



Green Equity Framework

MAY 2023

Our Green Equity Framework

ACEN has developed a Green Equity Framework under which we intend to secure Green Equity Instruments to fund selected Green Projects within the Group.

The Framework is intended to govern Green Equity Instrument issuances across all energy group entities, including, but not limited to: ACEN, ACEIC, ACEN subsidiaries, and any other entity that may issue Green Equity Instruments from time to time.

The Framework contains four core components:

1. Use of proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

USE OF PROCEEDS

The ACEN Green Equity Framework is guided by the Ayala group's broader strategic focus on sustainability. Specifically, the framework is designed to help meaningfully contribute to the below United Nation Sustainable Development Goals (UN SDGs):

Eligible Green Project Categories

An amount equal to the aggregate net proceeds from the issuance of every ACEN Green Equity Instrument will be used to finance or refinance, in whole or in part, new or existing "Eligible Green Projects"; that is, qualifying assets and projects which meet the criteria outlined below, which involve the development, construction and production of the components, financing (including refinancing and financing costs), acquisitions, and operation of the following renewable energy projects:

- Solar energy projects (including rooftop and floating solar)
- Wind energy projects (onshore and offshore)
- Geothermal energy projects (direct emissions <100g CO₂/kWh)
- Hydro power (meeting one of the following criteria: (i) run-of-river without artificial reservoir or low storage capacity, (ii) power density greater than 10 W/m², or (iii) life-cycle carbon intensity below 50 g CO₂e/kWh, and projects that have undergone environmental and social impact assessment with no significant controversies or expected negative impact identified)

- Battery energy storage solutions (BESS) projects linked to renewable sources

Eligible Green Projects may be found throughout the energy group and the group reserves the right to choose the most efficient way of transferring cash between Group entities to fund Eligible Green Projects.

Eligible Green Projects may include the energy group's investments made during the three years prior to, on, or after the commencement date of the issuance of the Green Equity Instruments. Net proceeds from the issuance may also be used to refinance eligible projects that are financed by the previous Green Bonds, Green Loans, or Green Equity Instrument issuances and other financing initiatives of the energy group.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Eligible Green Projects are identified and selected according to the criteria outlined above and via a process that involves participants from various functional areas including the Group's Business Development, Finance, Corporate Strategy, and Sustainability teams. Prior to investing in a project in a given region, the Group ensures local regulations regarding environmental and social constraints are adhered to, in line with the energy group's Environmental & Social policy.

Shortlisted projects are reviewed for approval by our senior management on an at least an annual basis, until all proceeds are accounted for and thereafter in the event of material developments. ACEN's Board of Directors and Senior Management are responsible for the approval of assets and projects in accordance with the Framework.

MANAGEMENT OF PROCEEDS

An amount equal to the proceeds will be allocated to finance designated eligible green assets/projects across the energy group, selected in accordance with the Eligibility Criteria, and using the evaluation and selection process mentioned above.

We intend to spend an amount equal to substantially all of the net proceeds from the issuances within three years of the date of issuance.

Payment of principal and interest will be made from the general funds of the Borrowing Entity within the energy group which may or may not be linked to the performance of a specific Eligible Green Project of said Borrowing Entity.

Tracking of Proceeds

We will monitor the allocation of an amount equal to the proceeds via internal information systems.

A register will be created to facilitate the monitoring and reporting of the Green Equity Instruments, and the deployment of an amount equal to the net proceeds.

The register will include, among others:

- Green Equity Instrument details: including stock ticker, issue date, issue amount, par value and dividend rate (if applicable);
- Renewable/Green Asset Category;
- The regions in which the projects are located;
- The amount of net proceeds allocated to the projects;
- The date of allocation and foreign exchange rates;
- Environmental certification of the project (if applicable)

Use of Unallocated Proceeds

Pending any allocation or reallocation, an amount equal to the net proceeds from the equity instrument may be invested in cash or cash equivalents, or used to repay existing borrowings under general credit facilities of the energy group entities.

These funds will be managed according to ACEN's own internal liquidity management policies and may be transferred to other entities within the energy group.

Substitution of Assets

We will allocate an amount equal to the net proceeds to assets or projects that comply with the Eligibility Criteria as soon as reasonably practicable, reallocating to replacement assets or projects in the event that a previously allocated asset or project is sold or no longer eligible.

REPORTING

Where relevant and possible, we will also report on selected impact metrics (per project or in aggregate for all projects financed by the Proceeds), as outlined below:

Allocation Reporting

At least annually, until an amount equal to the net proceeds has been allocated, and thereafter, in the event of material changes, ACEN will provide information on the allocation of an amount equal to the net proceeds of the notes on our website and/or in our Integrated Reports. The information will contain at least the following details:

- A list of approved Eligible Green Projects, including amounts allocated; and
- Remaining balance of unallocated proceeds.
 - Where possible, we will also provide additional information, case studies, or examples of selected projects, subject to considerations such as confidentiality agreements.
 - The annual reporting will be reviewed and approved by our senior management.
 - For each Green Equity Instrument issuance, we intend to engage an external auditor to provide independent verification on our reporting and management of proceeds in accordance with this Framework.

Impact Reporting

Where relevant and possible, we will also report on selected impact metrics (per project or in aggregate for all projects financed by the Proceeds), as outlined below:

Eligibility Criteria	Sample Impact Metric
Renewable Energy	Energy generated from renewable sources (GWh) Greenhouse Gas (GHG) emissions reduced/avoided (tCO ₂ e)