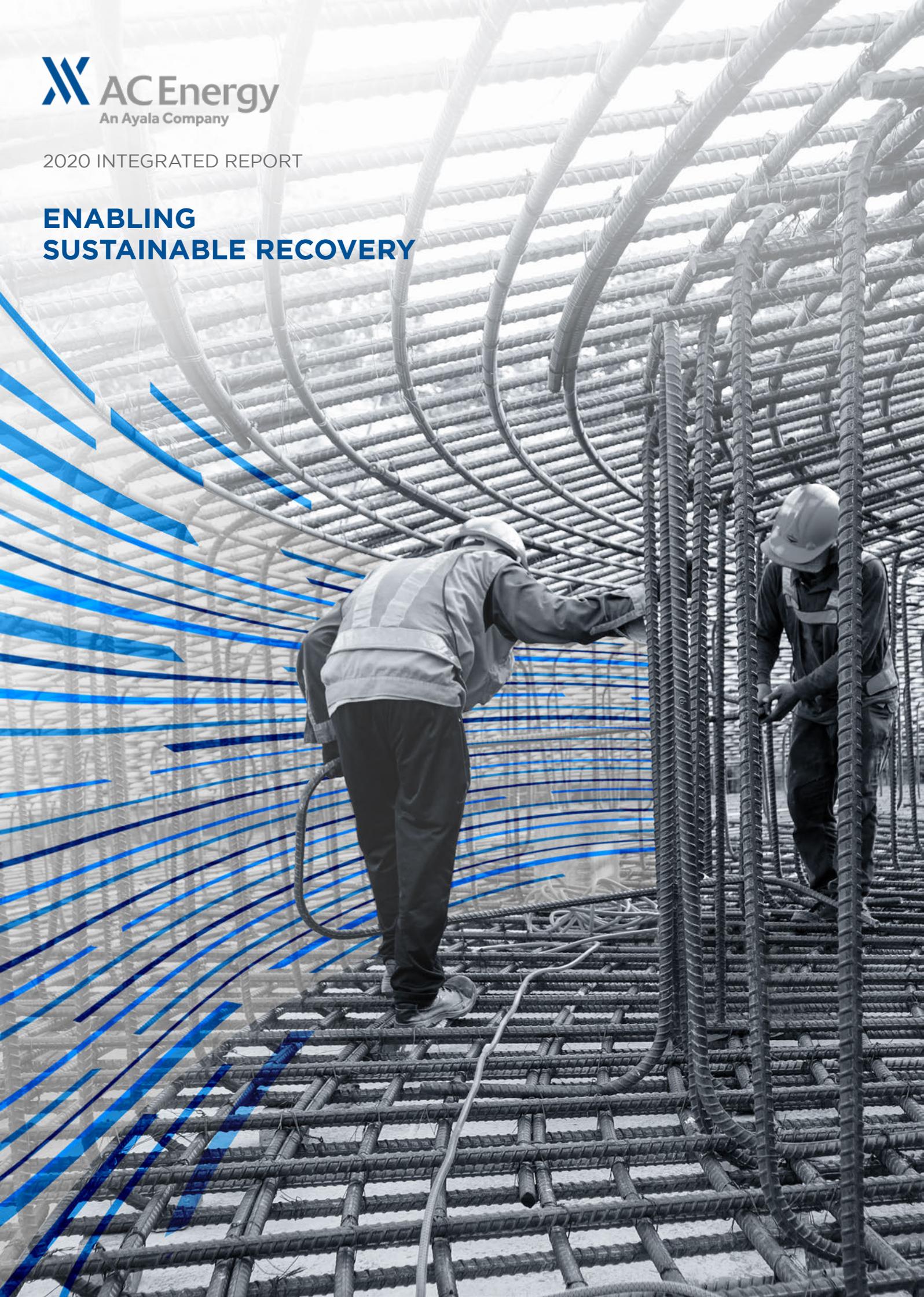


**ENABLING  
SUSTAINABLE RECOVERY**





To help the economy rise from the effects of the pandemic, AC Energy remained focused on its renewables growth strategy. Our 2020 investments in the Philippines created more than 3,000 jobs within our host communities, and continue to be vital pieces towards reigniting the economy and creating economic activity.

We believe that moving to a low-carbon economy will produce jobs and further prevent human harm. The World Bank estimates that transitioning to low-carbon, resilient economies could create 65 million new jobs by 2030\*. We will continue to collaborate with partners that can help us drive progress towards our sustainable energy transition.

**Photo:** Concrete pouring of the massive wind turbine foundation

\*Worldbank.org, Human capital and climate action: Outcomes that deliver for people and planet, May 12, 2020

# Table of Contents

- 4 About the Report
- 5 Protect, Serve, Pivot: Ayala Group's Response to the Pandemic
- 9 AC Energy in 2020
- 13 Message from the Chairman and the President
- 17 Sustainable Transformation
- 21 Geographic Presence
- 23 How We Create Value
- 25 Our Sustainability Focus Areas
- 45 Governance and Leadership Team
- 75 Annexes

Photo: North Luzon Renewables Wind Farm in Pagudpud, Ilocos Norte

# About the Report

## Approach to Reporting

This is the second Integrated Report of AC Energy Corporation (PSE: ACEN), formerly AC Energy Philippines. The Report outlines AC Energy Corporation'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 AC Energy's performance as against its Key Performance Indicators (KPIs). The Report also references the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI).

The information in this Report covered the period January 1, 2020 to December 31, 2020.

## Forward-looking Statements

AC Energy Corporation discloses forward-looking statements and illustrations in the Report to aid current and potential investors and stakeholders understand the AC Energy Corporation 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 AC Energy Corporation, 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, AC Energy has 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 AA1000AS standards 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 AC Energy for continuous improvement of our data collection, control and reporting practices.

## Feedback

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

# PROTECT SERVE PIVOT

AYALA GROUP'S RESPONSE TO COVID-19

The Ayala Group's commitment to nation-building became the focus, as COVID-19 brought the company's years of history, diversity, and experience to the fore.

"It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges," said Fernando Zobel de Ayala, Ayala Corporation President and COO. "A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us," added Jaime Augusto Zobel de Ayala, Ayala Corporation Chairman and CEO.

The initiatives we led as a group were guided by our drive to protect our employees, serve the larger community, and pivot our businesses toward a new normal resilient to the impact of the pandemic.

**1 AC Health opens COVID-19 referral centers**  
AC Health converted two QualiMed hospitals in Sta. Rosa and San Jose Del Monte into COVID-19 referral centers. To date, these hospitals have performed over 80,000 tests.

**2 Manila and Quezon cities get a boost in COVID-19 testing from Ayala**  
Donated by the Ayala Group, the City of Manila opened a new molecular laboratory inside Sta. Ana Hospital, with serology testing being offered in various barangays for free. Ayala also donated two GeneXpert PCR machines.

Likewise, Quezon City received a Bio Rad PCR machine for its newly constructed Quezon City Bio-Molecular Laboratory. An additional P4.5million worth of supplies for PCR pooled testing were also donated by Ayala and the LGU's partners.

**3 Ayala donates testing facilities for Davao**  
Ayala donated an automated RNA Extraction machine and two RT-PCR machines to Davao City's Southern Philippines Medical Center, allowing the hospital to test as many as 1,000 more patients a day.

**4 Swabbing booths are donated**  
Ayala donated booths for the government's four main swabbing centers: Palacio de Manila Tent along Roxas Boulevard, the Mall of Asia Arena in Pasay City, Enderun Colleges in Taguig City, and the Philippine Arena in Bulacan.  
Photo by: KrizJohn Rosales of Philippine Star

**5 Ayala group donates to Red Cross**  
With Bank of the Philippine Islands and Globe Telecom, Ayala helped the Philippine Red Cross address critical needs in public health protection.

**6 A 502-bed mega isolation facility is created in seven days**  
The World Trade Center (WTC) We Heal as One Center was made possible through the collective efforts of Ayala, Ayala Land, Globe Telecom, Manila Water, Integrated Micro- Electronics, and AC Energy, with the ICCP Group and Manila Exhibition Center Inc. (MEC) and in partnership with the Bases Conversion Development Authority (BCDA) and the National Government. The Ayala Group of Companies pooled P46.4 million for this project.

**7 Project Ugnayan reaches out to Metro Manila's most vulnerable**  
With the Philippine Disaster Relief Foundation and Caritas Manila, Ayala convened 270 private corporations and raised PhP1.7 billion for food vouchers and donations, benefitting around 14 million individuals in the Greater Manila Area. Visit [www.projectugnayan.org](http://www.projectugnayan.org)  
Photo by: Xyza Bacani





**“A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us.”**

*Jaime Augusto Zobel de Ayala  
Ayala Corporation  
Chairman and CEO*

**“It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges.”**

*Fernando Zobel de Ayala  
Ayala Corporation  
President and COO*



**8** IMI creates an affordable alternative for ventilators  
The University College London’s (UCL) Ventura Flow Generator is the first breathing aid to be manufactured in the Philippines, localized by Integrated Micro-Electronics Inc.’s (IMI) UK subsidiary’s technology. It received FDA approval in July 2020.

**9** MWF pushes for hygiene awareness and creates facilities  
Manila Water Foundation (MWF) continues to build new and rehabilitate existing handwashing facilities and distribute hygiene packages under MWF’s banner program, “WASH in Pandemic.”

**10** Ayala looks after employees through testing  
The Ayala Group’s immediate response to COVID-19 was to protect its employees, both financially and physically. Visit <https://chronicle2020.ayala.com>

**11** Ayala Land (ALI) converts Red Cross Laboratory COVID testing  
ALI’s Makati Development Corporation (MDC) converted an area inside the Philippine Red Cross headquarters in Mandaluyong City into a biosafety laboratory class 2 facility. MDC has since built six other COVID-19 facilities nationwide.

**12** High-speed Internet access for Pasig  
Globe Telecom and the local government of Pasig City partner up to deliver high-speed and affordable Internet access through GoWiFi and KonekTayo WiFi.

**13** Internet access for students of Manila  
Globe Telecom’s KonekTayo School Bus WiFi was launched in Manila, helping students avail of the KonekTayo WiFi service for as low as PhP15 a day.  
Photo Credit: Marianne Bermudez of Philippine Daily Inquirer

**14** AC Health and Qualimed launch a vaccination drive  
Dr. Edwin Mercado, Vice-Chairman of QualiMed’s founding group Mercado General Hospital, Inc. (MGHI), was the first healthcare worker outside of Metro Manila to be vaccinated with the AstraZeneca vaccine.

# AC Energy CORPORATION in 2020

We aspire to be the largest listed renewables platform in Southeast Asia, with a goal of reaching 5GW of renewables capacity by 2025.

Net Income  
**₱3.75B**  
 ▲ 65x

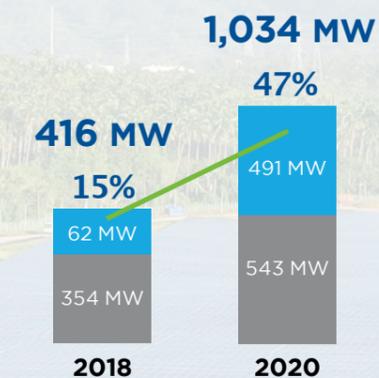
Shareholders' Equity  
**₱21.35B**  
 ▲ 30%

Revenue  
**₱20.44B**  
 ▲ 27%

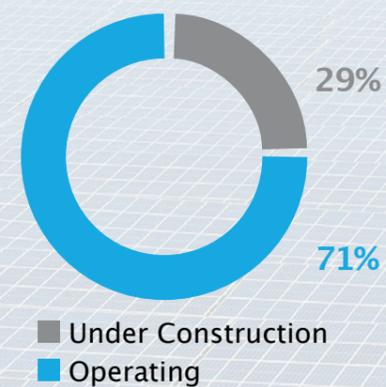
Market Capitalization  
**₱110.48B**  
 ▲ 7x

The Philippines remains to be AC Energy's core market, and the company reinforces its strong commitment to invest in much needed energy projects in the country as it takes strides to expand and diversify its generation portfolio, and significantly increase its renewables capacity.

### % Renewables Share Increase



■ Thermal ■ RE ■ RE Share %



■ Under Construction  
 ■ Operating

Our 120 MW Giga Sol Alaminos solar farm features a pioneering Sustainability Hub and is surrounded by Ayala Land's Carbon Forest.

Photo: 120 MW Giga Sol Alaminos in Laguna



Renewables Share

**47%**

MTCO<sub>2</sub>e Emissions avoided

**349,437**

**Our sustainability strategy is embedded in our corporate strategy and aligned with the UN Sustainable Development Goals.**

## 2020 Highlights



### Protecting the Turtles

In the coastal town of Bangui, species of endangered marine turtles have been observed laying eggs and nesting along the shoreline of the bay. Through awareness campaigns and continuous coordination with the locals, the danger of poaching and smuggling of the eggs have significantly decreased, with the residents acting as guardians of the endangered species, becoming partners of AC Energy in turtle conservation.



### Birds of the Conservation Estate

In Ilocos Norte, residents have discovered the value of protecting nature, and have become stewards of AC Energy's Conservation Estate. The forests witness an increase in biodiversity as AC Energy and its wind farms, North Luzon Renewables and NorthWind, with the help of the locals, create an ecologically diverse landscape. The forest is now home to 117 species of birds, 33 of which are endemic, and four are classified as vulnerable.

### Piloting circular approach in construction sites

AC Energy integrated a circular approach in its renewable energy developments. In Alaminos and Palauig, a total of 8,645 kg of plastic waste from solar panel packaging have been recycled into eco bricks to be used as construction materials for solar plant facilities.



Land protected and restored

**910 hectares**

Sustainability Investments

**₱151.51M**

from 2018 to 2020

### Capacity Building

With various training workshops to build their skills, local residents learn sustainable farming techniques such as contour hedgerow and watershed systems at AC Energy's model farm in Ilocos Norte. They are also taught how to produce mushrooms, ginger, ube, and other root crops, fruits and vegetables. Today, there are close to 2,000 fruit trees of cacao, coffee, calamansi and cashew flourishing in the farm.



## Message from the Chairman and the President

### Dear Fellow Shareholders,

After more than a year, the COVID-19 pandemic remains as the most challenging crisis we have all faced in recent times in terms of its unprecedented impact to human life as well as our healthcare and economic system. Amidst the continuing challenges, we recognize the tremendous sacrifice and service of our many healthcare and economic frontliners. We deeply appreciate all that you continue to do for the country.

### Strong Bayanihan spirit

On behalf of the entire Ayala Group, we give our sincere thanks to the entire AC Energy team for its unwavering commitment to go the extra mile to ensure stable and reliable access to power for our communities, especially during these times. We extend our deepest gratitude to our various energy frontliners, some of whom have had to stay at our powerplants and away from their families for several months in order to provide power for commerce, industry and everyone working and schooling from home.

We also thank our colleagues at AC Energy for going beyond the call of duty and contributing resources in the fight against COVID-19. Your assistance in establishing treatment facilities early during the pandemic was greatly appreciated. We are delighted to see the strong spirit of Bayanihan in our organization, and hope that we can sustain this moving forward.

As our understanding of the pandemic deepens, we believe that there is now a renewed appreciation of the interconnectedness of communities and the infrastructure that hold these together. We recognize that complex global issues, such as the pandemic, economic inequality, and climate change, trace their roots to failures in fully integrating sustainability principles to decision-making and operations. In the same vein, embracing sustainability will be our way forward in addressing these intricate global challenges. We are encouraged that several governments and private institutions, including many in the Philippines, are renewing their commitments to these same principles.

### Green-led recovery

Amidst plans to revive our economy, we believe that we have a once-in-a-lifetime opportunity to “build back better” towards a more sustainable, resilient, and inclusive future as we steadily move the post-COVID world. **Sustainable recovery is now seen as perhaps our best and only way forward to achieve our environmental goals to mitigate climate change, to create jobs, build economic resilience, and ultimately, improve the well-being of people. We are delighted that AC Energy has made significant progress along these fronts and continues to be recognized as a key contributor to sustainable growth and development.**

For the past year, AC Energy Corporation or ACEN, remained focused on its renewables growth strategy through continuous renewable energy investments. Despite the difficult year, the company earmarked ₱10 billion in CAPEX and augmented its generating capacity with the construction of two new solar plants, battery storage and firming facilities in Luzon. This brings ACEN’s total attributable capacity to 1,034 MW, with almost half of the capacity coming from renewable sources. Our 2020 investments created more than 3000 jobs within our host communities and continue to be vital pieces towards reigniting the economy and creating economic activity.

As the country looks ahead to bounce back quickly from the pandemic, ACEN remains strongly committed to our vision of a sustainable energy future. In fact, we believe that this commitment to a green-led recovery is more important now than ever. Towards this end, we built our sustainability framework on three focus areas embedded across our business operations, governance, and culture. We aim to have a low carbon portfolio by 2030, protect the environment, and invest in our host communities.



*Fernando Zobel de Ayala*  
**Fernando Zobel de Ayala**  
 Chairman

*John Eric Francia*  
**John Eric Francia**  
 President and CEO

**Extraordinary turnaround year**

AC Energy Corporation registered a record P3.75 billion in net income in 2020, an exceptional performance that was driven by three factors:

First, the company was able to achieve significant improvement in operating efficiencies and reliability. Plant availability increased by 29 percentage points for its thermal assets. These improvements were borne out of the plant renewal initiatives that the company carried out when it started the transformation journey in the middle of 2019.

Second, the company significantly improved its operating margins. This was largely driven by the ability to secure longer term contracts that provide more stable cash flows. The company's agile energy portfolio also allowed the strategic sourcing of competitive priced electricity and fuel to help improve margins.

Third, the company successfully completed the

**Net Income**  
**₱3.75B**

acquisition of additional stakes in three renewable projects in early 2020: the North Luzon Renewables wind farm in Ilocos Norte and Sacasol and Islasol solar farms in Negros Occidental. These acquisitions, with a total investment of P7.4 billion pesos, were earnings accretive given the operational status of the power plants.

To further augment its generating capacity and notwithstanding the pandemic, the company carried out the construction of five projects through 2020 totaling around 374 MW of gross capacity.



These projects include the 120 MW solar project and the 40 MWh battery storage project in Alaminos, Laguna, the 60 MW solar project in Palauig, Zambales, and the 150 MW quick response thermal plant in Pililia, Rizal. The company is also constructing a renewable energy laboratory in Mariveles, Bataan equivalent to a 4 MW hybrid solar plant integrated with an energy storage system, which will test various new technologies in solar and battery storage. This will help the company select the best technologies as it scales up its investments in solar and storage in the coming decade.

**Total Attributable Capacity**

**1,034 MW**

**Total Renewables Capacity**

**491 MW**



**AC Energy's exceptional performance in 2020 was driven by three factors**



Significantly improved operating efficiencies and reliability



Significantly improved operating margins



Successfully completed the acquisition of additional stakes in three renewable projects

## Sustainable Transformation

We aspire to be the largest listed renewables platform in Southeast Asia.

#LALIREPSEA

### 2025 Outlook

AC Energy now has over 1,000 MW of attributable capacity in the Philippines, with almost half of the capacity coming from renewable sources. We expect the share of renewables to significantly grow over time as the company focuses on scaling up its investments in solar and wind farms.

The company has also recently reaffirmed the March 2020 Board decision to infuse the international assets of its parent, AC Energy and Infrastructure Corporation.

The international assets is comprised of approximately 1,400 MW of attributable capacity in operation and under construction across multiple geographies including Vietnam, Indonesia, Australia and India. 100% of these capacities are from renewable sources - particularly solar, wind and geothermal.

After the infusion is completed, this will increase AC Energy's attributable capacity to 2,400 MW, of which over 1,800 MW or 77% is from renewable sources. This puts AC Energy in an excellent position to attain its vision of reaching 5 GW of renewables by 2025, and realize its aspiration of becoming the largest listed renewables platform in Southeast Asia.

In order to achieve its bold ambition, the company is further strengthening its balance sheet and augmenting its cash position. In January 2021, the company completed its stock rights offering that raised P5.4 billion from the issuance of 2.27 billion primary shares. This was followed by the successful completion of a private placement of 4 billion primary shares to GIC, Singapore's sovereign wealth fund. The private placement added around P11.9 billion of cash, resulting in a total of P17.3 billion pesos of additional cash in the first quarter of 2021.

The planned infusion of the international assets and the recent fund raising will further grow the company's balance sheet by about three and a half times.

Our strong balance sheet is complemented by a robust pipeline of renewable projects, and a highly capable and motivated team. This places AC Energy in an excellent position to play a meaningful role in the green-led recovery and to continue this journey as we all work towards our aspiration of becoming the largest listed renewables platform in Southeast Asia.

We thank the entire AC Energy organization and its management team for a milestone 2020, despite the many challenges. We still have quite a journey ahead towards our full recovery, but encouraged that we have built a solid platform from which to continue our growth as a company, while contributing to the progress of the country.

On behalf of the Board of Directors, the management, and our entire team, our sincere appreciation to our shareholders and our many stakeholders for your continued trust and support. We remain committed to play a meaningful role in the green-led recovery, as we accelerate our investments in the midst of the sustainable energy transition.



# Key Milestones

NET ATTRIBUTABLE CAPACITY

696 MW

621 MW

1,034 MW

2,400 MW TARGET

## PHINMA ENERGY



Formerly Trans-Asia Oil and Mineral Development Corporation

## AC ENERGY, INC.

66.34% OWNERSHIP INTEREST  
AC ENERGY PHILIPPINES



- 51.48% of Phinma Energy acquired and an additional 14.86% subscribed by AC Energy and Infrastructure Corp.
- Renamed to **AC Energy Philippines, Inc. (ACEPH)**

June - September

## INFUSION OF PHILIPPINE ASSETS



ACEIC transferred rights and interests in its Philippine generation and development assets to ACEPH<sup>1</sup>

October

## ACQUISITIONS AND GREENFIELD DEVELOPMENTS



- Purchase of 20% stake of Axia Power in SLTEC, and equity interests in NLR, SACASOL and ISLASOL
- Development of 120 MW solar plant in Alaminos, Laguna, 150 MW diesel plant in Pilillia, Rizal, 60 MW solar plant in Palauig, Zambales, 40 MWh Alaminos Battery Energy Storage System and 4 MW RE Lab in Bataan

## STOCK RIGHTS OFFERING



- Renamed to **AC Energy Corporation ("ACEN")**
- Successful completion of ACEN's Stock Rights Offering ("SRO")
- SRO raised approximately **P5.4B** in gross proceeds

January

## FOLLOW-ON OFFERING AND INFUSION OF INTERNATIONAL ASSETS<sup>2</sup>



- Private placement by GIC
- Follow-on offering<sup>3</sup>
- ACEIC to infuse international business and investments into ACEN<sup>2</sup>

2021

1969

2019

1. Increase in authorized capital stock and subscription via property-for-shares approved by the SEC on 22 June 2020.  
 2. Expected to be filed and closed in 2021, subject to Board approval, various regulatory approvals and other contingencies.  
 3. A REGISTRATION STATEMENT RELATING TO THE OFFER SHARES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE OFFER SHARES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE.

# Geographic Presence

## Philippine Assets

- Operating Plants
- Under construction

### Net Attributable Capacity

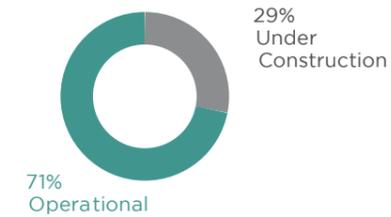
**1,034 MW**

Including

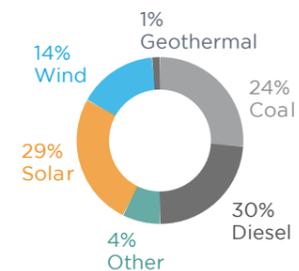
**491 MW**

Renewables

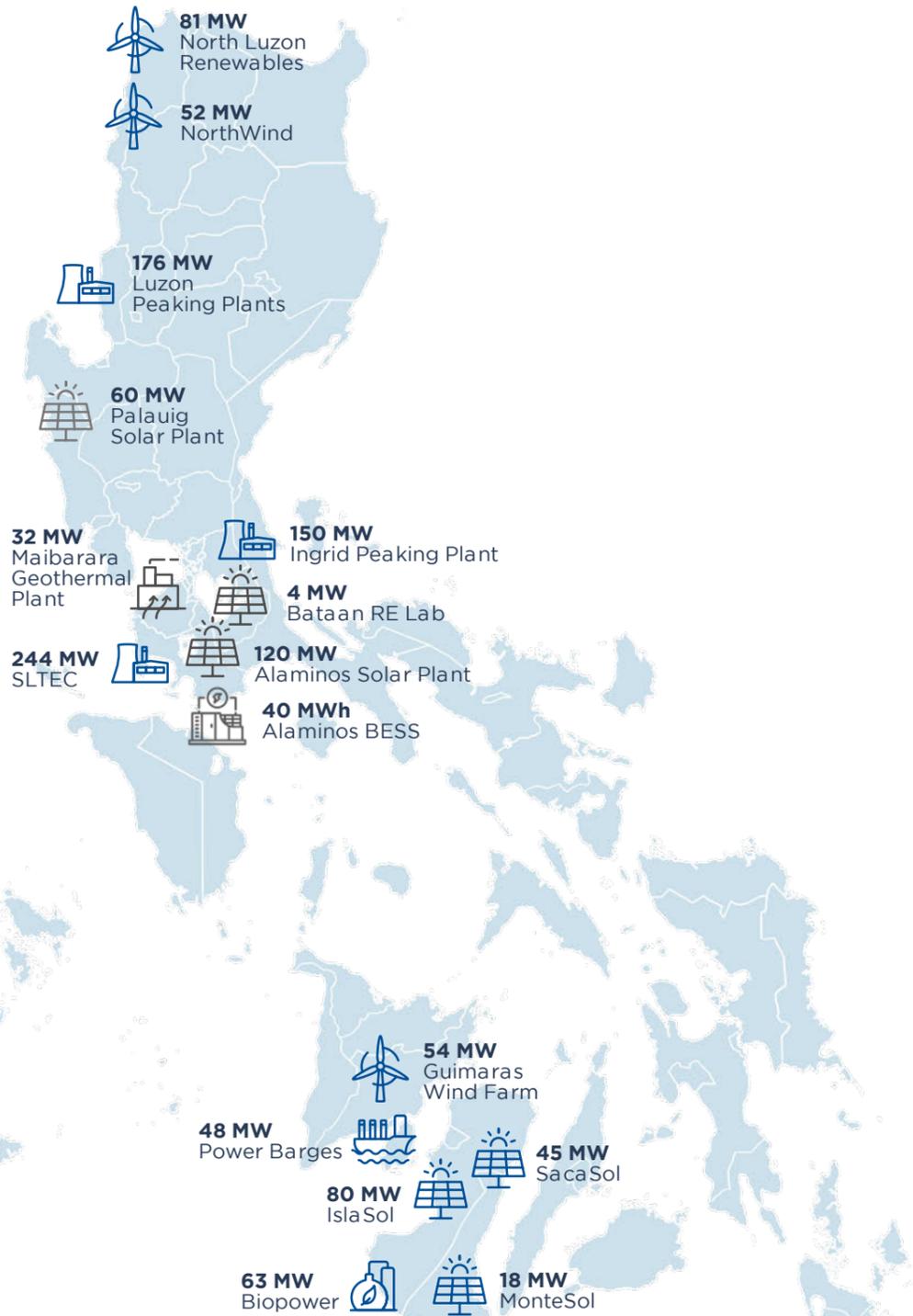
### Operating Status



### Technology



Map shows installed capacities as of March 2021, using DC capacities for solar projects



AC Energy Corporation (PSE: ACEN) is the listed energy platform of the Ayala Group. The company has ~1034 MW of attributable capacity in the Philippines. This is expected to increase with the planned infusion of AC Energy International, which has ~1,400 MW of attributable capacity.

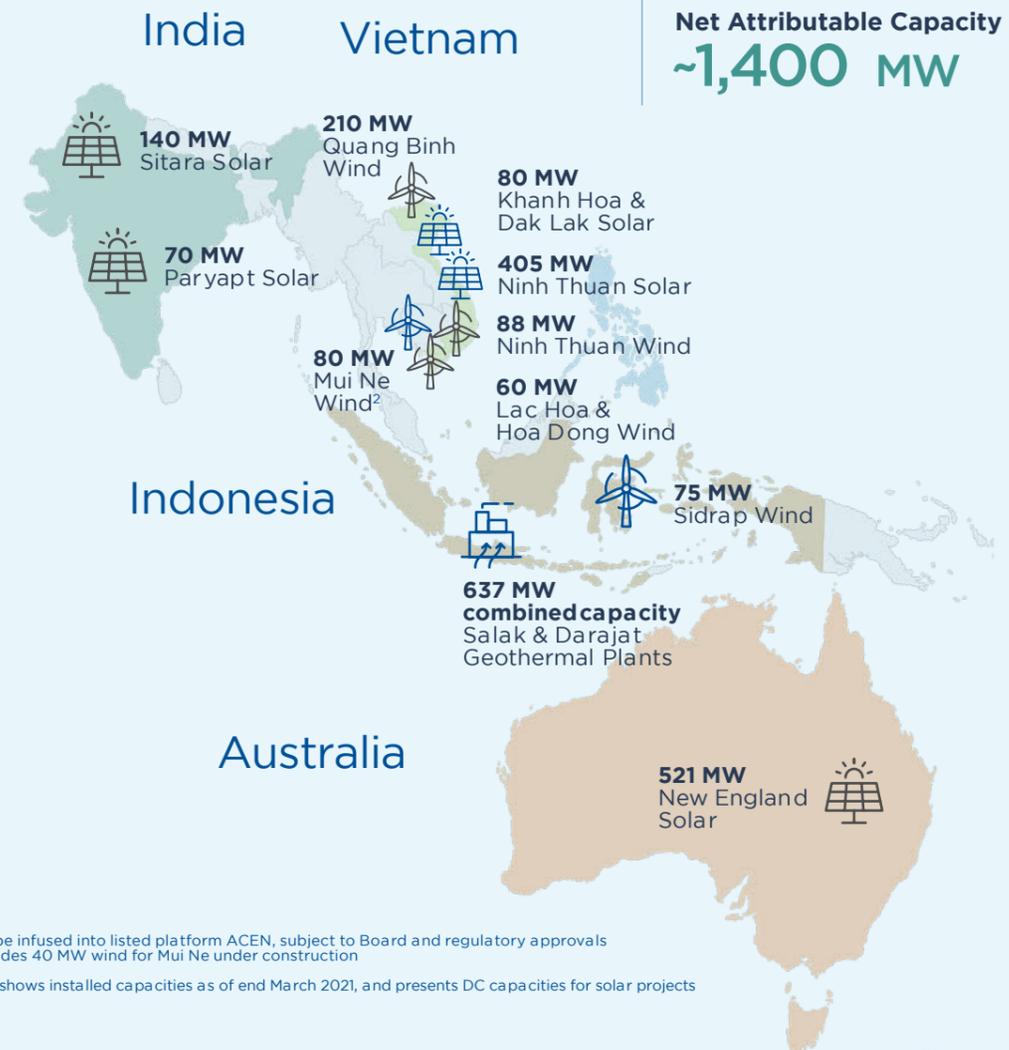
Asia Pacific is just at the very early stage of the energy transition, and AC Energy is in an excellent position to capture these opportunities.

Through its strong network of partners and banking relationships that help accelerate its growth across the region, and its highly motivated, dynamic and agile team that has consistently executed and surpassed expectations, AC Energy is very much on track to realize its aspiration to become the **largest listed renewables platform in Southeast Asia.**

## International Assets<sup>1</sup>

Renewables **100%**

Net Attributable Capacity **~1,400 MW**



1. Will be infused into listed platform ACEN, subject to Board and regulatory approvals  
 2. Includes 40 MW wind for Mui Ne under construction

\* Map shows installed capacities as of end March 2021, and presents DC capacities for solar projects



# How We Create Value

**25**

**Our Sustainability Focus Areas**

**27**

**A Low Carbon Portfolio by 2030**

**31**

**Protecting the Environment**

**35**

**Community Investments**

**41**

**Value Creation**

**43**

**Stakeholder Engagement**

# Our Contribution to the Sustainable Development Goals

We remain strongly committed to our vision of a sustainable future.



Photo: North Luzon Renewables Wind Farm in Pagudpud, Ilocos Norte

AC Energy’s commitment to sustainability is linked to its corporate strategy and vision, and aligned with the UN Sustainable Development Goals. Guided by its Environmental & Social (E&S) Policy, the company’s sustainability framework is built on three focus areas embedded across its business operations, governance, and culture: having a low carbon portfolio by 2030, protecting the environment and investing in communities.

### Measuring Our Impact on Sustainability

AC Energy started to develop targets and measures to help drive its sustainability agenda a cross the organization and with its business partners.

Sustainability is fully integrated in the company’s strategy. In March 2020, AC Energy announced the board approval of its E&S Policy, incorporating sustainability in its business and organization. At the core of the policy is the company’s transition to a low carbon portfolio and divestment of its coal plants by 2030.

AC Energy also established a management system that incorporates global best practices in biodiversity management, circular economy, community relations, and organizational diversity, well-being, and safety.

### AC Energy and the TCFD

In Q1 2021, AC Energy signed up as a supporter of the Task Force for Climate-Related Financial Disclosures. 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.

### Our Priority SDGs

We focus on these SDG areas where we believe we can make the most difference and are most relevant to our business.



### Green Finance Leadership

In 2020, AC Energy’s parent, AC Energy & Infrastructure Corporation (ACEIC) was cited as the largest issuer of green bonds in the Philippines, with four tranches of green bonds outstanding ranging in size from US\$ 75 million to US\$ 400 million. As of end 2020, 70% of the green bonds have been deployed to the company’s various renewable energy projects. In the Philippines, the bonds have funded two new greenfield solar projects in Alaminos, Laguna and Palauig, Zambales.

AC Energy’s sustainability framework is built on three focus areas:





## A Low Carbon Portfolio by 2030

Energy with purpose means operating safely, reliably and sustainably.

Photo: NorthWind Wind Farm in Bangui, Ilocos Norte

### Sustainable Development and the Energy Transition

Amidst the pandemic, AC Energy showed resilience to “build back better” and pursue energy transition through sustained renewable energy investments to counter the socio-economic crisis. The company remained 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.

To further augment its generating capacity, AC Energy carried out the construction of five projects in 2020 with an aggregate capacity of 375 MW. These projects include the 120 MW solar project and 40 MWh battery storage project in Alaminos Laguna, the 60 MW solar project in Palauig, Zambales, and the 150 MW quick response thermal plant in Pililla, Rizal.

The company is also constructing a renewable energy laboratory in Mariveles, Bataan which will test various new technologies in solar and battery storage. This will help the company select the best technologies as it scales up its investments in solar and storage in the coming decade.

AC Energy now has 1,034 MW of attributable capacity in the Philippines, with almost half of the capacity coming from renewable sources.

AC Energy’s transformation is well underway, and it is well-positioned to accelerate its sustainable investments as it strives to play a meaningful role in a green-led recovery.

Total Attributable Capacity

1,034 MW

Total Renewables Capacity

~491 MW

Renewables Share in 2020

47%



#### Enabling Community Progress

As the 120 MW GigaSol Alaminos solar farm takes shape, AC Energy showcases its ability to play a prominent role in providing clean energy to the grid while spurring inclusive and sustainable economic growth to its host communities.

For the local community, the solar development brings significant value by creating job opportunities that reignite the economy amidst the pandemic, showing the social and economic benefits of sustainable investing.

The solar farm in Alaminos is a living example of AC Energy’s efforts to create shared value in the communities where it operates - ensuring renewable energy supply while strengthening community vitality.

## Ensuring Reliable and Sustainable Energy

As AC Energy scales up its renewables business, it also ensures its power plants are operating at top efficiency. In 2020, the company was able to achieve significant improvement in operating efficiencies and reliability for its plants.

The improvements were borne out of the plant renewal initiatives that AC Energy carried out when it started its transformation journey in 2019. With a focus on strategic investments, the company also operates thermal assets to complement its renewable assets and ensure power reliability, with these assets increasing its availability by 29 percentage points.



Significant improvement in operating efficiencies and reliability.



Significantly improved operating margins.

### PLANT OPTIMIZATION AND RELIABILITY

For its wind farms, AC Energy tapped WindESco for assessment studies to be conducted and enhancements to be implemented on its wind turbine operations, resulting in increase in energy yield for up to 95%. Detailed maintenance of its substations, feeders, switchgears and transmission lines also contribute to the improved availability of the plants.

Consistently implementing health and safety protocols in its operations, SacaSol and IslaSol achieved 1 million safe manhours without LTA, alongside strict health protocols to address the threat of COVID-19 at the workplace.

### HEALTH AND SAFETY AT THE FOREFRONT

In October of 2020, a senior executive was appointed to lead health and safety and an immediate focus ensued to establish an enterprise-wide health and safety program. The program aims to elevate and transform the company's health and safety culture, review and enhance policies, and establish proactive metrics.

The centerpiece of the program is a focused and plant-exclusive two-day Boot Camp to which leaders of each plant were invited and exposed to various experiential and instructional sessions that underscore the importance of foundational health and safety practices such as stop-work authority, hazard identification, and empowerment.

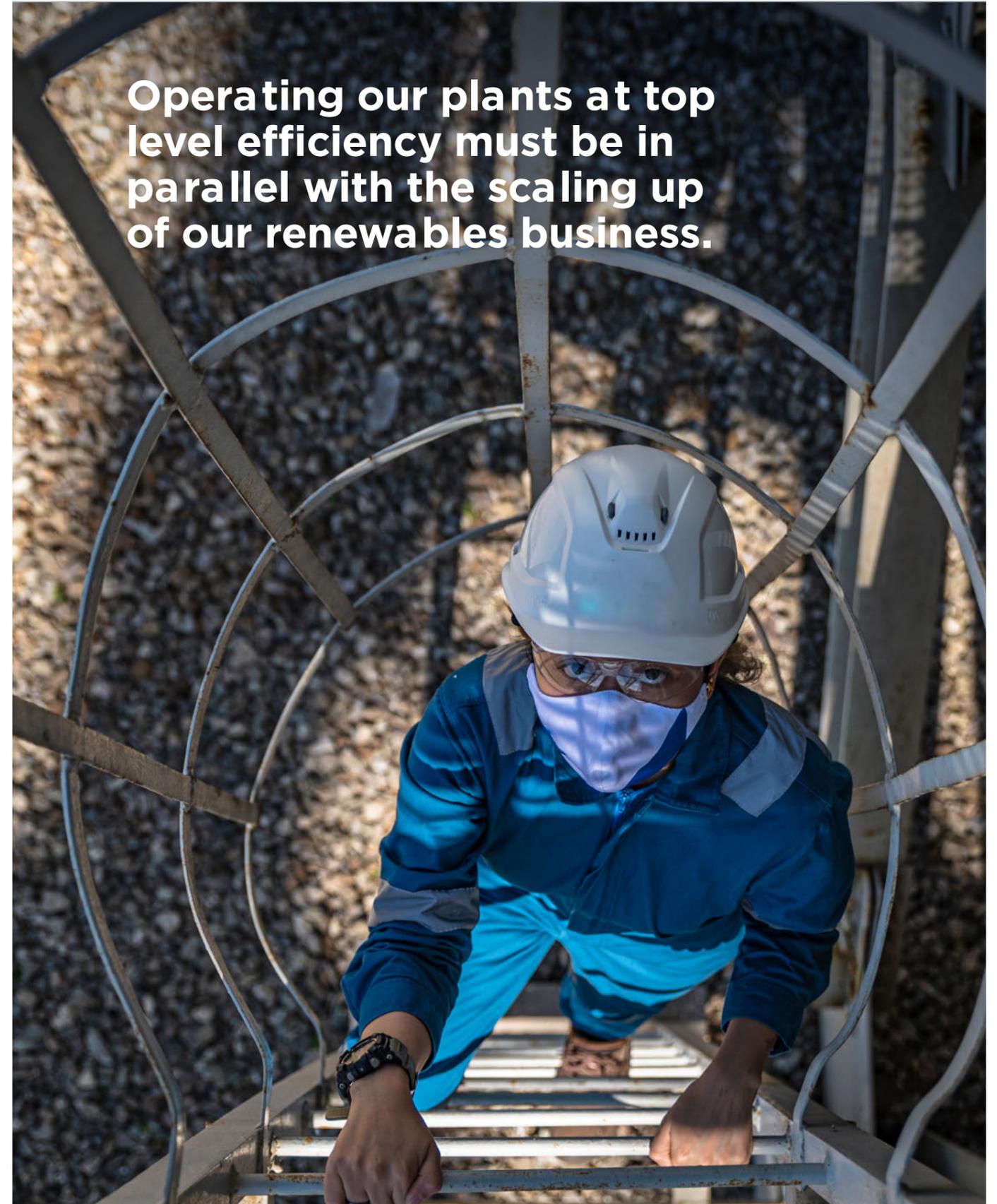
Constant, enjoyable, and rigorous weekly interactions between plant and corporate Health and Safety Leads, meant to reinforce the learnings and enhance collaboration, followed the various Boot Camps.

Most of all, the health and safety is a priority for plant leadership and demonstrated, among other ways, by the fact that it is their biggest deliverable, weight-wise, for 2021. Furthermore, the functional H&S leads deployed at each plant and site now feel they have strong corporate backing and support in the programs they need to implement.

### The Road to International Certification

Committing to sustainability means committing to responsible plant operations in the most efficient manner with the least possible environment impact. In early 2020, AC Energy set to achieve ISO certification in the areas of Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015) and Occupational Health and Safety Management System (ISO 45001:201), with the aim to implement effective and robust processes to increase plant efficiency and productivity while generating consistent, measured and monitored output. AC Energy is targeting to secure the certifications within 1H 2022.

In July 2020, Power Barge 102 in Iloilo had an unfortunate accident which led to an oil spill of about 268,000 liters of bunker fuel off the Iloilo strait. The oil spill had been subsequently contained and collected using the Shoreline Cleanup Assessment Technique conducted by a third-party service provider. AC Energy collaborated with the Department of Environment and Natural Resources - Environment Management Bureau Region 6, the International Tanker Owners Pollution Federation and Brand Marine Consultants to conduct continuous monitoring of the environment through the University of the Philippines Visayas. AC Energy places the health and safety of its people on top of its agenda.





 **Protecting the Environment**

**The protection and management of these ecosystems are a critical component of our sustainable development strategy.**

**Photo:** Black naped oriole at the Conservation Estate, Ilocos Norte  
\*from North Luzon Renewables

**Stewards of the Environment**

AC Energy currently monitors and protects over 910 hectares of forestlands and habitats spread over 15 sites in the Philippines. The company conducts biodiversity assessments periodically to determine the types of species on these project sites and their vulnerability status, and invests on habitat protection and restoration. Since 2018, AC Energy has spent over ₱34.87M towards initiatives that aim deliver a positive impact on biodiversity.



**The Conservation Estate in Ilocos Norte**

Since reforestation initiatives began in the 700-hectare Conservation Estate, close to 400,000 seedlings have been planted, including endemic and fruit-bearing trees. The area has become an important wildlife habitat in the Northern Luzon region, and the forests witness an increase in biodiversity as AC Energy, with the help of the locals, create an ecologically diverse landscape through analogue forestry. And as the trees grow, the animals return - the forest is now home to 117 species of birds, 33 of which are endemic, and four are classified as vulnerable. Additionally, studies identified the presence of near-threatened monkey species, bats and other animals. AC Energy is constantly working with local communities, creating awareness on coastal environment protection, turtle conservation and biodiversity, to help them understand how their livelihood is directly linked to the natural resources and wildlife.

Forestlands protected

**910** hectares

Investment on Environment

**₱34.87M**

Trees planted at the Conservation Estate

**~400,000**



**Other Environmental Initiatives**

In Bulacan, the five-year, 50-hectare Bininit Reforestation has been completed in partnership with the Bulacan Dumangat Community Association and MENRO-Bulacan, planting around 19,000 seedlings. In Guimaras, the five-year, 27-hectare Aroboretum Project has been completed, planting over 6,000 trees in the forest with the objective to be an educational resource for students. In Alaminos, in partnership with PUNLA, AC Energy has set a target to turnover around 132,000 seedlings in three years.



**Turtle Conservation**

Ongoing awareness and training programs for environmental preservation and biodiversity being conducted by AC Energy’s wind farms, North Luzon Renewables and North Wind, empower the locals to become stewards of the Conservation Estate in Ilocos Norte. In 2020, over 13 turtles were rescued and released into the sea, 18 turtle nests have been recorded and monitored, 240 eggs were managed with a hatching rate of 74% , with over 398 eggs being monitored.

**Marine Life Support**

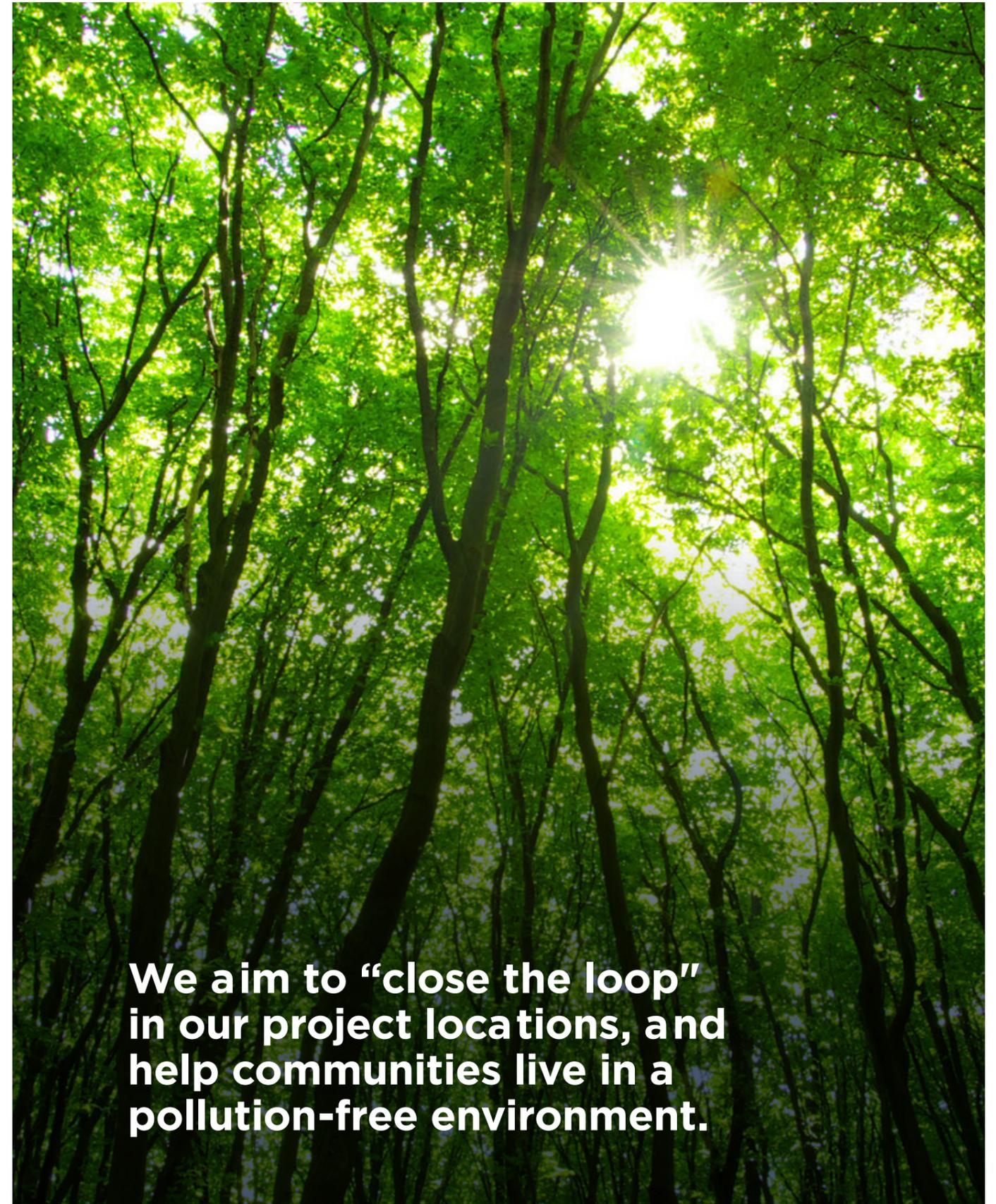
In October 2020, South Luzon Thermal Energy Corporation in Batangas collaborated with the Department of Environment and Natural Resources to support and monitor the growth of a 10-hectare mangrove plantation in C alatagan. In March 2021, AC Energy’s Guimaras Wind signed an agreement with the Dumangas local government to develop a fish sanctuary through the placement of artificial reefs to supplement the habitat of marine life in the area.



**Integrating Circular Approach**

To help reduce the environmental impact in its construction sites and host communities, AC Energy developed a program to sustainably use its resources, and eliminate waste by reusing or recycling them. In Alaminos and Palauig construction sites, a total of 8,645 kg of plastic from solar panel packaging were upcycled into eco-bricks, which were then used as construction materials for the plant facilities.

AC Energy aims to extend this circular approach and close the loop within its project locations through the development of Eco-hub recycling facilities. This program will not only help manage the issues on community plastic wastes, but will also create income and livelihood for the community. A partnership with the Provincial Government of Ilocos Norte is underway for implementation this year. It will be the first of many that AC Energy envisions to create within its developments.



**We aim to “close the loop” in our project locations, and help communities live in a pollution-free environment.**



## Community Investments

**Our sustainability initiatives support the development and prosperity of our host communities, with the ultimate goal towards self-actualization.**

**Photo:** The Conservation Estate in Ilocos Norte

### Enabling Community Progress

As a priority focus area in its sustainable growth, AC Energy believes that the socio-economic progress of its host communities is a key metric of the company's business success, and supporting the communities' self-reliance and economic security enables AC Energy to create shared value.

Since 2018, AC Energy has invested over ₱116.63 million towards its partner host communities. As of 2020, AC Energy group has uplifted close to 35,994 individuals, 40,609 households, and 437 organizations through its community initiatives, engaging in a range of social development initiatives to ensure the health and livelihood of the local communities.



**Investment in Communities**  
**₱116.63M**

**Lives Reached**  
**35,994**

**Households Uplifted**  
**40,609**

#### Livelihood and Eco-Tourism

AC Energy's Guimaras Wind launched the Green Spark Project in Q4 2020, a program that promotes the use of locally made "bambikes" or bamboo-made bikes within the wind farm. With the bamboo bikes set up near the wind farm's Pasalubong Center, the local community have found livelihood opportunities in the program.

#### Education

Aside from its nationwide Brigada ng Ayala initiative, in Ilocos Norte, AC Energy, through North Luzon Renewables, has an ongoing scholarship program for the youth of Pagudpud. Since 2014, the program has already produced 12 graduates.

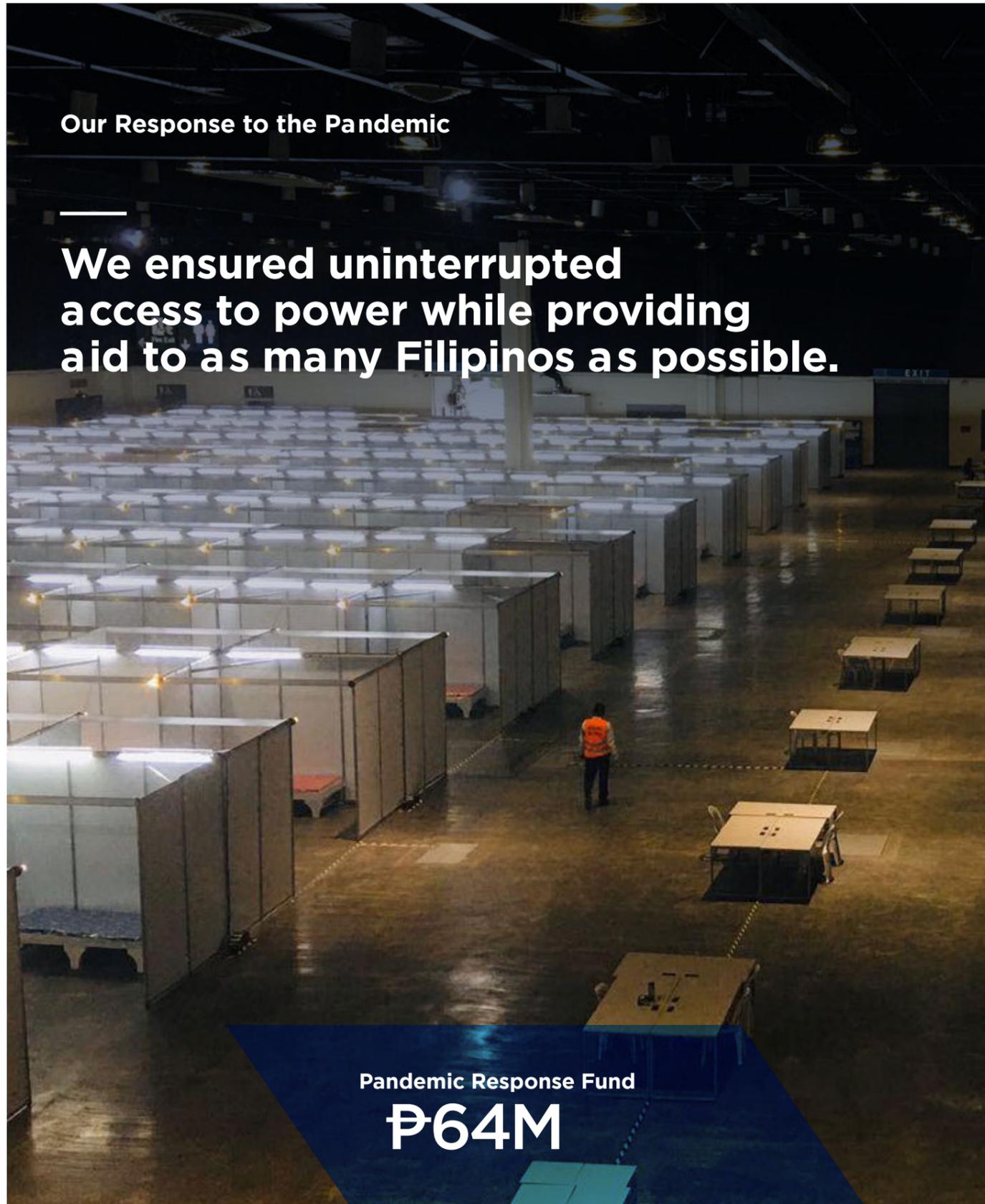


#### Disaster Assistance Programs

With the increase in force and frequency of natural disasters, along with recovery costs, AC Energy has always ensured the quick implementation of measures to mitigate these events and leverage on the Ayala Group's strengths. AC Energy supported the affected communities of the Taal Volcano eruption by donating solar lamps to families who were living without access to electricity. In December 2020, in lieu of holiday festivities, AC Energy donated ₱2.1M to Ayala Foundation in support of families in Luzon who were greatly impacted by typhoons Rolly and Ulysses. The company also mobilized truckloads of water and sent sacks of rice and medical supplies to the communities. In Ilocos Norte, aside from providing aid during disasters, the company's wind farms, North Luzon Renewables and NorthWind, continuously train the locals on disaster preparedness and response.

**Our Response to the Pandemic**

**We ensured uninterrupted access to power while providing aid to as many Filipinos as possible.**



**Pandemic Response Fund  
₱64M**

AC Energy, together with the Ayala Group, was at the forefront of nationwide response. The company launched a series of social investment and support initiatives to mitigate the impact of the community quarantine, raising over ₱64 million that was cascaded to electricity, health and food relief, medical supplies, cash donations, and employee wages and emergency funds, with the priority to keep the employees, host communities and customers safe.

**Powering the “WTC We Heal as One Center” and other facilities**

To augment the capacity challenges in hospitals, the Ayala Group, together with the ICCP Group and Manila Exhibition Center, Bases Conversion Development Authority and the national government, converted the World Trade Center into a designated quarantine facility. AC Energy covered the electricity cost together with partner donor Manila Electric Co., and provided critical supplies such as bed frames, mattresses, pillows and other furnishings, for a total package valued at ₱24 million.

AC Energy also supported the La Salle group as they launched their Safe Shelter project and opened their doors to provide a temporary home for COVID-19 frontliners.



**Julie**  
AJ Kalinga Foundation, Inc. Guest  
De La Salle University Safe Shelter



*Tugon ng bawat Lasalyano,  
kaisa ng Sambayanang Pilipino!*

**Brigada ng Ayala**

Through the Brigada ng Ayala program, AC Energy’s power plants responded to the needs of teachers and learners by providing aid for the new normal in education. From Pagudpud, Ilocos Norte to Guimaras, Western Visayas, the company’s various plants distributed close to 2,000 “Educare” hygiene kits to 24 schools, with each one containing 150mL of alcohol, two bars of soap, face masks, and one face shield, among other items. The plants also distributed over 3,000 reams of bond paper to more than 200 schools across the nation.





**Medical aid to the most vulnerable**

AC Energy assisted in the conversion of Qualimed in Nuvali into a COVID-19 dedicated hospital, and the HOPE project in Quezon City, a 175-bed capacity quarantine center. The projects were valued at ₱7 million.

AC Energy's subsidiary, South Luzon Thermal Energy Corp, donated funds to support the UP PGH AO project to develop venti masks, a breakthrough mask that aims to lower the risk of COVID-19 patients to be intubated and sedated, thereby allowing patients to remain conscious and fight for life.

**Supporting host communities**

Together with the Ayala Group, AC Energy took part in Project Ugnayan, a fund-raising initiative together with more than 30 conglomerates and in partnership with the Philippine Disaster Resilience Foundation and Caritas Manila.

The project raised a total of ₱1.37 billion in support of families that have been economically displaced by the community quarantine in Metro Manila. AC Energy raised over ₱6 million in contribution to the project, and another ₱6 million as food reserve fund.



For its host communities and their frontliners, AC Energy, through its power plants, allotted ₱13 million and mobilized local teams to donate cash, medical supplies, as well as food supplies.

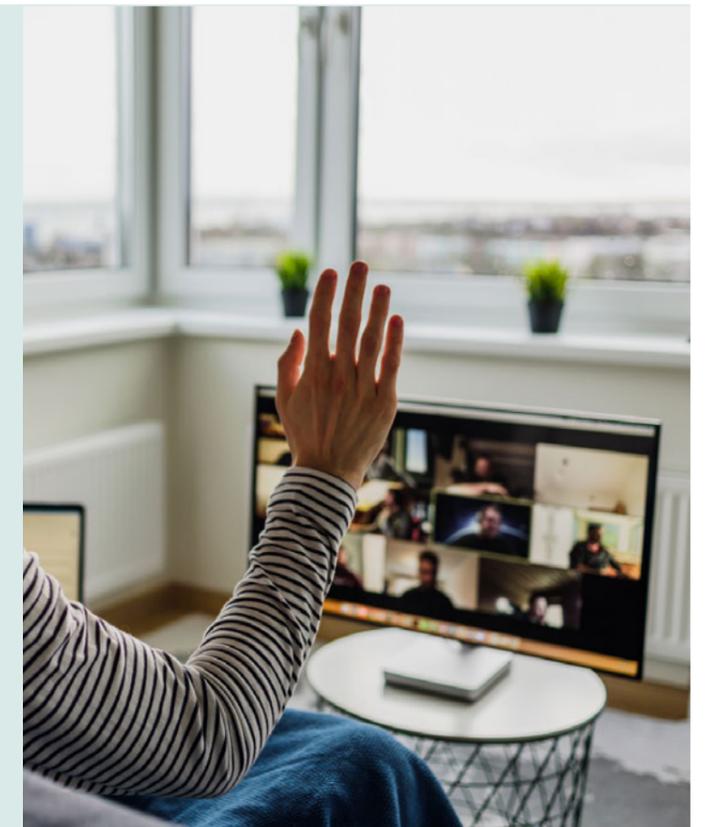
The company donated over 2,000 sacks of rice as aid to the locals of Norzagaray, Bulacan, Bacnotan, La Union, and Bangui and Pagudpud, Ilocos Norte.

Meanwhile, in Iloilo and Guimaras, AC Energy extended aid to communities to provide critical relief for strained healthcare systems, educational support for the communities, and environmental rehabilitation.

**Ensuring health and wellness of employees**

For its own employees, AC Energy ensured the health and safety of its workforce through company-wide initiatives aimed to protect their overall well-being. Apart from the continuing provision of employee wages and allocation for emergency funds, the company spearheaded innovative weekly health checks, periodic updates about the crisis, a dedicated hotline for COVID emergencies, tele-psychological consultation services and online engagement activities.

For the swift transition to remote working for its headquarter-based employees and provide essential business continuity amidst the crisis, AC Energy immediately established various systems alongside a solid ICT infrastructure. Collaboration tools, internal communication apps, provision for access to wifi and other measures were put in place.



AC Energy recognizes the unprecedented crisis that the country and the whole world is facing right now, and these programs are a testament of what can be achieved if we all work together to aid the most vulnerable. The company will continue to lend support to help the country recover, and reinforces its strong commitment to invest in much needed energy investments in the Philippines as access to stable power is critical now more than ever.

# 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. This chart presents the management approach to our capitals, and their corresponding highlights for the year 2020.

### Financial

To maintain our strong balance sheet, we are disciplined and strategic in allocating our financial capital, and we strive to raise value through sustainable growth.



**Market Capitalization**

**₱110.48B**  
▲ 7x

**Revenue**

**₱20.44B**  
▲ 27%

**Share Price**

**₱8.06/share**  
▲ 4x

**Net Income**

**₱3.75B**  
▲ 65x

**Total Shareholder's Equity**

**₱21.35B**  
▲ 30%

**Return on Equity**

**20.76%**  
▲ 45x

### 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.



**Direct Hires**  
**649**

**Indirect Hires**  
**762**

**Retention Rate**  
**96%**

**Jobs Created in Host Communities**  
**3,200**

**Investment in Employee Training and Development**  
**₱2.68M**

**Safe Man Hours**  
**7,256,162**

### Manufactured

We derive energy from our renewable assets that are complemented by thermal energy, and we continuously invest on plant optimization and reliability while ensuring the health and safety of our employees.



**Total Attributable Capacity**  
**1,034 MW**

**Renewable Energy Capacity**  
**491 MW**

**Attributable Energy Output**  
**2,165 GWh**

**Attributable Output from Renewable Sources**  
**520 GWh**

### Social

We actively pursue open dialogue and consistent collaboration in engaging our host communities. 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.



**COVID-19 Response Fund**  
**₱64M**

**Community Investment**  
**₱116.63M**  
from 2018 - 2020

**Lives Reached Through Programs**  
**35,994**

**Families Reached**  
**40,609**

### Natural

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



**Land and Biodiversity Protected**  
**910 hectares**

**Investment on Environment**  
**₱34.87M**  
from 2018 - 2020

**Trees Planted**  
**59,027**  
94% survival rate

**Seedlings Produced**  
**67,500**

**CO<sub>2</sub>, GHG Emissions Avoided**  
**349,437 MT CO<sub>2</sub>e**

### Intellectual

In our power plants, the adoption of emerging technologies play a prominent role in our renewables expansion. For our home-based workforce, the company's enhanced IT infrastructure are mission-critical assets that give us competitive edge.



**R&D Spend**  
**₱483.90M**

# Stakeholder Engagement

## Fostering and nurturing bonds with our partners in sustainability

We engage with our stakeholders actively and effectively through open dialogue and consistent collaboration. By understanding our stakeholders' needs, involving them in our business process and communicating our sustainability strategy, we create long term shared value.

### Investors and Shareholders



**Our Objective**

To maximize shareholder value

**Their Value**

As our ultimate “customer”, they sharpen our focus on sustainability and help shape our renewables expansion

**How We Engage**

- Through an active and engaged Investor Relations team
- Regular investor and analyst briefings
- Dedicated corporate website
- Regular social media updates
- Timely press releases
- Responsive email correspondences

### Government and Regulators



**Our Objective**

To be a steadfast partner in policy formulation and adherence

**Their Value**

Provider of regulatory framework to enable business and ensure business continuity

**How We Engage**

- Engaged routine and timely filings of required reports
- Regular consultation sessions
- Collaborative interactions
- Participative regulatory audits
- Active participation in organized online dialogue on regulations, policy and market outlook

### Customers



**Our Objective**

To be a long-term partner in sustainability

**Their Value**

The heart of the energy transition, providing opportunities to expand the renewables industry

**How We Engage**

- Regular client meetings
- Organized interactive webinars
- Regular email updates
- Engaging retail electricity website
- Active group messaging apps

### Employees



**Our Objective**

To maintain a safe and rewarding work environment

**Their Value**

The backbone of the business and the key to its success

**How We Engage**

- Active communication channels
- Monthly e-newsletters
- Collaborative employee engagement committee
- Organized townhalls
- Timely engagement surveys
- Regular provision of wellness consultation services
- Timely boot camps on operational health and safety

### Business Partners



**Our Objective**

To be a catalyst for growth

**Their Value**

Springboard to success by providing operational leverage

**How We Engage**

- Regular one-on-one interactions
- Timely compliance and monitoring checks
- Regular vendor briefings and accreditation updates

### Community



**Our Objective**

To enable socio-economic progress

**Their Value**

Partners in making projects real, successful and sustainable

**How We Engage**

- Regular dialogues with local community leaders
- Regular capacity enhancement trainings
- Timely community needs assessments
- Active community welfare and other support programs



# Governance and Leadership Team

**47**  
Corporate  
Governance

**65**  
Our Board  
of Directors

**73**  
Our  
Management  
Team

# Corporate Governance

Amidst these unprecedented times, AC Energy Corporation adopted a resilient stance in its corporate governance system. Cognizant that stakeholder needs have drastically changed over the period, the Company has been flexible in its approach in ensuring that stakeholder interests are fundamental considerations in the Company's oversight and decision processes, on top of compliance with requirements, standards, and best practices.

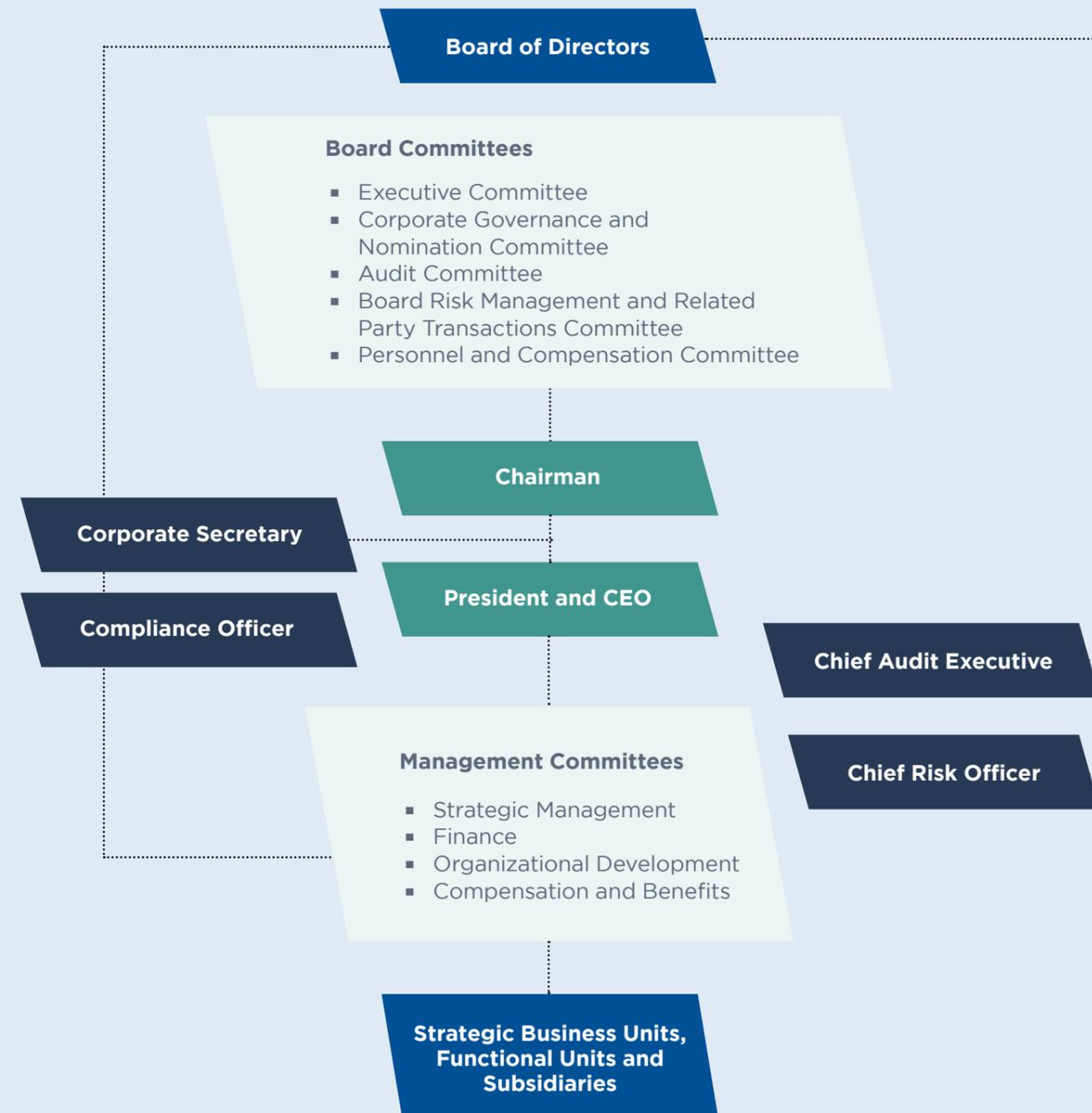
AC Energy Corporation affirms that adherence to good corporate governance principles is essential for the achievement of its strategic goals. We believe in doing business with integrity and in full compliance with laws and regulations. At the core of our Company are four corporate values: integrity, long-term vision, empowering leadership, and commitment to national development.

The Company's Corporate Governance System is a combination of its 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 is constantly evolving to align with best practices and to satisfy the changing expectations of regulators, investors, and other stakeholders brought about by the move towards greater ASEAN integration. Through continuously evaluating and improving our governance structures, systems, and procedures, we can ensure proper and adequate controls are in place to sustain the business.

AC Energy Corporation complies with the Code of Corporate Governance for Publicly-Listed Companies set forth 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 2020.

## Corporate Governance Structure



## 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 2020.

### 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.

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

- Each director is elected by the shareholders annually and serves a term of one year.
- More than 70 percent of the Board is composed of non-executive and independent directors.
- None of the independent directors own more than two percent of the Company's outstanding capital stock.

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, Chairman, and Jaime Augusto Zobel de Ayala, Vice-Chairman, assumed their respective positions on July 23, 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, exercise the powers given to him in the By-Laws, and perform the duties enumerated under the Corporate Governance Code 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 at its organizational meeting on April 21, 2020.

### 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 December 31, 2020, more than 70% of the Board membership is composed of non-executive and independent directors of which five are independent and five are non-executive directors. The independent directors do not have 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 2020, none of the independent directors have served the Company for more than nine years, reckoned from 2012, in compliance with SEC Memorandum Circular No. 9, series of 2011. Furthermore, none of the directors or senior management have worked for AC Energy Corporation'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 to 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.

The profile of each director can be found in the Board of Directors section of this report on pages 65 to 72.

2020 Board of Directors	Designation	Year Appointed (No. of years in the Board)	Expertise
Fernando M. Zobel de Ayala	Non-Executive, Chairman	2019 (2)	General management, real estate, utilities, arts and culture
Jaime Augusto M. Zobel de Ayala	Non-Executive, Vice-Chairman	2019 (2)	General management, strategy and finance
John Eric T. Francia	Executive, President & CEO	2019 (2)	General management, strategy, utilities, energy
Gerardo C. Ablaza, Jr.	Non-Executive	2019 (2)	General management, utilities
Jose Rene Gregory D. Almendras	Non-Executive	2019 (2)	General management, utilities, banking, sustainability, energy
John Philip S. Orbeta	Non-Executive	2019 (2)	General management, strategic human resources
Sherisa P. Nuesa	Non-Executive, Lead Independent	2019 (2)	General management, finance and accounting, utilities, real estate
Ma. Aurora Geotina-Garcia	Non-Executive, Independent	2019 (2)	Finance and accounting, capital markets
Mario Antonio V. Paner	Non-Executive, Independent	2020 (1)	Banking, capital markets, and treasury
Consuelo D. Garcia	Non-Executive, Independent	2019 (2)	Finance and accounting, banking, capital markets
Melinda L. Ocampo	Non-Executive, Independent	2019 (2)	Energy systems and regulations

**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, one (1) special, and one (1) organizational meetings in 2020.

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 three 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 an expert on legal and regulatory requirements and is well-informed on relevant developments through lectures to graduating law students and in various public fora.

**Training of Directors**

It is AC Energy Corporation'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.

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 November 10, 2020, the group held its virtual Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme "The Board's Agenda: The Business of Building Back Better" that revolved around the Board roles and skills for the 'new normal' and navigation of the complexity and obstacles of the market in times of the pandemic.

**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 at 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 July 23, 2019, upon the recommendation of the Committee, the Board approved a resolution fixing the current remuneration of IDs. 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 IDs adopted by the Company consists of attendance fees. Executive Directors and other directors who are not independent directors do not receive attendance fees.

In 2020, the following IDs received gross remuneration as follows:

Independent Directors	Board and Committee Meetings Attendance Fees
Melinda L. Ocampo	₱ 620,000.00
Ma. Aurora D. Geotina-Garcia	₱ 660,000.00
Consuelo D. Garcia	₱ 640,000.00
Mario Antonio V. Paner	₱ 600,000.00
Sherisa P. Nuesa	₱ 580,000.00
<b>TOTAL</b>	<b>₱ 3,100,000</b>

None of the IDs receive compensation from AC Energy Corporation 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, in aid of 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 from among the members of the Committee a Chairman and a Vice Chairman.

The Committee deliberated, reviewed and approved the following transactions in 2020:

1. The entry by the Company into: (a) hedging instruments with Macquarie Bank Limited to cover the Company's oil and diesel requirements, and (b) a guarantee fee arrangement with AC Energy, Inc. ("ACEI") in exchange for ACEI guaranteeing the Company's payment obligations under such hedging instruments.
2. The conduct the Company's annual stockholders' meeting (the "2020 ASM") scheduled on 20 April 2020 at 9:00 AM via remote communication in lieu of an in-person meeting, and to allow the participation of stockholders and other stakeholders in the 2020 ASM
3. The issuance of 16,685,800,533 Shares to ACEI at ₱2.97 per share in exchange for 100% of ACEI's shares of stock in Presage. Presage is ACEI's subsidiary, which owns its international business and investments.
4. The issuance of 16,685,800,533 Shares to ACEI at ₱2.97 per share in exchange for 100% of ACEI's shares of stock in Presage. Presage is ACEI's subsidiary, which owns its international business and investments.
5. The appointment of Sycip Gorres Velayo & Co. as the Company's Independent Validator for its 2020 Annual Stockholders' Meeting scheduled on 20 April 2020.
6. The filing of the following documents to the Energy Regulatory Commission (the "ERC") in accordance with Article 2.12 of the Business Separation Guidelines: (a) The Accounting Separation Statements based on 2018 Audited Financial Statements; (b) The Auditor's Report on those Accounting Separation Statements prepared; (c) The Management Responsibility Statement; (d) The General Information Sheet; and (e) The BSUP Compliance Report.
7. The Company's investment of up to ₱2.2 billion into its subsidiaries, namely, Bataan Solar Energy, Inc. ("Bataan Solar") and Giga Ace 4, Inc. ("Giga Ace 4")
8. The Company's Quarterly Report (SEC Form 17Q) for the Second Quarter of 2020, and to authorize its release to the Securities and Exchange Commission and the Philippine Stock Exchange on or before August 12, 2020.

The Executive Committee had five (5) meetings in 2020.

**Corporate Governance and Nomination Committee**

The Corporate Governance and Nomination Committee has three independent directors, including the Chairman. The Committee makes sure 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 2020 are as follows:

1. Received the nominees for director of the Company, evaluated their qualifications and endorsed qualified nominees for nomination to the Board for the year 2020.
2. Approved and endorsed to the Board the revised Charter of the Corporate Governance and Nomination Committee.
3. Approved and endorsed to the Board the revised Charter of the Board of Directors.
4. Approved and endorsed to the Board the proposed revisions to the Code of Conduct and Ethics.
5. Approved and endorsed to the Board the Charter of the Executive Committee.
6. Approved and endorsed to the Board the Whistleblower Policy.
7. Approved and endorsed to the Board the revisions to the Corporate Governance Manual.
8. Reviewed, discussed, and endorsed to the Board for discussion the Board, Board Committees, and Individual Effectiveness Evaluation Report by AON Consulting.

The Committee had five (5) meetings in 2020, during which the Chairman and members were all present. **Board and Board Committee Membership Stockholders, Board, Board Committee Meetings, and Directors' Attendance for the year ended December 31, 2020**

For 1 January 2020 until 31 December 2020, 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
Fernando M. Zobel de Ayala				<b>C</b>	
Jaime Augusto M. Zobel de Ayala				<b>M</b>	
John Eric T. Francia				<b>M</b>	
Gerardo C. Ablaza, Jr.					<b>M</b>
Jose Rene Gregory G. Almendras					
John Philip S. Orbeta					<b>C</b>
Ma. Aurora Geotina-Garcia (Independent)	<b>C</b>	<b>M</b>			
Consuelo D. Garcia (Independent)	<b>M</b>		<b>C</b>		
Sherisa P. Nuesa (Independent)		<b>C</b>			<b>M</b>
Melinda L. Ocampo (Independent)		<b>M</b>	<b>M</b>		
Mario Antonio V. Paner (Independent)	<b>M</b>		<b>M</b>		

**C:** Chairman | **M:** Member

\*effective 20 April 2020

The attendance of the directors at the meetings of the Board and of stockholders held in 2020 is as follows:

Directors	18-Mar-20	20-Apr-20	20-Apr-20	11-Jun-20	18-Aug-20	11-Nov-20	17-Dec-20	No. of meetings attended	Percent present
	Regular <sup>1</sup>	ASM <sup>2</sup>	Organizational	Regular <sup>1</sup>	Regular <sup>1</sup>	Regular <sup>1</sup>	Special <sup>1</sup>		
Fernando M. Zobel de Ayala	o	o	o	o	o	o	o	7/7	100%
Jaime Augusto M. Zobel de Ayala	o	o	o	o	o	o	o	7/7	100%
Gerardo C. Ablaza, Jr.	o	o	o	o	o	o	o	7/7	100%
Jose Rene Gregory G. Almendras	o	o	o	o	o	o	x	6/7	68%
John Eric T. Francia	o	o	o	o	o	o	o	7/7	100%
John Philip S. Orbeta	o	o	o	o	o	o	o	7/7	100%
Consuelo D. Garcia (Independent)	o	o	o	o	o	o	o	7/7	100%
Ma. Aurora Geotina-Garcia (Independent)	o	o	o	o	o	o	o	7/7	100%
Sherisa P. Nuesa (Independent)	o	o	o	o	o	o	o	7/7	100%
Melinda L. Ocampo (Independent)	o	o	o	o	o	o	o	7/7	100%
Mario Antonio V. Paner (Independent)		o	o	o	o	o	o	6/6	100%

o - Present | x - Absent | <sup>1</sup>via video conference | via livestream at <https://asm.ayala.com/ACEPH2020>

**Audit Committee**

The Audit Committee has three (3) independent members including the chairman, and all its members have background and expertise in accounting. The Committee assists the Board by 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.

During the year, 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 **88-89**.

The Committee had four (4) regular meetings and two (2) special meetings in 2020, during which the Chairman and members were all present.

**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 chairman. 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 had six (6) meetings in 2020, during which the Chairman and members were all present.

The Committee's accomplishments in 2020 are as follows:

1. Approved and endorsed to the Board the amendment of the Power Administration and Management Agreement (PAMA) with One Subic Power Generation Corporation, on terms as presented.
2. Approved and endorsed to the Board the terms of the assignment to the Company of the Lease Contract between AC Energy, Inc. and Tabangao Realty, Inc.
3. Approved and endorsed to the Board the proposed Development Management Agreement (DMA) between AC Energy Corporation and its project companies.
4. Approved and endorsed to the Board the amendments to the Administration and Management Agreement (AMA) between AC Energy Corporation and SLTEC.
5. Approved and endorsed to the Board the engagement of BPI Capital Corporation as Sole Global Coordinator, Joint bookrunner, and Joint underwriter in connection with AC Energy Corporation's Follow-On Offering (FOO)
6. Approved and endorsed to the Board the Related Party and Conflict of Interest Disclosure Form and its implementation.
7. Approved and endorsed to the Board the proposed financing for the Arayat solar project through a secured a loan for 100% of the total project cost of the Arayat solar project of up to ₱3.33 billion, on terms as presented to the Committee
8. Approved and endorsed to the Board the proposed financing for the Balaoi Project on terms are presented, the use of the Company's credit lines to Bayog Wind Power Corporation for the requirements of the project; the issuance of a corporate guarantee to the EPC contractor in accordance with the Investment Framework Agreement.

The Committee had six (6) meetings in 2020, during which the Chairman and members were all present.

**Personnel and Compensation Committee**

The Personnel and Compensation Committee has three (3) members including an independent director. 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.

Mich: The Committee had one (1) meeting in 2020 where it approved for endorsement to the Board the pay-out of entitlements under the Company's 2016 Stock Purchase Plan to the eligible officers who have retired from the Company and approved for endorsement to the Board the revised Charter of the Personnel and Compensation Committee.

**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 a 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 strategic management, investment, finance, procurement, organizational development, and compensation and benefits. These Committees are composed of key executives who meet regularly

1. Approved and endorsed to the Board the pay-out of entitlements under the Company's 2016 Stock Purchase Plan to the officers who have retired from the Company but are eligible to receive benefits under the Plan.
2. Approved and endorsed to the Board the revised Charter of the Personnel and Compensation Committee.

The Committee had one (1) meeting in 2020, during which the Chairman and members were all present.

to discuss significant matters relevant to the achievement of targets and continuous growth of the Company. Initiatives which 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.

**Internal Governance Mechanisms Strategy Formulation and Execution**

AC Energy Corporation 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.

**Accountability and Audit**

**External Auditors**

On April 20, 2020, 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 AC Energy Corporation. The lead engagement partner of SGV & Co. is Mr. Benjamin N. Villacorte, a Securities and Exchange Commission (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 August 3, 2020 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 2020 amounted to ₱9.64, 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.

2020 External Auditor Fees	Amount in Million Pesos
Audit and Audit-Related Fees	₱ 9.26
Non-Audit Fees	.38
Grand Total	₱ 9.64

The audit and audit-related fees include the audit of AC Energy Corporation'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 include training and a special project/consulting.

The audit results were presented to the Audit Committee on its March 1, 2021 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 2020, the Internal Audit attests, that AC Energy Corporation's system of internal controls, risk management, compliance, and governance processes are designed adequately and continue to operate effectively.

**Chief Compliance Officer**

As AC Energy Corporation's Chief 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 Securities and Exchange Commission (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 Related Party Transactions (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. The 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, 53.23% of AC Energy Corporation's outstanding common shares were held by PCD Nominee Corporation (Filipino and Non-Filipino) ("PCD"). AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.) owned 81.62% of AC Energy Corporation's outstanding common shares, with 36.45% lodged with the PCD.

**2020 Disclosures**

In 2020, the Company filed, among others, unstructured disclosures involving the following:

**Unstructured Disclosures**

- Appointment of directors and officers
- Notice and Agenda of the 2020 Annual Stockholders' Meeting
- Results of 2020 Annual Stockholders' Meeting and Organizational Board of Directors' Meeting
- Acquisition and sale of Company shares by the directors, officers, and 10% owners
- Public Ownership Reports
- Top 100 Stockholders Reports
- Report by Owners of More Than Five Percent
- Share buy-back transactions
- Change in Corporate Name and/or Stock Symbol
- Press Releases
- Notice of Analysts' Briefing
- Approval by the Executive Committee meeting of the Audited Financial Statements for the year ended December 31, 2019
- Approval of the Company's budget for calendar year 2021
- Annual Report for the fiscal year ended December 31, 2020
- Submission of the Company's 2019 Integrated Annual Corporate Governance Report, in compliance with SEC Memorandum Circular No.15 Series of 2017
- Quarterly Reports for 2020
- Approval by the Board and announcement of availability of the amended Board Risk and Related Party Transactions Committee, Corporate Governance and Nomination Committee, and Personnel and Compensation Committee Charters
- Approval by the Board and announcement of availability of the amended Charter of Board of Directors and Code of Conduct and Ethics
- Approval by the Board of the amendments to the Charter of the Executive Committee, Whistleblower and Non-Retaliation Policy, and Corporate Governance Manual
- Amendments to the Articles of Incorporation and By-laws
- Approval of the Company's hedging policy, additional hedging counterparties, and guarantee fee arrangement with ACEI
- Executive Committee's approval of fuel hedge instruments of the Company
- Matters taken up at the regular board meetings
- Approval of renewal and additional credit lines with local and foreign banks
- Approval of the increase of the Company's authorized capital stock to P48.4 billion pesos, divided into 48.4 billion common shares
- Board approval of the consolidation of ACEI's international business and assets into the Company via an assets-for-shares swap
- Signing of subscription agreements with subsidiaries that are special purpose vehicles for development projects used by the AC Energy group
- Philippine Competition Commission ("PCC") approval of and transaction completion of the purchase of the entire shares of PINAI in PhilWind resulting to direct and indirect 67% ownership of North Luzon Renewables
- PCC approval of and transaction completion of the acquisition of the PINAI Investors' ownership interest in San Carlos Solar Energy, Inc. (Sacasol) and Negros Island Solar Power Inc. (Islasol)
- Filing of Current Report Under Section 17 of the Securities Regulations Code Amid COVID-19 Pandemic
- Executive Committee's approval of the Company's issuance of 16,685,800,533 additional primary shares to AC Energy, Inc. at an issue price of P2.97 per share in exchange for property consisting of 100% of ACEI's shares in Presage Corporation
- Request for an extension to submit the Company's Annual Report in view of the imposition of an Enhanced Community Quarantine and Stringent Distancing Measures over Luzon and across other provinces in the country to prevent the spread of the 2019 Coronavirus Disease (COVID 19)
- Signing of a credit facility with AC Energy, Inc. for up to P5.0 billion for the Company's various development projects
- Subscription by ThomasLloyd CTI Asia Holdings Pte Ltd. to shares in Islasol
- Signing of a Shareholders' Agreement among AC Energy Philippines, Inc., ACE Endeavor, Inc., and Axia Power Holdings Philippines Corp
- Joint Venture via a Shareholders' Agreement among AC Energy Philippines, Inc., ACE Endeavor, Inc., and Axia Power Holdings Philippines Corp. for the development, construction and operation of the 150MW diesel power plant project in Pililla, Rizal, with PCC approval on December 2, 2020
- Resolution of the DENR-EMB dated 27 July 2020 on Notice of Violation No. 20-NOVW-0630-164 issued to Power Barge 102, owned by the Company, in relation to the oil spill incident of July 3, 2020
- Approval of the Company's dividend policy to declare and pay dividends on an annual basis using a payout ratio of 25% to 50% of the previous year's core net income, excluding significant non-recurring gains (including value realization proceeds) or losses, to be effective on January 1, 2021
- Approval of the Company's Board of Directors of the declaration of cash dividends of P0.04 per share on the 13,692,457,210 issued and outstanding shares of the Company, or a total dividend amount of P547,698,288.00, to be paid on September 17, 2020 to the shareholders on record as of September 3, 2020
- Change in number of issued and/or outstanding shares for the issuance of 6,185,182,288 new shares of AC Energy Philippines, Inc. to AC Energy, Inc.
- Participation of the Company's directors and officers in the Advanced Corporate Governance Training administered by the Institute of Corporate Directors during the Ayala Group Integrated Corporate Governance, Risk Management, and Suitability Summit held on August 9, 2019 at the New World Hotel, Makati City
- Report on the Company's receipt of the Bureau of Internal Revenue's Certification Ruling SN027-2020 dated 30 October 2020, as update on the Property-for-Share Swap between ACEN and AC Energy, Inc.
- GIC Private Limited potential investment of approximately P20Bn in ACEN
- Board of Directors' approval of the pricing for, and volume, of the shares to be issued as update to the Company's Stock Rights Offering
- Company's receipt of the Confirmation Letter issued by the Markets and Securities Regulation Department of the Securities and Exchange Commission as update on the Company's Stock Rights Offering
- Disclosure/details on the Company's Stock Rights Offering: The terms of the Company's stock rights offering for the issuance of 2,267,580,434 shares at an offer price of P2.37 per share, and at an entitlement ratio of 1.11 shares:1 offer share, subject to applicable SEC and other regulatory approvals of the offer, including the offer price.

**Clarification of News Articles**

- AC Energy to Consolidate its International and Philippine Platforms
- AC Energy expects to post profit this year
- 321 residents evacuated amid power barge oil spill in Iloilo City
- Company's first half net income of P1.96 billion following the completion of its onshore assets restructuring
- AC Energy expects to hit half of 5,000MW RE goal in 2021
- SEC approves AC Energy's stock rights offering

**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 41-42 for the financial and non-financial performance indicators, respectively.

**Stakeholder Relations**

As a stronger, bolder, and faster energy company, AC Energy Corporation' 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 21 or seven days respectively 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 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 Philippine Stock Exchange. The Investor Relations Team who directly reports to the Group Chief Finance Officer provides for an avenue to receive feedback, complaints, and queries from shareholders other than through the annual stockholder's meeting.

**Changes in Shareholdings**

Reported trades of directors and officers of AC Energy Corporation's Securities in 2020:

	BALANCE AS OF DECEMBER 30, 2019	ACQUIRED	DISPOSED OF	BALANCE AS OF DECEMBER 31, 2020	% TOTAL OUTSTANDING SHARES
<b>DIRECTORS</b>					
Fernando M. Zobel de Ayala	237,264,671	113,700	-	237,378,371	1.73%
Jaime Augusto M. Zobel de Ayala	1	195,200	-	195,201	0.00%
Gerardo C. Ablaza, Jr.	1,000,001	-	-	1,000,001	0.01%
Jose Rene Gregory D. Almendras	1	500,000	-	500,001	0.00%
John Eric T. Francia	78,981,271	-	-	78,981,271	0.58%
John Philip S. Orbeta	2,000,001	-	-	2,000,001	0.01%
Melinda L. Ocampo	1	-	-	1	0.00%
Ma. Aurora D. Geotina-Garcia	1	-	-	1	0.00%
Consuelo D. Garcia	1,000	-	-	1,000	0.00%
Sherisa P. Nuesa	240,000	600,000	-	840,000	0.01%
Mario Antonio V. Paner	elected on 4/20/20	1	-	1	0.00%
<b>OFFICERS</b>					
Solomon M. Hermosura	16,712,000	-	16,712,000	-	0.00%
Dodjie D. Lagazo	6,526,166	-	-	6,526,166	0.05%
Maria Corazon G. Dizon	20,432,383	-	-	20,432,383	0.15%
Jose Maria Eduardo P. Zabaleta	elected on 4/20/20	-	-	-	0.00%
Gabino Ramon G. Mejia	5,221,428	-	-	5,221,428	0.04%
Roman Miguel G. de Jesus	10,994,049	-	1,550,000	9,444,049	0.07%
Sebastian Arsenio R. Lacson	appointed on 1/2/20	817,000	300,000	517,000	0.00%
Daniilo L. Panes	529,737	190,000	-	719,737	0.01%
Alan T. Ascalon	623,173	46,000	-	669,173	0.00%
Mariejo P. Bautista	2,252,677	122,000	-	2,374,677	0.02%
Irene S. Maranan	4,402,718	929,000	1,400,000	3,931,718	0.03%
Andree Lou C. Kintanar	1,584,660	-	-	1,584,660	0.01%
Ma. Teresa P. Posadas	213,898	21,000	-	234,898	0.00%
Henry T. Gomez	-	-	-	-	0.00%

**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 policy 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 Tradings**

A policy on insider trading has been defined by AC Energy Corporation 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**

AC Energy Corporation 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 Comptroller, Chief Audit Executive, Chief Risk Officer, Treasurer, Chief 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 AC Energy Corporation's shares during the trading blackout period lasting from the time the information is obtained until a minimum of two 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**

AC Energy Corporation recognizes the fiduciary responsibility of its board of directors to ensure the fairness, transparency, and integrity of the Company's related party transactions (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 Securities and Exchange Commission (SEC) Rules on Material Related Party Transactions for Publicly Listed Companies
- 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 AC Energy Corporation. 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**

AC Energy Corporation 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 on 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**

AC Energy Corporation 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, AC Energy Corporation appointed a Data Protection Officer, Atty. Alan T. Ascalon. With the support of the different business units, AC Energy Corporation'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 ([acephdataprivacy@acenergy.com.ph](mailto:acephdataprivacy@acenergy.com.ph)) should there be any inquiries or concerns on data privacy or data subjects' rights.

**Risk Management**

Risk management is embedded in the Company's management practices and business operations. The Company ensures that risk management plays an integral part in its strategic planning process and value creation.

ACEN's Risk Management and Related Party Transactions Committee provides board-level oversight of the Company's risk management activities. The Company's risk management process is driven by the Chief Risk Officer, who leads the implementation of the Enterprise Risk Management process. The Company is also represented at the ERM council led by Ayala's Risk Management unit.

The Company seeks to continuously improve its risk management process by adopting processes and strategies in line with Ayala's best practices. The Company is strengthening its approach to risk management by aligning its risks with current and emerging trends through research and by consulting with risk management experts. Earlier this year, AC Energy signed up as a supporter of the Task Force for Climate-Related Financial Disclosures. This includes improved disclosures over risk management of material climate risks.

**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.acenergy.ph>

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

Facebook  
<https://www.facebook.com/acenergyinc/>

and LinkedIn  
<https://ph.linkedin.com/company/acenergyinc>

## Our Board of Directors

**Fernando Zobel de Ayala**



**Jaime Augusto Zobel de Ayala**



Mr. Zobel de Ayala is President and Chief Operating Officer of Ayala Corporation since April 2006. 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., Manila Water Company, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.); and Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro- Electronics, Inc.; 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.), Ayala Healthcare Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp. and Hero Foundation, Inc.; Co- Chairman of Ayala Foundation, Inc. and Ayala Group Club, 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 Live It Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development, Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula; Member of the Board of INSEAD Business School and Georgetown University; Member of the International Advisory Board of Tikehau Capital and of the Hispanic Society Museum & Library International Advisory Council; Vice Chairman of the Philippine-Singapore Business Council, member of the World Presidents' Organization and Chief Executives Organization; Chairman of Habitat for Humanity International's Asia-Pacific Capital Campaign Steering Committee; 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.

Mr. Zobel de Ayala is Chairman and CEO of Ayala Corporation since April 2006. He has been a Director of Ayala Corporation since May 1987. He holds the following positions in publicly listed companies: Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the Philippine Islands; and Vice Chairman of Ayala Land, Inc., Manila Water Company, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.). He is also the Chairman of Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., AC Infrastructure Holdings Corporation, AC Energy International, Inc. and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Ltd. Outside the Ayala group, he is 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 sits on the board of the Singapore Management University and on various advisory boards of Harvard

University, including the Global Advisory Council, HBS Board of Dean's Advisors, and HBS Asia-Pacific Advisory Board, which he chairs. He is Chairman Emeritus of the Asia Business Council, a member of the Global Board of Adviser of the Council on Foreign Relations, and Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a board member 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 is the President and Chief Executive Officer of AC Energy Corporation (formerly AC Energy Philippines, Inc). 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 over 1800MW 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, Manila Water and as 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 concurrently serves as Senior Managing Director of Ayala Corporation, President & Chief Executive Officer of Manila Water Company, Inc. (MWCI) and President & Chief Executive Officer of AC Infrastructure Holdings Corporation. He is also a member of the AC Management Committee, member of the Ayala Corporation Management Committee and the Ayala Group Management Committee since August 2016. He is the Chairman of the Executive Committee of MWCI and a Director of the following companies within the Ayala Group: AF Payments Inc.; Light Rail Manila Holdings, Inc.; MCX Tollway Inc.; and AC Energy Corporation (formerly AC Energy Philippines, Inc.)

Mr. Almendras 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 positions of Secretary of the Department of Energy, Office of the Cabinet Secretary and the Department of Foreign Affairs.

In June 2016, Mr. Almendras 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.



**John Philip Orbeta**

Mr. Orbeta is currently the Managing Director, Chief Human Resources Officer and Group Head for Corporate Resources at Ayala Corporation, covering Strategic Human Resources, Information & Communications Technology, AC Synergy, Brand & Reputation Management, Knowledge Management, and Corporate Support Services. He has served as a member of the Ayala Corporation Management Committee since May 2005 and the Ayala Group Management Committee since April 2009. He is currently the Chairman of Ayala Aviation Corporation, Ayala Group HR Council, Ayala Group Corporate Security Council and Ayala Business Clubs; Chairman and President of HCX Technology Partners, Inc.; and Vice Chairman, President and Chief Executive Officer of Ayala Group Club, Inc.

Mr. Orbeta also serves as a Board Director of AC Energy Corporation (formerly AC Energy Philippines, Inc.) Ayala Group Legal, AC Industrial Technology Holdings, Inc., Ayala Foundation Inc., Ayala Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc., Generika Group of Companies, BPI Family Bank, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Global Multi-Asset Income Fund, Inc., ALFM Retail Corporate Fixed Income Fund, Inc. and the Philippine Stock Index Fund Corporation. Mr. Orbeta previously served as the President and CEO of Ayala Automotive Holdings Corporation and Automobile Central Enterprise, Inc. (Philippine importer of Volkswagen) and the Chairman and CEO of Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc. and Iconic Dealership, Inc., and Board Director of Honda Cars Cebu, Inc. and Isuzu Cebu Inc.

Prior to joining Ayala Corporation, Mr. Orbeta was the Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson), overseeing the firm's practices in executive compensation, strategic rewards, data services and organization effectiveness around the world. He was also a member of Watson Wyatt's Board of Directors. He graduated with a degree in Economics from the Ateneo de Manila University in 1982.



**Gerardo Ablaza, Jr.**

Mr. Ablaza is currently a management consultant at Ayala Corporation and a member of the Board of Directors of AC Energy and Infrastructure Corporation and its listed company, AC Energy Corporation. He served as President and CEO of Manila Water Company, Inc. from June 2010 to April 2017 and remains involved as a Director and member of various management committees. From 1998 to April 2009, he was President and CEO of Globe Telecom. In June 2015, he became a member of the International Advisory Panel of the Institute for Water Policy under the Lee Kuan Yew School of Public Policy in Singapore.

Mr. Ablaza graduated as summa cum laude and obtained his degree in Liberal Arts (Honors Accelerated Program), Major in Mathematics from the De La Salle University.



**Consuelo Garcia**

Ms. Garcia is an independent director of AC Energy Corporation (formerly AC Energy Philippines, Inc.). She is currently an Independent Director of The Philippine Stock Exchange, Inc., Sun Life Investment and Trust Corporation, and FEU Alabang, Inc. She is presently the Senior Consultant for Challengers and Growth Markets, Asia for ING Bank. Currently, she is a member of the board of the Financial Executives Institute of the Philippines (FINEX) and the Finex Academy. She is the liaison director to the Finex Capital Markets Development Committee and is a member of the Ethics and Sustainable Development Working Group of the International Association of Financial Executives Institute. She is also a director of a family-owned business - Saje Wellness Corporation. She was formerly the Country Manager and Head of Clients of ING Bank N.V. Manila, Philippines from September 2008-November 15, 2017. She joined ING in February 1991 as Head of Financial Markets. She previously worked with SyCip, Gorres, Velayo & Co. and Bank of Boston. She served as Director of the Board and concurrently Chairman of the Capital Markets Committee of the Bankers Association of the Philippines and Finex for many years. She was a former Board of Director and Treasurer of the European Chamber of Commerce of the Philippines from 2011-2015. In 2010, she was a National Member of ASEAN Bond Market Forum.

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.



**Ma. Aurora Geotina-Garcia**

Ms. Geotina-Garcia 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 ACE Enexor, Inc., Cebu Landmasters Inc., and Queen City Development Bank. 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), and HBC, Inc. (2012-2016).

Ms. Geotina-Garcia is a Fellow and Trustee of the Institute of Corporate Directors (ICD) and a Trustee of the Shareholders Association of the Philippines. Today, she leads the Philippine Women's Economic Network as its Chairperson. She also Co-Chairs the Philippine Business Coalition for Women Empowerment and is former Co-Chair of the ASEAN Women's Entrepreneurs' Network where she remains as one of the Philippine Focal Points. She serves several women business organizations as a long-time Trustee, namely: Women's Business Council Phils., Inc., Business & Professional Women's, Makati (BPW), the Philippine chapter of Women Corporate Directors 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.



**Sherisa  
Nuesa**

Ms. Nuesa is an independent director of AC Energy Corporation (formerly AC Energy Philippines, Inc.). She was a former Managing Director of Ayala Corporation until her retirement in 2011. Currently, she is a member of the respective Board of Directors of Manila Water Company, Inc. (MWCI), Integrated Micro-electronics, Inc. (IMI), Far Eastern University, Inc., FERN Realty Corp, and the ALFM Mutual Funds Group. She is also a member of the Boards of Trustees of the Institute of Corporate Directors, the Judicial Reform Initiative, and the Financial Executives Institute of the Philippines.

As a former Managing Director of Ayala Corporation, Ms. Nuesa served in various senior management positions, namely: Chief Finance Officer and Chief Administrative Officer of IMI (January 2009 to July 2010); Chief Finance Officer of MWCI (January 2000 to December 2008); Group Controller and later Vice President for Commercial Centers of Ayala Land, Inc. (ALI) (January 1989 to March 1999); and as member of the boards of the various subsidiaries of ALI, MWC, and IMI.

Ms. Nuesa graduated from the Far Eastern University with a Bachelor of Science Degree in Commerce (summa cum laude). She is a Certified Public Accountant. She completed the Financial Management Program of the Stanford University in 1991 and the Advanced Management Program of the Harvard Business School in June 1999. She then obtained her Master's Degree in Business Administration from the Ateneo-Regis Graduate School of Business in 2011.



**Melinda  
Ocampo**

Ms. Ocampo is an independent director of AC Energy Corporation (formerly AC Energy Philippines, Inc.). She served as President of the Philippine Electricity Market Corporation, a non-stock, 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. 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.

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



**Mario  
Antonio  
V. Paner**

Mr. Paner is an independent director of AC Energy Corporation (formerly AC Energy Philippines, Inc.). He was previously the Treasurer and head of the BPI's Global Markets Segment, responsible for managing the Bank's interest rate and liquidity gaps, as well as its fixed income and currency market-making, trading, and distribution activities—in the Philippines and abroad.

Mr. Paner was also previously the Chairman of the BPI's Asset & Liability Committee and was a member of the Management Committee and Asset Management Investment Council. He also served as a Board member of BPI Europe Plc. He joined BPI in 1985, when the Bank acquired Family Savings Bank and performed various Treasury and Trust positions until 1989. Between 1989 and 1996, he worked at Citytrust, then the consumer banking arm of Citibank in the Philippines, which BPI acquired in 1996. At BPI, he was responsible for various businesses of the bank, including Risk Taking, Portfolio Management, Money Management, Asset Management, Remittance and Private Banking.

Mr. Paner served as President of the Money Market Association of the Philippines (MART) in 1998 and remains an active member up to present. He is currently the Vice Chairman of the Bankers Association of the Philippines' (BAP) Open Market Committee. He is also a member of the Makati Business Club, Management Association of the Philippines, British Chamber of Commerce, and the Philippine British Business Council.

Mr. Paner obtained an A.B. Economics degree from Ateneo de Manila University in 1979 and completed various courses in Business and Finance, including Strategic Financial Management in 2006. In 2009, he completed the Advanced Management Program

## Our Management Team



**John Eric Francia**  
President & Chief Executive Officer, AC Energy



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



**Jose Maria Zabaleta**  
Chief Development Officer



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



**Sebastian Arsenio Lacson**  
Senior Vice President & Co-Head, Plant Operations



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



**Dodjie D. Lagazo**  
Executive Director & Head, Legal and Regulatory Group, Assistant Corporate Secretary



**Solomon Hermosura**  
Corporate Secretary



**Roman Miguel de Jesus**  
Executive Director & Head, Commercial Operations



**Alan Ascalon**  
Assistant Corporate Secretary



**Andree Lou Kintanar**  
Vice President & Head, Human Resources & Corporate Services



# 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.

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

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

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

## Economic

Material Factors and the relevant <IR> Capitals	Specific Topics	Why it is Material	Management Approach	Performance Scorecard Indicator	ESG Indicators	Reporting Boundary
<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 <b>9, 16, 41</b>	• Direct economic value generated, distributed and retained	See <b>Annex: Environmental Performance Indices</b>	GRI: 201-1 SASB: IF-EU-110a.1
<b>Power Generation</b> Financial Capital Manufactured Capital	Power generated Installed capacity Plant operational efficiency	Our core business is to be able to provide reliable, affordable, and sustainable power to meet the country's energy demand.	See page <b>42</b> See pages <b>21-22, 42</b> See pages <b>29-30</b>	• Power generated • Attributable installed capacity	See <b>Sustainable Transformation</b>	
<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 page <b>63-64</b>	• Confirmed incidents of corruption and actions taken	No incidents reported, no aspect of operations within our organization was identified to have existence of corruption	GRI: 205-3

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

## Social

Material Factors and the relevant <IR> Capitals	Specific Topics	Why it is Material	Management Approach	Performance Scorecard Indicator	ESG Indicators	Reporting Boundary
<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 pages <b>40-41</b>	• Employee headcount • Total new hires • Employee turnover	See <b>Annex: Human Capital Performance Indices</b>	GRI: 102-8 GRI: 401-1 Reporting scope covers the Company's direct employees
<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 its policy on equal opportunity employment and diversity	• Employee count by age, gender, and rank		GRI: 405-1 GRI: 406-1 Reporting scope covers the Company's direct employees
<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 <b>35-40</b>	• Community investments	See <b>Community Investments</b>	GRI: 413-1
<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 pages <b>40-41</b>	"• Total and average training hours • Training hours by gender and rank"	See <b>Annex: Human Capital Performance Indices</b>	GRI: 404-1, 404-2 Reporting scope covers the Company's direct employees
<b>Occupational Health and Safety</b> Human Capital	Types of injuries	A safe working environment is of paramount importance in our business.	See pages <b>29, 40-41</b>	"• Number of safety-related incidents • Total safe manhours"	See <b>Annex: Human Capital Performance Indices</b>	GRI: 403-2 SASB: IF-EU-320a.1 Reporting scope covers both direct and indirect employees within the Company's plants

Footnote: Social material topics cover all 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.

Environmental

Material Factors and the relevant <IR> Capitals	Specific Topics	Why it is Material	Management Approach	Performance Scorecard Indicator	ESG Indicators	Reporting Boundary
<b>Energy Consumption</b> Natural Capital	Electricity 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.	<ul style="list-style-type: none"> <li>• Energy consumed</li> <li>• Energy intensity</li> </ul>	See <a href="#">Annex: Environmental Performance Indices</a>	GRI: 302-1
	Fuel consumption within the organization					
<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.	<ul style="list-style-type: none"> <li>• Water consumed</li> <li>• Water withdrawn</li> </ul>	GRI: 303-3, 303-5 SASB: IF-EU-140a.1	Extraction from surface water and consumption from third-party water is disclosed in cubic meters
<b>Effluents and Waste</b> Natural Capital	Hazardous wastes	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 DENR-accredited haulers for proper disposal.	<ul style="list-style-type: none"> <li>• Hazardous waste generated</li> <li>• Hazardous waste disposed</li> </ul>	GRI: 306-2	
	Flyash Management					
<b>Biodiversity Impacts</b> Natural Capital	Biodiversity	The Company commits to ensuring environmental responsibility is practiced across the different stages of operations.	See pages <a href="#">31-34</a>	<ul style="list-style-type: none"> <li>• Habitats protected</li> </ul>	See <a href="#">Protecting the Environment</a>	GRI: 304-1
	Tree planting					
<b>Greenhouse gas emissions</b> Natural Capital	Scope 1 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.	<ul style="list-style-type: none"> <li>• GHG Emissions</li> <li>• GHG Intensity</li> </ul>	See <a href="#">Annex: Environmental Performance Indices</a>	GRI: 305-1 SASB: IF-EU-110a.1
	Scope 2 GHG emissions					
<b>Climate Strategy</b> Natural Capital Manufactured Capital	Installed RE Capacity	Embedded in our business strategy is building towards a low-carbon portfolio.	See pages <a href="#">27-30</a>	<ul style="list-style-type: none"> <li>• Attributable RE capacity</li> </ul>	See <a href="#">A Low Carbon Portfolio by 2030</a>	
	RE projects within the pipeline					

Footnote: Environmental material topics cover all 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.

## Economic Performance Indices

Economic Performance	Unit	2019 Performance	2020 Performance
Direct economic value generated	₱	15,998,254.00	22,176,467.00
Direct economic value distributed	₱	18,480,902.00	25,461,910.00
Operating cost	₱	14,982,848.45	13,957,452.40
Employee wages and benefits	₱	382,675.00	1,114,761.00
Dividends given to stockholders and interest payments to loan providers	₱	2,530,658.00	8,007,305.00
Taxes given to government	₱	580,199.00	2,349,176.00
Investments to community (CSR, sponsorships, donations, contributions)	₱	4,521.55	33,215.60

Procurement Practice	Unit	2019 Performance	2020 Performance
Procurement budget spent on local suppliers	%	96%	70%

## Environmental Performance Indices

Electricity and Fuel Consumption	Unit	2019 Performance	2020 Performance
Electricity Consumption	kWh	20,230,325.42	14,606,177.67
Diesel Consumption	liters	40,904,680.85	15,097,503.66
Gasoline Consumption	liters	1,832,223.45	32,839.73
Coal Consumption	Tons	782,489.26	1,037,355.79

2019 electricity consumption realigned to capture purchased electricity only

Energy Consumption	Unit	2019 Performance	2020 Performance
Energy consumption from diesel	GJ	1,566,383.66	578,136.35
Energy consumption from gasoline	GJ	63,503.36	1,138.20
Energy consumption from coal	GJ	9,467,050.40	12,531,452.48
Electricity/indirect energy	GJ	72,829.17	52,582.24
Energy consumed within the organization	GJ	11,169,766.59	13,163,309.27

Emissions	Unit	2019 Performance	2020 Performance
Scope 1 Emissions	Tons CO <sub>2</sub> e	1,006,202.70	1,215,009.82
Scope 2 Emissions	Tons CO <sub>2</sub> e	14,394.02	10,373.16
Scope 1 Emissions (attributable)	Tons CO <sub>2</sub> e	513,628.37	1,214,866.86
Scope 2 Emissions (attributable)	Tons CO <sub>2</sub> e	11,576.31	9,908.66

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.  
Our Scope 2 emissions include the indirect energy emissions from the purchase of electricity from the national grid. Location-based grid emission factors used for local facilities are based on the Department of Energy (Philippines).

Water	Unit	2019 Performance	2020 Performance
Water Consumption	cu.m	117,292.84	194,254.87
Water Withdrawal	cu.m	248,211,000.00	265,006,345.08

This table refers to water consumed by ACEN plants from local water supply lines, as well as surface water sourced by SLTEC from Balayan Bay

Hazardous Waste Generated by Type	Unit	2019 Performance	2020 Performance
Batteries	kg	1,300.00	1,215.60
Electronic waste	kg	465.00	4,344.45
Used oil	kg	975,792.98	985,409.02
Busted fluorescent lamps	kg	267.60	333.52
Oil contaminated materials	kg	63,001.70	1,431,801.80
Chemical contaminated materials	kg	50.00	2,338.00
Other hazardous wastes	kg	1,782.00	804.80

Other hazardous wastes include plant-specific wastes such as clinical waste, resinous material

Flyash Management	Unit	2019 Performance	2020 Performance
Flyash generated	tons	44,277.15	60,955.65
Percentage of flyash recycled	%	92.35	81.72

# Human Capital

## Performance Indices

Employee Headcount				Permanent Employees by Gender				
Total Permanent Employees	2019		2020		2019		2020	
	2019	2020	Male	Female	Male	Female	2020	Female
	428	649	328	100	488	161		
Hires and Turnover								
New Employee Hires	2019		2020		New Employee Hires	2020		
	Total Employee Turnover	2019	2020	Total Employee Turnover		2019	2020	
67	53	90	63					
Permanent Employees by Age								
Under 30 years old	2019		2020		Under 30 years old	2020		
	30-50 years old	Over 50 years old	30-50 years old	Over 50 years old		30-50 years old	Over 50 years old	
153	188	87	222	332	95			
Permanent Employees by Position								
Rank-and-file	2019		2020		Rank-and-file	2020		
	Middle Management	Senior Management	Middle Management	Senior Management		Middle Management	Senior Management	
54	350	24	208	388	53			
Training Hours by Position				Training Hours by Position				
Employee Position	2019		2020		Employee Position	2020		
	Total Training Hours	Average Training Hours	Total Training Hours	Average Training Hours		Total Training Hours	Average Training Hours	
Rank-and-file	584	11	4,789	23	Rank-and-file	4,789	23	
Middle Management	5,371	15	4,400	11	Middle Management	4,400	11	
Senior Management	106	4	840	16	Senior Management	840	16	
Training Hours by Gender				Training Hours by Gender				
Gender	2019		2020		Gender	2020		
	Total Training Hours	Average Training Hours	Total Training Hours	Average Training Hours		Total Training Hours	Average Training Hours	
Male	4,592	14	6,749	14	Male	6,749	14	
Female	1,469	15	3,280	20	Female	3,280	20	
Total Training Hours				Total Training Hours				
Total Employee Training Hours		6,061		Total Employee Training Hours		10,029		
Company-wide Average Training Hours		14.16		Company-wide Average Training Hours		15		
Occupational Health and Safety								
Total number of non-disabling injuries for employees	2019			2020			Total number of non-disabling injuries for employees	
	Total number of disabling injuries for employees	Total number of fatalities	Safe manhours	Total number of disabling injuries for employees	Total number of fatalities	Safe manhours		
15	0	0	2,543,234	109	14	1	7,256,162	

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



## INDEPENDENT ASSURANCE STATEMENT

### Introduction

DNV GL AS Philippines Branch (“DNV”) has been commissioned by the management of AC Energy Corporation (“AC Energy” or “the Company”, SEC Identification Number: 069-039274) to undertake an independent assurance of the sustainability/non-financial disclosures in AC Energy’s 2020 Integrated Report (the “Report”) in its printed format for the year ended 31st December 2020. The intended users of this Assurance Statement are the management of the Company.

We performed this assurance engagement using DNV’s assurance methodology VeriSustain™, 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 during December 2020 - April 2021.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements#, 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.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to assurance of non-financial sustainability disclosures in this Report. We are providing a ‘limited level’ of assurance based on DNV’s VeriSustain, and no external stakeholders were interviewed as part of this assurance engagement.

The engagement excludes the sustainability management, performance, and reporting practices of AC Energy’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.

### Responsibilities of the Management of AC Energy Corporation and of the Assurance Provider

The Board of AC Energy has sole responsibility for the preparation of the Report and is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. AC Energy 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 2016, selected GRI Standards (2018 and 2020) as well as the SASB Standards 2018 (Electrical Utilities) and disclosures related to the Task Force for Climate-Related Disclosures.

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, true, and 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. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Our verification engagement included a limited level of verification of sustainability performance disclosures for the identified material topics of AC Energy. This is as identified under the reporting boundary which has been brought out in the Report in the section “Materiality”, that is, covering entities over which AC Energy has operational control or has seconded employees in operations. Our verification applies a 35% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

<sup>1</sup> The VeriSustain protocol is available on dnv.com.

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

# Dated 8th March 2021



### Basis of our Opinion and Limitations

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion. As part of our assurance engagement, we adopted a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to AC Energy and its key stakeholders. A multi-disciplinary team of sustainability and assurance specialists reviewed non-financial disclosures related to the Head Office at Makati City, and selected entities of AC Energy (South Luzon Thermal Energy Corporation (SLTEC) and North Luzon Renewables Corp. (NLR) in the Philippines), based on DNV's sampling plan. Due to the outbreak of the COVID-19 pandemic and associated travel restrictions, we carried out remote assessments as one-to-one discussions and onsite location assessments were not feasible. We undertook the following activities:

- Review of the non-financial sustainability disclosures in this Report;
- Review of approaches to materiality determination and 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 reporting framework adopted by AC Energy;
- Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. 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 findings were discussed and resolved with the Corporate Sustainability Team;
- Carried out remote assessments with teams at SLTEC and NLR to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites for remote assessment or verification;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on our risk-based approach, i.e. relevance of identified material topics and sustainability context of the business; and
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

The procedures performed in a limited assurance engagement vary in nature and timing 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.

### Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that AC Energy's 2020 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.

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

The Report brings out investors and shareholders, customers, business partners and suppliers, government and regulators, employees and community as the key stakeholder groups with whom the Company actively engages and collaborates to create long term shared value. The Report explains the various formal and informal modes of engagement through which AC Energy understands various needs and concerns of stakeholders and involve them in business processes.



### Materiality

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

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

The Report presents a description of how the Company carried out a materiality assessment exercise considering the SASB Materiality Map, GRI Standards and other global environmental, social and governance (ESG) standards, as well as the Company's business strategy, capitals and stakeholder concerns. The process also involved prioritization of the topics identified for bringing out within the Report, considering views from various internal stakeholders and validation and review by the senior management teams.

### Responsiveness

The extent to which an organization responds to stakeholder issues.

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

The Report brings out AC Energy's responses and strategies related to identified material topics and key stakeholder concerns through disclosures on management approach, governance, policies and appropriate performance indicators from selected GRI Topic Specific Standards and SASB accounting metrics. The Report also bring about the Company's creation of value across the six capitals of <IR> framework and how it measures its impact on the economy, society and environment; however, the Company may strengthen its disclosures related to interconnectedness of different capitals as well as disclosures on long-term targets and strategies towards value creation related to identified material topics.

### Reliability

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

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

The majority of the performance disclosures verified through offsite verification, i.e. at the Head Office and sampled sites, and through desk reviews and remote verification, 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. 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.

### Completeness

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

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

The Report brings out the Company's non-financial disclosures considering the Content Elements of the <IR> framework while its performance during the reporting period related to its identified material issues for the identified boundary of operations in the Philippines are brought out using appropriate GRI Topic Specific Standards and Sustainability Accounting Standards Board (SASB) accounting metrics.

### Neutrality

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



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

The Report brings out disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period and corresponding to the macro-economic environment in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinions made based on the reported data and information.

**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 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, Manila Water Company Inc., Ayala Land Inc., Globe Telecom, Inc and the Bank of Philippine Islands. 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 service to AC Energy in 2020 that could compromise the independence or impartiality of our work.

**For and on behalf of DNV GL Business Assurance AS Philippines Branch**

Digitally signed by  
Radhakrishnan, Kiran  
Date: 2021.04.07  
15:06:11 +05'30'

Kiran Radhakrishnan  
Lead Assessor  
DNV Business Assurance India Private Limited

Digitally signed by  
Mak, Heng Chwin  
Date: 2021.04.07  
18:20:17 +08'00'

Heng Chwin Mak  
Assurance Reviewer &  
Regional Manager APAC IME,  
DNV Business Assurance Singapore Pte. Ltd.

7th April 2021, Manila, Philippines

*DNV GL AS Philippines Branch is part of DNV - Business Assurance, 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))

## Report of the Audit Committee to the Board of Directors For the Year Ended 31 December 2020

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:

- All the Audit Committee members are independent directors, including the Chairman;
- We had four (4) regular meetings and two (2) special meetings with Management, internal auditors and external auditors and one (1) executive meeting with internal auditors and external auditors;
- We recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company's 2020 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 the AC Energy Corporation's audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.
- We reviewed the Pro Forma Condensed Consolidated Financial Information as at September 30, 2020 and for the Nine-Month Period Ended September 30, 2020 and Year Ended December 31, 2019 showing the impact of the infusion of the offshore and on-shore assets of AC Energy and Infrastructure Corp. to ACEN for inclusion in the Offering Circular in relation to the stock rights offering;
- 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 evaluated the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;
- 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

# Corporate Information

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 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; and
- We reviewed the Audit Committee Charter to ensure that it is updated and aligned with regulatory requirements.

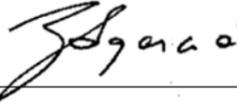
Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2020 for 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 2021 based on their performance and qualifications.

17 March 2021

Signed by:



MA. AURORA D. GEOTINA-GARCIA  
Chairperson



CONSUELO D. GARCIA  
Member



MARIO ANTONIO V. PANER  
Member

## Stakeholder Inquiries

AC Energy Corporation welcomes inquiries from analysts, the financial community, institutional and retail investors, customers, media and the general public. Please contact:

**Investors**  
[investorrelations@acenergy.com.ph](mailto:investorrelations@acenergy.com.ph)

**Corporate Communications & Sustainability**  
[corpcomm@acenergy.com.ph](mailto:corpcomm@acenergy.com.ph)

**Governance**  
[corpsec.acen@acenergy.com.ph](mailto:corpsec.acen@acenergy.com.ph)

**Data Protection**  
[dataprivacyceph@acenergy.com.ph](mailto:dataprivacyceph@acenergy.com.ph)

**Human Resources**  
[careers@acenergy.com.ph](mailto:careers@acenergy.com.ph)

## Financial Statements

AC Energy Corporation's 2020 Audited Financial Statements and Definitive Information Statement may be accessed from [www.acenergy.ph](http://www.acenergy.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 85804693 to 95  
[stocktransferoffice@bpi.com.ph](mailto:stocktransferoffice@bpi.com.ph)

Concept by Wunderman Thompson  
Execution by Ampersand Design Think Lab



AC ENERGY CORPORATION  
4F 6750 OFFICE TOWER, AYALA AVENUE,  
MAKATI CITY, 1226 PHILIPPINES  
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