



Leading the Energy Transition

INTEGRATED REPORT 2022

At the forefront of Asia-Pacific's renewables revolution

The global energy crisis has accelerated the demand for a cleaner and more secure energy ecosystem, and ACEN is taking a leading role in the renewables revolution. We are embarking on a bold strategy to turbocharge our growth by fivefold to assemble 20 GW of renewables capacity by 2030. With decarbonization at the core of our vision, our 2030 aspiration purposefully supports our goal to achieve Net Zero greenhouse gas emissions by 2050.

As a formidable renewable energy player in the Asia-Pacific with a robust growth trajectory, ACEN is well-positioned to harness the enormous opportunities and lead the global effort towards clean energy transition.

In the coastal towns of Caunayan and Balaoi in Ilocos Norte, 32 wind turbines tower like giants, each generating 5 MW of clean energy, making up what is the largest wind farm in the Philippines.

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About our reporting

This report is to provide our shareholders with a comprehensive and balanced insight into our strategy, governance and value creation.

Frameworks, guidelines and standards

Task Force on Climate-related Financial Disclosures (TCFD)

We are guided by TCFD recommendations on climate-related financial disclosures for climate-related discussions.



Sustainability Accounting Standards Board (SASB) Standards

We reference the SASB Standards for electric utilities & power generators.



Global Reporting Initiative (GRI) Standards

We reference the GRI Standards: Core Option for select non-financial disclosures.



<Integrated Reporting> Framework

We adopt the <IR> Framework to structure the content of this report.



Sustainable Development Goals

We use the UN SDGs as a blueprint to align our business activities with sustainable development.



Carbon Disclosure Project

We respond to the CDP climate change questionnaire. We received a baseline score of C for our responses covering FY 2021.



Coverage of the report

ACEN follows the approach of equity share in facilities where it does not have operational control.

Financial statements

Our audited financial statements for the period January 1, 2022 to December 31, 2022 have been approved by ACEN's Board of Directors, and are pending approval by the shareholders at the Annual Stockholders' Meeting on April 24, 2023. The latest Audited Financial Statements are available on www.acenrenewables.com.

SyCip Gorres Velayo & Company is the external auditor of the company's financial statements. The audit partner principally handling ACEN's account is rotated every five years in accordance with regulations of the Philippine Securities and Exchange Commission.

Verification and assurance

We engaged DNV Business Assurance Singapore Pte. Ltd. to validate the information related to our sustainability performance. The assessment used VeriSustain Protocol, which is aligned with ISAE3000 and GRI Standards. This covered procedures and supporting documents governing materiality, stakeholder engagement, as well as performance and management approach for the economic, environmental and social aspects of the business.

Note on forward-looking statements

Certain statements describing our objectives, projections, estimates, and expectations may constitute as forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Responsibility statement

A working committee composed of groups from various disciplines including Corporate Communications and Sustainability, Corporate Planning and Investor Relations, Legal, Finance, Risk, and key operating units across ACEN has evaluated the contents presented in this report.

We welcome inquiries and feedback on this report. Please email investorrelations@acenrenewables.com.



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In Ilocos Norte, Philippines, over 700 hectares of forestlands that we protect have now become a critical wildlife habitat. One of our forest dwellers is the white-eared brown dove, whose numbers have since increased since we launched our Conservation Estate here in 2014.

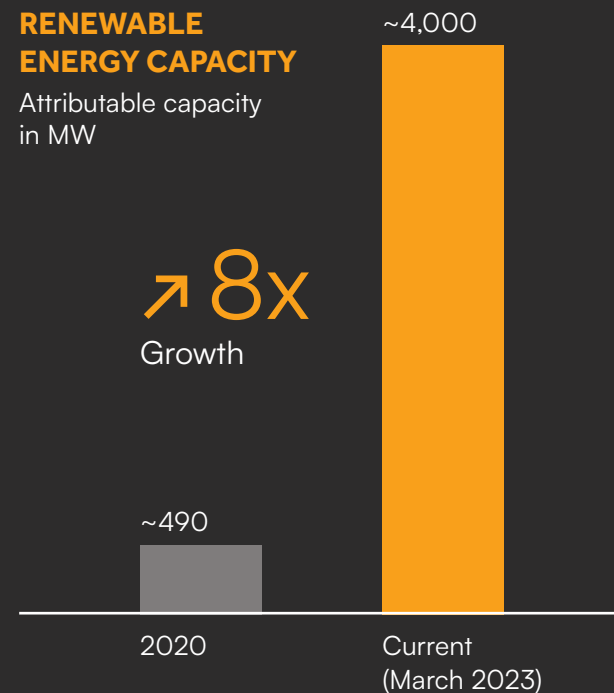


Business highlights

We continued to execute our renewables expansion across our key markets, growing our renewables capacity to ~4,000 MW, which comprises 98% of total capacity, among the highest in the region.

RENEWABLE ENERGY CAPACITY

Attributable capacity in MW



1. Includes projects that are operating and under construction
 2. Includes 48 MW from ACEN's investment in NEFIN rooftop solar projects, across Mainland China, Taiwan, Hong Kong, Singapore, Thailand, and Malaysia.

Total attributable renewables capacity

~4,000 MW¹

Renewable energy share

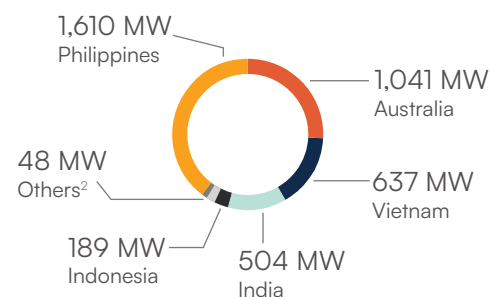
98%

New renewables projects in 2022

~1,300 MW



Geographic footprint



Total assets

₱232.8 B

Market capitalization

~₱300 B

Total shareholders' equity

₱149.6 B

Investments in renewables (Capex)

₱50.6 B

Target attributable renewables capacity by 2030

20 GW

Sustainable financing

Maiden peso green bond

₱10 B

The strong support of Philippine institutional and retail investors for our maiden peso green bond issuance will help us realize our vision 20 GW renewables by 2030.



Green loans raised for Australia expansion

~AU\$600 M (~₱22 B)

Energy transition

Greenhouse gas emissions target
Net Zero by 2050

Raised from ETM transaction

₱7.2 B

Output from renewable sources

~3,400 GWh

We showed strong growth through our attributable renewables output, which grew 27% year-on-year.

Net Income

₱13.1 B

Consolidated revenues

₱35.2 B

Attributable EBITDA

₱14.3 B

Completion of acquisition
Australia platform

100% owned by ACEN



New strategic partnerships

- ib vogt
- PivotGen & UPC Solar & Wind
- Puri Usaha Group
- CleanTech Global Renewables



Sustainability highlights

We've made important progress over the last year through our Environmental, Social, and Governance (ESG) initiatives. To make our sustainability efforts more strategic and focused and drive the sustainability performance of our organization, we have identified key ESG issues that are material to ACEN and to what matters to our stakeholders. We have established a baseline of our ESG data, including climate that helped us develop our metrics and targets in assessing risks and opportunities.

Attributable output from renewable sources

~3,400 GWh

Emissions avoided

~3 million MT CO₂e

Equivalent to ~600,000 gasoline-powered vehicles driven for a year¹

1. Based on US EPA GHG Equivalencies Calculator
2. Excludes SLTEC employees due to the divestment of the asset in November 2022

Environment

Completion of

Energy Transition Mechanism

The first market-based ETM in the world

Net Zero Roadmap

Outlines near-term scope 1, 2 and 3 GHG emissions reduction targets aligned with climate science 1.5°C pathway

Biodiversity

Nature habitat areas protected

~2,100 hectares

Trees planted

~731,000

The forests that we protect have become an important wildlife habitat across the region. With the help of our partners in sustainability, we create an ecologically diverse landscape thriving with biodiversity.



Read more about our environmental initiatives on [page 23](#) >

Social

Human capital

713 Employees²

Employee engagement score

93%

Top talent retention rate

95%

Through sustained and cohesive initiatives to integrate our values, vision and culture, our employees identify strongly with our commitment to "do better" by driving positive change for people and planet.



Community

Jobs created

~19,500

Community investments

~₱ 123 M

Read more on how we invest in people on [page 30](#) >

Governance

In November 2021, ACEN established a **board-level Sustainability Committee** and an **executive-level ESG Committee** to regularly review our sustainability strategy, culture and values, while maintaining oversight of performance. An **executive-level Risk and Health & Safety Committee** provides oversight of operational safety and sustainability risks.

Diversity in leadership

Women in leadership positions

39%

We empower our women and allow them to thrive towards true inclusion, recognizing their amazing contributions in the renewable energy space.



Read more about how we embed sustainability in our business on [page 40](#) >



Geographic footprint

ACEN continues to expand its portfolio within its key markets, fortifying its presence with the full acquisition of the Australia platform and new solar and wind farms under construction in the Philippines, Australia, and India.

Total attributable capacity of owned assets¹

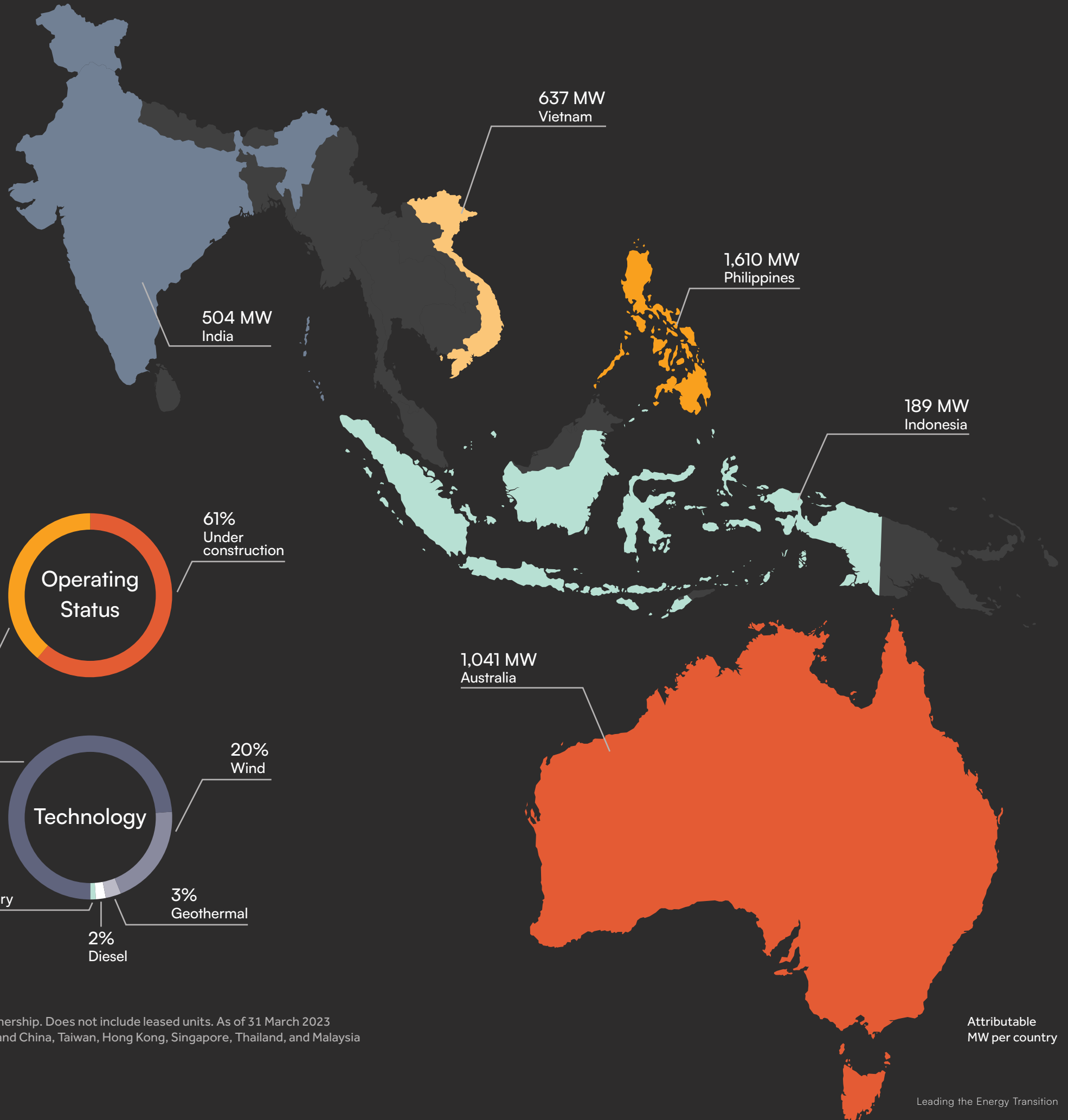
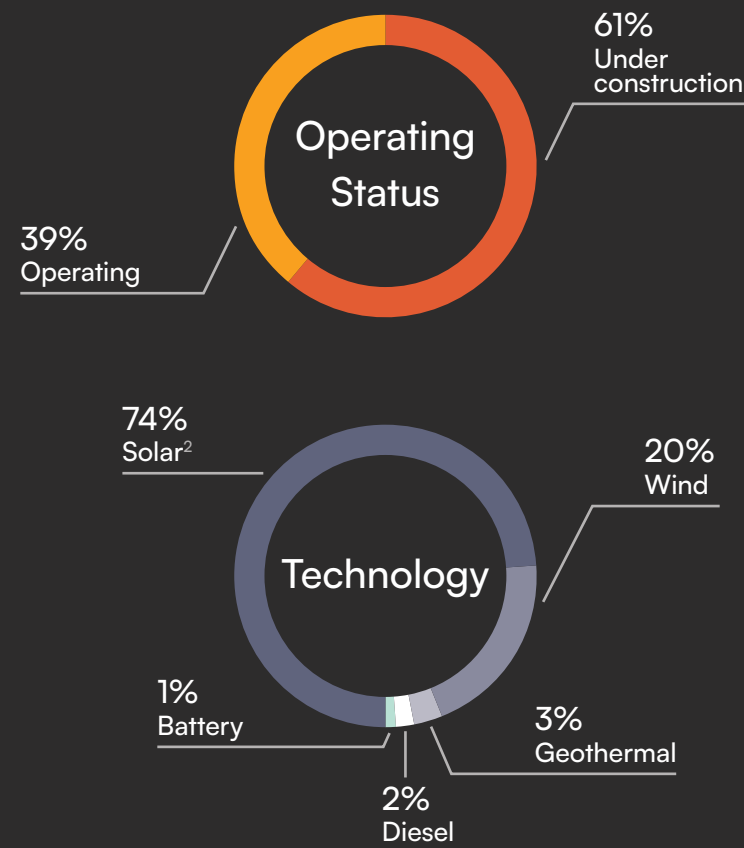
~4,030 MW

Renewable capacity

~4,000 MW

Share of renewables to total capacity

98%



1. Refers to gross capacity of owned assets, multiplied by ACEN's effective economic ownership. Does not include leased units. As of 31 March 2023
 2. Includes 48 MW from ACEN's investment in NEFIN rooftop solar projects, across Mainland China, Taiwan, Hong Kong, Singapore, Thailand, and Malaysia

Attributable MW per country



How we create value

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We accelerated our renewables expansion in 2022, spending ₱50.6 billion in capital expenditure for the construction of new solar and wind farms in the Philippines, Australia, and India.



Message from the chairman and president

We welcomed 2022 with renewed optimism as the world resumed economic activity. In the midst of the unprecedented challenges of the pandemic, we saw the opportunity to prime ourselves for a post-pandemic economic recovery. We ramped up our investments in renewable energy across our key markets as we anticipated heightened electricity demand once consumer spending resurges.

This positive momentum was quickly challenged by geopolitical events at the beginning of the year. The war in Ukraine caused shock waves to the global energy market, triggering high fossil fuel prices and energy security issues. In addition, this exacerbated existing global supply chain challenges that led to the delay in the completion of some of our projects.

Expanding our footprint

Nonetheless, we continued to execute on our renewables expansion across our key markets in the Philippines, Australia, Vietnam, India, and Indonesia. We concluded the year with ~4,030 MW of net attributable capacity, with 98% coming from renewable technologies. The Philippines continues to be our core market, accounting for 40% of our generation portfolio, as we promptly responded to invest in new capacity amidst the tightening power supply situation brought about by resurgent electricity demand and the decline in Malampaya gas output.

Overseas, Australia is our largest market, comprising 26% of our generation portfolio. This was cemented by our acquisition of the Australia development platform, transforming the joint venture with the UPC Renewables group into ACEN Australia, our first wholly owned development and operating platform outside the Philippines. The acquisition results in ACEN's full ownership of over 1,000 MW of ACEN Australia's solar farms as well as its development pipeline in New South Wales, Tasmania, Victoria, and South Australia.

From challenges to opportunities

The global energy crisis has accelerated the demand for governments and businesses to adopt a green growth and sustainable development strategy, pushing renewable energy to an unprecedented level of importance. ACEN is excited to be an active participant in this historic inflection point and do our part in this shift towards a low-carbon future.

Our strategic pivot towards renewable energy in recent years galvanizes our position as a formidable regional player as the world increasingly takes urgent action to achieve a cleaner and more secure energy ecosystem. With elevated fossil fuel prices, the economics of renewable energy has become more competitive. We aim to take advantage of this encouraging momentum as we continue to scale up our renewables portfolio.

ACEN currently has around 2,400 MW of attributable generating capacity under construction, with around 1,200 MW targeted to be operational within 2023. With 700 MW located in the Philippines, we expect to progress as net sellers in the merchant electricity market as the projects become operational. This will put us in a competitive advantage under this highly volatile environment.

Our road to Net Zero

We are moving forward with our commitment to achieve Net Zero greenhouse gas emissions by 2050, which fully supports our ongoing growth and

“Our strategic pivot towards renewable energy over the recent years galvanizes our position as a formidable regional player.”

DELFIN LAZARO
Chairman

decarbonization strategy. ACEN together with the Ayala group has engaged global climate solutions provider South Pole in the quantification of our GHG footprint and the development of a robust Net Zero roadmap. The roadmap involves the transition of ACEN's generation portfolio to 100% renewable energy by 2025.

We have made significant progress in our roadmap. We completed the review of our scope 1 and 2 GHG reporting, screened all our 15 scope 3 emission categories, and developed a full GHG emissions inventory, including emissions from own generating assets, retail activity, and joint ventures. Further, we started the process for identifying emission reduction opportunities to form part of our strategic initiatives.





“ACEN 2030 is an aggressive goal, but we believe that we have the fundamentals in place to succeed.”

ERIC FRANCIA
President and CEO

We recently completed our Net Zero roadmap, which includes near-term emission reduction targets aligned with the GHG protocol and the latest climate-science. It also includes long-term targets consistent with the deep decarbonization of the power sector. We are proud to say that ACEN is the first energy company in Southeast Asia to take this critical step towards achieving Net Zero, with an accountable and transparent framework to monitor progress.

A just energy transition

While we are strongly committed to transitioning out of coal-fired generation, we believe that this must be done in a responsible way. In an emerging market such as the Philippines where coal plants are still inevitable until the next few decades, we must take into account the tightness in power supply and the economic relevance of thermal plants in the near to medium term. With this in mind, we implemented a Just Energy Transition by adopting the principles of the Energy Transition Mechanism, a framework promoted by the Asian Development Bank, to responsibly divest from our thermal assets and transition to cleaner technology.

We completed the full divestment of the South Luzon Thermal Energy Corporation coal plant using the ETM framework, the first of its kind in the

world. This landmark transaction will enable the early retirement of the 246 MW coal plant in Batangas, Philippines. Under the structure, the coal plant will be retired by 2040 and transitioned to a clean technology, thereby reducing its operating life of up to 50 years by half. This will help avoid or reduce up to 50 million metric tons of carbon emissions. This mechanism, which involved debt financing from the Bank of the Philippine Islands and Rizal Commercial Banking Corporation, and equity investments from the Philippine Government Service Insurance System, The Insular Life Assurance Company, Ltd., and ETM Philippines Holdings, Inc., ensures an effective workforce evolution, community resilience, and collaboration with stakeholders. The transaction generated ₱7.2 billion in proceeds for ACEN, which will be reinvested into renewable energy projects.

Leading green finance in the region

Being at the forefront of energy transition renders ACEN a natural participant of sustainable finance. We issued our maiden peso-denominated Green Bonds amounting to ₱10 billion with a fixed coupon interest rate of 6.0526% per annum due September 2027. The Green Bonds, which are part of ACEN's ₱30 billion-shelf registration, complies with ASEAN Green Bond Standards that requires proceeds to be used exclusively for the funding of eligible green projects. The issuance will finance around 500 MWdc of ACEN's various solar projects in the Philippines.

Despite stepping up our funding initiatives in step with our massive expansion plan, we are able to maintain healthy leverage ratios. We ended the year with a net DE ratio of 0.19x, which provides ample capacity to fund new investments.

The global energy crisis triggered an urgent need for secure, reliable, and affordable electricity supply. We saw this as an opportune time for ACEN to turbocharge its growth and help address the capacity challenges we are facing today. In August 2022, we announced ACEN 2030, our bold aspiration to assemble 20 GW of

attributable renewables capacity by 2030, representing more than a 20% compounded annual growth rate up to the end of the decade.

The Philippines will remain as ACEN's core market, and we expect that Australia will remain to have the second largest footprint. In addition, we will continue to grow our presence in Vietnam, Indonesia, and India. Onshore solar and wind will remain our core energy technologies, complemented by investments in new technologies such as battery energy storage, floating solar, and offshore wind. As we have done over the past decade, this ambitious goal will be implemented by leveraging strategic partnerships with global and regional developers, multinational energy firms, as well as local business groups, developers, and landowners. In 2022 alone, we formed new strategic partnerships, with various institutions such as ib vogt, Puri Usaha, and Pivot Power.

ACEN 2030 is an aggressive goal, but with the strong commitment and support of a highly energized organization, strong balance sheet, robust pipeline of projects, and solid partnerships, we believe that we have the fundamentals in place to succeed.

Going forward, while we continue to see a challenging market domestically amid the tight power supply situation and elevated fossil fuel prices, the significant addition to our renewables operating capacity by the middle of 2023 will help augment the country's energy supply as well as bolster ACEN's financial performance.

As a final word, we thank our Board of Directors for its guidance, our management team, and all our employees for their engagement and rigor, our business partners, shareholders, and our many stakeholders for their continued trust and support.



Business performance

In 2022, the Philippine power sector weathered significant challenges. The country, which has a high dependence on coal, was adversely impacted by elevated fuel prices caused by the Russia-Ukraine war. The challenging macroeconomic environment was compounded by natural catastrophes that hit the country during the year. Despite this, ACEN's revenues grew with resurgent post pandemic demand.

While ACEN felt the impact of these adverse events, we remained steadfast in our commitment to our decarbonization strategy. As the global energy crisis accelerated the demand for energy transition, we continued to scale up our renewable energy portfolio as we implement a just transition of our thermal assets. ACEN attained ~4,030 MW in attributable capacity by the end of the year, with a 98% renewables share. This brings us close to our goal of achieving 100% clean power generation by 2025, translating to a strong double-digit growth in renewable energy output. With our strong commitment to execution excellence combined with a robust balance sheet, ACEN is on a stronger footing to deliver growth and value in 2023.

2022 Financial performance

ACEN endured short-term headwinds throughout the year, as high energy prices raised the cost of purchased power for the company. High fuel prices and fundamental tightness in supply resulted in elevated spot market prices in the Philippines. This was especially felt in the first quarter of the year, as Typhoon Rai (Odette) damaged transmission lines in the Visayas, preventing export of power from our renewable energy plants in the region. This coincided with outages of the SLTEC plant, hence widening our net buying position in the spot market, and significantly increasing cost of sales.

Despite all these challenges, the company's consolidated revenues posted strong double-digit growth, up 35% to ₱35.2 billion. This was mainly driven by full-year contributions from the 120 MW Alaminos Solar and 63 MW Palauig Solar projects, which started operations in mid-2021.

Consolidated net income for the year reached ₱13.1 billion. This included ₱8.6 billion of net impact in revaluation gains resulting from the company's full acquisition of the Australia platform, as well as provisions for the Supreme Court ruling voiding the Philippine Energy Market Corporation's (PEMC) administered and regulated pricing back in 2013, and also the 60 MW Lac Hoa and Hoa Dong wind farms that missed the feed-in tariff in Vietnam.

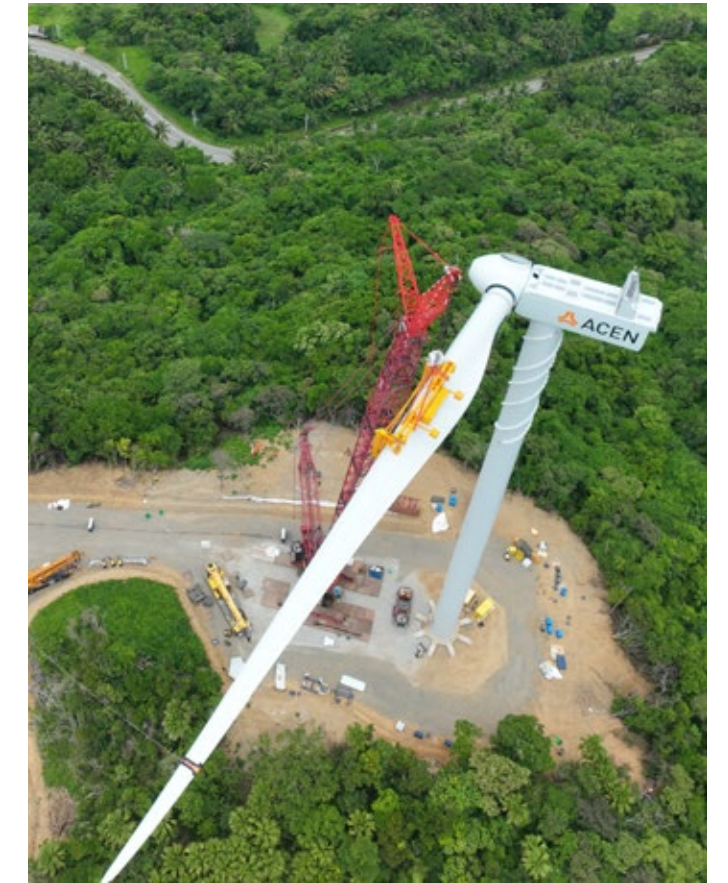
Attributable earnings before interest, taxes, depreciation, and amortization (EBITDA), which includes ACEN's share of EBITDA from non-consolidated associates and joint ventures, reached ₱14.3 billion in 2022, 5% lower than in the previous year. This was due to challenges in Philippine operations, whose contribution to attributable EBITDA dropped 29% year-on-year to ₱5.2 billion in 2022. High cost of power due to net merchant buying at elevated spot market prices and typhoon-related curtailment contributed to the decline.

Attributable EBITDA from International operations offset the decline, rising 20% to ₱9.5 billion, driven by new operating wind projects in Vietnam and new solar farms in India.

Total attributable output rose 7% to ~5,000 GWh, owing to the company's new international assets, which contributed over 2,500 GWh, up 30% from the previous year. Full-year contributions from newly operational Vietnam wind farms and India solar farms drove the growth in generation.

Consolidated revenues

₱35.2 B
↑35%



Construction for ACEN's renewable energy developments were in full swing in 2022, including the largest wind farm in the Philippines, the 160 MW Pagudpud Wind.

Funding the sustainable future

ACEN ended the year with a strong balance sheet, with ₱232.8 billion in total assets, up 36% from 2021, and ₱34.6 billion in cash, up 31% year-on-year.

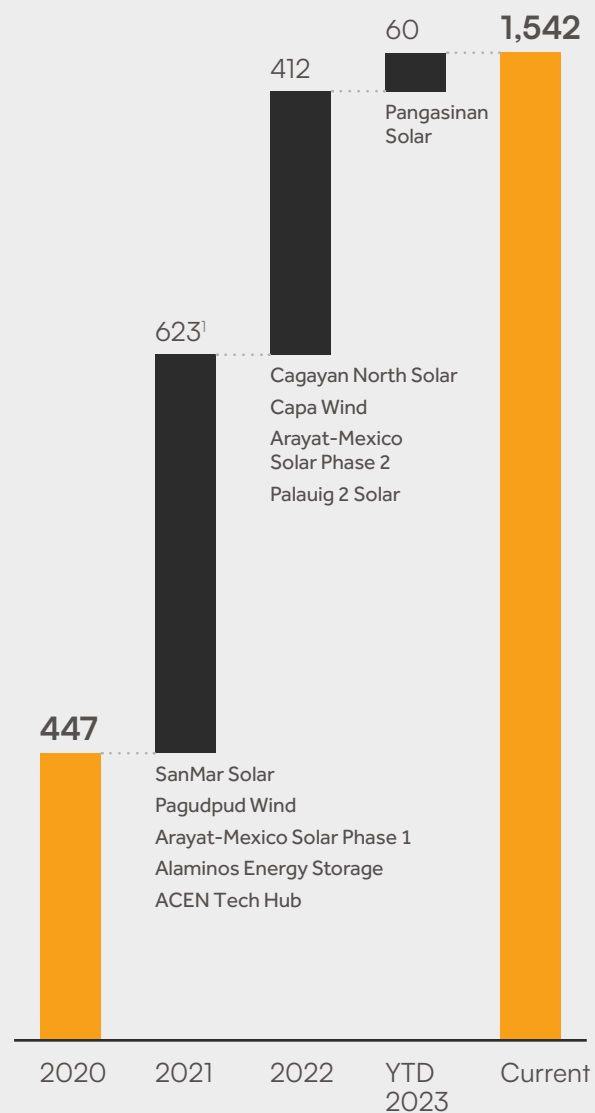
In 2022, ACEN issued its maiden Peso Green Bonds worth ₱10.0 billion, due in 2027, which were 8.6x oversubscribed. The Bonds have been rated PRS Aaa, the highest possible from the Philippine Rating Services Corp. (PhilRatings), and comply with ASEAN Green Bond Standards.



ACEN Philippine renewables expansion

Strong growth trajectory — increasing more than 3x since 2020

Attributable MW, both operating and under construction



1. Net of biomass plants sell-down and reduced stake in Islasol

To fund expansion overseas, ACEN Australia signed ~AU\$600 million in Green Loans from several international banks, as well as the Australian government's Clean Energy Finance Corporation (CEFC). The loans will allow the company to accelerate the development of its robust renewable energy pipeline in Australia, encompassing solar, wind, battery storage, and pumped hydro power.

Despite additional borrowings, the company's net debt-to-equity ratio remains robust at 0.19x, much lower than bank covenants and many other peers in the power generation and infrastructure sectors.

Renewable energy portfolio

With ~4 GW of attributable renewable energy capacity as of March 2023, ACEN is poised to achieve its target of 5 GW of renewables capacity well ahead of its 2025 plan. The current capacity includes 1.6 GW from the Philippines, 1.0 GW in Australia, 0.6 GW in Vietnam, 0.5 GW in India, and 0.3 GW in Indonesia and other markets.



The 72 MW first phase of the Arayat-Mexico Solar Farm, a joint venture between ACEN and Citicore, started operations in 2022. It is expected to generate 105 GWh of renewable energy annually, which can power approximately 45,000 homes.

Philippines

In 2022, the company began construction on the 133 MW Cagayan North Solar in Lal-lo town, the 44 MW expansion of the Arayat-Mexico Solar farm in Pampanga, the 70 MW Capa Wind in Ilocos Norte, and the 300 MW Palauig 2 Solar farm in Zambales, as well as the 60 MW Pangasinan Solar project in Sinocalan, San Manuel municipality, which was given notice to proceed in 2023. The Capa Wind project and the 160 MW Pagudpud Wind farm both won their respective bids for the Philippine government's Green Energy Auction Program (GEAP), which succeeded the previous feed-in tariff program. GEAP intends to support new investments in renewable energy and ensure adequate power supply and competitive electricity rates.

A testament to the company's commitment to developing clean power in the country, ACEN's operating renewables capacity in the Philippines has more than tripled since 2020, to over ~1,500 MW as of end-March 2023.

International

Outside of the country, ACEN made significant progress in portfolio expansion in Australia. With more than 1 GW of projects under construction, it is now our largest market outside the Philippines.

We completed the final tranche of our full acquisition of UPCVAC Renewables Australia, transforming the platform into ACEN Australia. ACEN Australia has full ownership in two of Australia's largest solar farms – the 521 MW New England Solar Farm (NESF) Phase 1 and 520 MW Stubbo Solar projects, which are currently under construction. It likewise has a broad development pipeline spanning four states: New South Wales (NSW), Tasmania, Victoria, and South Australia.

Renewables under construction in the Philippines

~1,000 MW

International

~1,400 MW

Slated to commence commercial operations within 2023, NESF is ACEN's largest solar farm to date and one of the largest in Australia. The solar farm has already started injecting power into the grid under testing and commissioning.

In January 2023, ACEN began construction on Stubbo Solar, located within the Central-West Orana Renewable Energy Zone, also in NSW. The 520 MWdc (400 MWac) solar project will connect to an existing high-voltage 330 kV network and will produce enough clean energy to power more than 185,000 average Australian homes. Stubbo Solar also provides for a 200 MWh battery energy storage system, which can later on be adapted to dispatch energy during peak hours and provide important grid stability services.

Power generated by NESF and Stubbo is also expected to qualify for Green large-scale generation certificates (LGCs) that allow big users such as corporate commercial and industrial clients to certify their use of renewable energy, thereby reducing their potential scope 2 emissions.



Strategic partnerships

Throughout the year, ACEN continued forging strategic partnerships with key industry players and global developers. Strategic partnerships remains ACEN's key strategy for unlocking opportunities in new markets.

In April, ib vogt and ACEN agreed to set up a platform to fund the construction and operation of large-scale solar power plants throughout Asia. The joint venture partners will focus on late-stage, shovel-ready projects in Indonesia, Vietnam, Malaysia, Lao PDR, Bangladesh, and other countries in the region. Many of the projects will stem from ib vogt's Asia development pipeline of more than 5,000 MW. The platform will also be open to acquire late-stage projects from local and regional developers. The venture targets an operational capacity of 1,000 MW over the coming years, with a potential for further expansion.

That same month, ACEN announced its plans to enter the United States renewable energy market through a newly formed strategic partnership with Pivot Power Management and UPC Solar & Wind Investments LLC. Under the partnership, ACEN will pursue opportunities to acquire operating wind farms in the U.S. and explore strategies for extending their useful life through preventative maintenance and repowering. The partnership will target the acquisition of operating wind projects across various geographies in the U.S. It will seek to upgrade and replace key components on target projects with the goal of extending project life and optimizing power generation.

New partners



In May, ACEN and the Puri Usaha Group agreed to work together in a platform for the joint development of renewable energy projects in Indonesia, focusing on large-scale solar farms, battery energy storage, and green hydrogen. The joint venture platform, Suryagen, covers the Batam, Bintan, and Karimun (BBK) islands. The Puri Usaha Group was instrumental in building a consortium for a cross-border initiative to build renewables facilities in Indonesia and export the generation output to Singapore via a subsea cable. Suryagen intends to develop this, in addition to other projects in the archipelago.

Beyond these agreements, ACEN continues to look for opportunities to scale up its presence in its key markets. It will continue to leverage strategic partnerships as a platform to expand into new geographies.

Leading the energy transition

In November 2022, ACEN took a significant step towards energy transition and its Net Zero goal by divesting its sole coal plant, the 246 MW facility of South Luzon Thermal Energy Corporation (SLTEC) in Calaca, Batangas. This was done through the world's first market-based energy transition mechanism (ETM). The coal plant's operating life of

up to 50 years will be reduced in half, as ACEN commits to retire and transition the plant to a cleaner technology by 2040. This will help avoid or reduce up to 50 million MT CO₂ emissions. This landmark deal raised ₱7.2 billion, which ACEN can use to fund further renewables expansion. Find out more about this pioneering transaction on [page 15](#) of this report.

Outlook

We look forward to a more positive 2023 as we recover from the short-term challenges of the previous year. In the Philippines, we expect to move towards a net merchant selling position with ~700 MW of new operating capacity slated to come online before the end of the year. With power supply becoming a grave concern in the country, ACEN is well poised to provide the much needed capacity to address the resurgence of post pandemic demand.

Internationally, we expect even more renewables capacity to begin commercial operations in 2023. These include one of Australia's largest solar farms, the 521 MW first phase of the New England Solar Farm in New South Wales. The 420 MW Masaya Solar project in Madhya Pradesh, ACEN's largest in India, is also expected to come online within the year.

We expect this additional operating capacity to fuel ACEN's growth in 2023, especially as spot energy prices remain elevated in the Philippines and in Australia. We also expect improvements in the pricing of power supply contracts as a result. Compared to expensive coal and gas-fired power, ACEN's portfolio of renewable energy plants are well positioned to deliver more cost effective and sustainable power sources to utilities, industries and retail consumers.

We have allocated P50 to 70 billion in capital expenditures in 2023 to fund our aggressive expansion program. This includes funding for pre development costs, including land banking and construction of the necessary connection assets. These investments will ensure the continuity of ACEN's renewable energy pipeline as we continuously develop new projects towards our target of achieving 20 GW of renewables by 2030.



Energy Transition Mechanism

In November 2022, ACEN completed the **first market-based Energy Transition Mechanism (ETM)** transaction in the world. The landmark transaction will enable the early retirement of the 246 MW South Luzon Thermal Energy Corporation (SLTEC) coal plant in Batangas, Philippines, and will help reduce up to 50 million metric tons of carbon emissions. The coal plant's operating life will be reduced by up to 25 years as it transitions to cleaner technology by 2040.

[Read more](#) about how we accelerate the energy transition through our **ETM**, and our **announcement** of its completion in November 2022. >

From fossil fuels to cleaner technology

Faced with the challenge of achieving its Net Zero commitment by 2050, the company needed to chart a path towards the eventual retirement of SLTEC, while being a responsible major player in the country's energy sector.

Net dependable capacity

246 MW

Start of operations

April 2015

Technology

Sub-critical Circulating Fluidized Bed (CFB)



The **Asian Development Bank (ADB)** promoted the **ETM concept**, which leverages public and private investments – from governments, multilateral banks, private sector investors, philanthropies, and long-term investors – to retire coal assets on an earlier schedule than if they remained with their current owners.

The first market-based ETM in the world

Total transaction value

₱17.4 billion

Proceeds from ETM transaction

₱7.2 billion

Coal plant ownership

Zero

Following ETM transaction



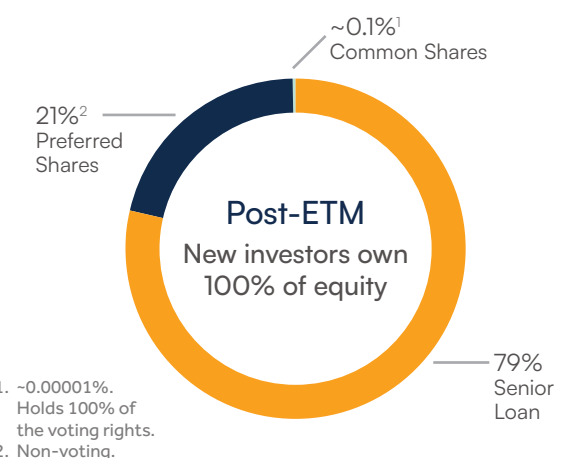
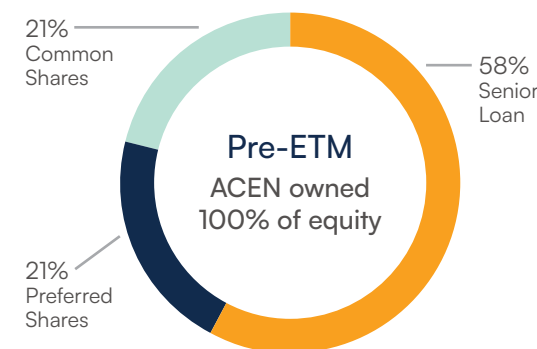
A key enabler in accelerating the energy transition

The ACEN ETM is set to achieve its primary purpose – to accelerate the energy transition, even in the Philippines, a developing economy dependent on coal-fired power supply for baseload. With 50 million MT CO₂ emissions avoided through early retirement and ₱7.2 billion raised for new renewable sources of energy, this transaction is truly a pioneering game-changer with a lasting impact on the Philippines' carbon footprint and the shape of the country's energy sector for decades to come.

Optimized capital structure & cost of capital

To enable the ETM, SLTEC's capital structure was optimized through the refinancing of its project finance loan. The debt was upsized and lengthened to optimize capitalization, and this allowed partial return of capital to ACEN. The remainder was then taken up by equity investors, which ensured a competitive cost of capital for SLTEC.

CAPITAL STRUCTURE





“The Energy Transition Mechanism can be done, as demonstrated by our completion of the **world’s first market-based ETM**. While much work still needs to be done, both the public and private sectors have roles to play to collaborate and ensure a successful energy transition.”

ERIC FRANCIA
President and CEO

Key investors

Through the ETM, equity institutional investors were able to achieve the steady returns required by their mandates through a sustainable ESG-linked investment. The banks, on the other hand, having ceased lending to new coal-fired power plants, were able to broaden their risk profile to include transitioning thermal energy facilities.

Equity

₱3.7 billion

Private investors have supported the deal in the first ever market-based ETM implementation.



₱2.2 B



₱1.0 B

ETM Philippines Holdings, Inc.

₱466 M

Debt

₱13.7 billion

Energy transition loan classification has enabled banks to support the project by differentiating it from traditional coal financing.



A commitment to a just energy transition

To ensure a win-win solution, ACEN's ETM follows principles from the Council for Inclusive Capitalism's Just Energy Transition Framework to ensure a win-win solution that works for all.



Universal Net Zero energy

ACEN can transition SLTEC to cleaner technology. Replacing SLTEC with renewables requires ~1 GW of new solar and wind; ACEN expects over 10x this when SLTEC is retired.



Workforce evolution

Workforce evolution involves continuous plant hiring from the local community, training and reskilling, and rotations to ACEN renewable energy facilities.



Community & resilience

Since SLTEC is one of Calaca, Batangas' largest taxpayers, ACEN will assess and mitigate the ETM's impact alongside local stakeholders, part of which is the prospective transition of SLTEC to newer and cleaner technology.



Collaboration & transparency

A Just Transition plan will be shared with key stakeholders and shall ensure adequate output to replace foregone coal capacity, in cooperation with the Philippine Department of Energy (DOE). Key learnings will be shared with industry peers and other organizations.

[Read more](#) about our commitment to **Just Energy Transition** >



Supported by financial institutions and insurance companies, BPI, RCBC, Insular Life and GSIS, the ETM is a concept developed by ADB, which aims to leverage low-cost and long-term funding geared towards early coal retirement, and the investment of proceeds to enable renewable energy projects.



Value-creating business model

Inputs

Financial capital

• Consolidated assets (₱)	232.8 B
• Market capitalization (₱)	~300 B
• Cash (₱)	34.6 B
• Total shareholder's equity (₱)	149.6 B
• Consolidated debt-equity ratio (x)	0.43x

Human capital

• Net addition to headcount	~200
• Employees	713
• Total training (hours)	~42,000
• Investment in employee learning and development (₱)	33 M

Industrial and natural capital

• Operating (MW)	~1,600
• Total attributable capacity of owned assets (MW)	~4,030
• Renewables	3,960
• Thermal	70
• Under construction (MW)	~2,400
• Renewables	~2,400
• Thermal	Zero
• Renewables pipeline (MW)	18,000
• Renewables share (%)	98
• Average wind speed	~6 m/s
• Average solar irradiance	~1,900 kWh/sqm
• Revenue from coal (%)	15

Social and relationship capital

• Community investment (₱)	~123 M
• Strategic Partners (no.)	16

Value creation approach

Our vision

ACEN aspires to be the largest listed renewables platform in Southeast Asia, with a goal of reaching 20 GW of renewables capacity by 2030.

Strategic objectives

- Focus on scaling up renewables
- Leverage strategic partnerships
- Geographic expansion



Outputs

Total attributable capacity of owned assets
~4,030 MW

Total renewables share
98%

Revenue
₱35.2 B

Net income
₱13.1 B

Maiden peso green bond for Philippine renewables expansion
₱10 B

Green financing for Australia renewables expansion
AU\$600 M

Capital raised from ETM
₱7.2 B

Outcomes

Financial Capital

• Revenues (₱)	35.2 B
• Attributable EBITDA (₱)	14.3 B
• Net income (₱)	13.1 B
• Dividends paid to shareholders (₱)	2.3 B (₱0.06 per share)

Human capital

• Net population growth (%)	38
• Employee engagement score (%)	93
• Top talent retention rate (%)	95
• Women in leadership positions (%)	39
• Lost time injury frequency	0.16
• Safe manhours	~19 M
• Fatalities	0

Industrial and natural capital

• New renewables projects in 2022 (MW)	~1,300
• Total attributable output (GWh)	~4,950
• Attributable output from Renewable sources (GWh)	~3,400
• GHG emissions avoided (MT CO ₂ e)	~3 M

Social and relationship capital

• Retail Customers (no.)	~160
• Customer satisfaction index (out of 100)	84
• Active supplier base (no.)	~760
• Community programs (no.)	~500
• Sustainability Partners (no.)	42
• Jobs created (no.)	~19,500



ACEN 2030

In August 2022, ACEN announced its vision to achieve 20 GW of attributable renewable energy capacity by 2030. We aim to realize this through geographic expansion, new technologies, and strategic partnerships, utilizing an extensive project pipeline across ACEN's current markets — the Philippines, Australia, India, Indonesia, and Vietnam — as well as new geographies.

Know more about our corporate vision and strategy targeting 20 GW of attributable renewables capacity by 2030. [>](#)

Catalyst for renewable energy

The global energy crisis sparked by the Russia-Ukraine war accelerated the demand for a cleaner, reliable, and more secure energy ecosystem. The elevated and volatile fossil fuel prices have catalyzed the strong drive from governments and institutions to decarbonize. These developments, along with the emerging advancements in clean technologies, are enabling the shift to renewable energy as a competitive and sustainable alternative to fossil fuels.

First-mover advantage

ACEN is fortunate to have had the foresight to embark on a transformation initiative in 2016 to pivot its generation portfolio towards renewable energy when the space was still in its nascent stages. Today, having established a solid track record in the renewables space here at home and in the Asia-Pacific region, ACEN is poised to galvanize its early-mover position and take a leading role in the global effort towards clean energy transition.



Turbo charging our growth

ACEN is taking advantage of this historic inflection point for renewable energy to turbocharge its growth and do our part in addressing the urgent call to move towards a low-carbon future. In August 2022, we launched ACEN 2030, a growth strategy targeting to accumulate 20 GW of attributable renewables capacity by 2030. This bold aspiration represents a sixfold expansion, with a compounded annual growth rate of more than 20% in the next eight years.

Our 3 key strategies towards ACEN 2030

Geographic expansion

We will cement our position as a leading renewables player in the Asia-Pacific region by utilizing our deep pipeline of projects.



New technologies

Technological advancements have improved the efficiency, reliability, and economics of renewable energy.



Strategic partnerships

ACEN's storied history of strategic partnerships over the past decade has been key to its success.



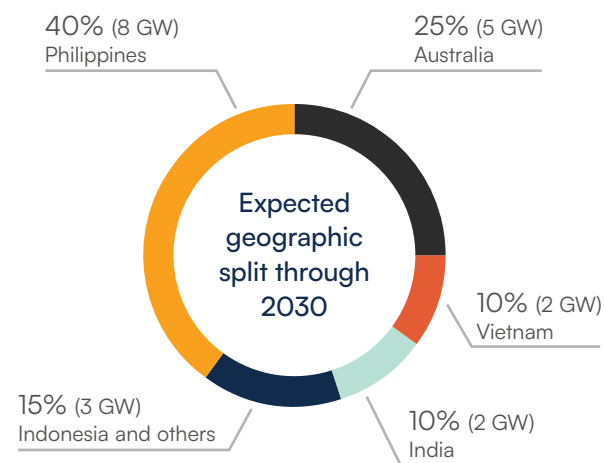


“The entire organization is committed to **ACEN 2030**, which is our vision to reach 20GW of renewables by 2030.”

ERIC FRANCIA
President and CEO

Geographic expansion

The structural changes taking place in these markets present a compelling opportunity to expand our footprint and participate in the region’s decarbonization goals. We will also continue to look for opportunities in other markets that are similarly undergoing critical industry transformation.



Subject to regular calibration based on market opportunities and conditions

Philippines

Around 18 GW of new renewables capacity may have to be built across the industry as the country strives to achieve its target of 35% renewables share of output by 2030. This is against the backdrop of tightening supply brought about by the decline of Malampaya gas output, a moratorium on new coal-fired power projects, and declining baseload reliability.

Australia

Imminent closures of over 10 GW in coal-fired power plants, some already over half a century old, are expected to occur by 2030. Given the government’s target of 82% of total renewables output by 2030, this may call for at least ~25 GW in replacement renewable energy to be constructed.

Vietnam

With a Net Zero goal by 2050, the country’s latest Power Development Plan is beginning to take shape, targeting ~70 GW in total renewables by 2030. This requires ~27 GW in new renewables capacity to be installed.

India

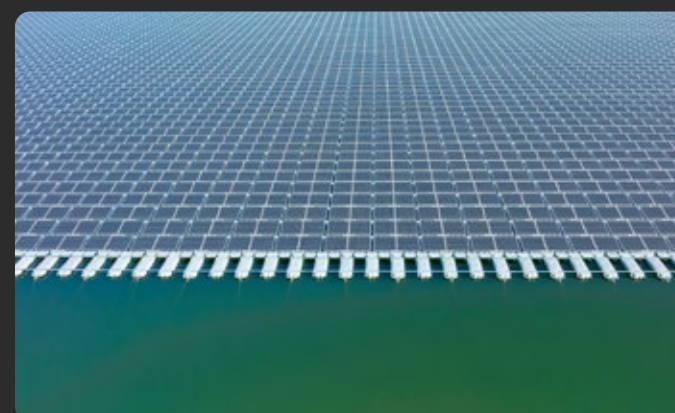
ACEN will continue to tap on opportunities to participate in the country’s Net Zero commitment by 2070, entailing a massive renewable energy target of ~523 GW by 2030. This necessitates ~300 GW in new clean power capacity to be constructed.

Indonesia

With its Net Zero target by 2060, ACEN is keen to participate in the government’s goal to reach ~29 GW of renewable energy by 2030. This requires ~21 GW in additional renewables capacity to be built.

New technologies

While ACEN will continue to focus on ground-mounted solar and wind to achieve 20 GW, we will also make headway into new technologies to bolster our expansion. These include floating solar, offshore wind, distributed generation, and battery storage.



Strategic partnerships

While we have established development and operational capabilities, we will continue to forge new joint ventures and strategic partnerships with global and regional developers, multinational energy firms, as well as local business groups, developers, and landowners in exploring new geographies and navigating new markets.



Leading the renewables revolution

While we recognize that our journey towards 2030 will be both exciting and challenging, we believe that with a commitment to deliver execution excellence, a team of highly energized individuals, and a robust balance sheet, we have built a strong foundation for success and take a leading role in the renewables revolution.

Watch how we are reimagining the ACEN journey. >



Our approach to ESG

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Identifying and managing risk	44

We are the first energy company in Southeast Asia to announce a Net Zero roadmap, a testament of our full commitment to our Net Zero ambition, and our vision of a sustainable future for the next generation.



Our sustainability progress

ACEN has deepened its commitment to sustainable development and continues to find areas where we can contribute and help solve global issues. We go beyond metrics and regulatory compliance – we aim to deliver value that would benefit society and would impact our employees, customers, suppliers, partners and shareholders meaningfully.

Embedding sustainability across our strategy has established a strong foundation to the entire organization, influencing our thinking and decision making.

We've made important progress over the last year through our Environmental, Social, and Governance (ESG) initiatives. To make our sustainability efforts more strategic and focused, and drive the sustainability performance of our organization, we have identified key ESG issues that are material to ACEN and to what matters to our stakeholders. We have established a baseline of our ESG data, including climate that helped us develop our metrics and targets in assessing risks and opportunities.

Our ESG roadmap sets out clear targets to achieve our Net Zero greenhouse gas emissions by 2050 and sustainable development ambitions. These targets are aligned with the UN Sustainable Development Goals (SDGs). The roadmap uses metrics to track our progress toward achieving our goals.

Energy Transition Mechanism

In November 2022, ACEN completed the **world's first market-based ETM transaction** that will enable the early retirement of the 246 MW SLTEC coal plant by 2040 and its transition to a cleaner technology.

[Read more](#) about our landmark ETM on [page 15](#) >

Completion of Net Zero roadmap

In **December 2022**, ACEN became the first energy company in Southeast Asia to announce a Net Zero roadmap that includes near-term scope 1, 2 and 3 greenhouse gas (GHG) emissions reduction targets, aligned with a 1.5°C pathway for the power sector.

[Read more](#) about our commitment to Net Zero on [page 26](#) >

Regional scale biodiversity protection

Over **~2,100 hectares of natural habitat areas** are now protected by ACEN across **20 of our developments** in the Philippines, Australia, Vietnam, Indonesia, and India.

[Read more](#) about our progress on biodiversity on [page 27](#) >

713-strong agile organization

ACEN formulated robust workplace policies and practices that strengthened the overall employee experience for its strong, agile and growing team - from our inclusive culture, learning and development opportunities, and above industry compensation and benefits.

[Read more](#) about how we put our people at the forefront on [page 30](#) >

~19,500 jobs created and ~₱123 M invested for communities

ACEN created tangible, long-term value for its host communities through large-scale investments for socio-economic progress, collaborating with local governments, state agencies, conservation groups and the locals themselves, true to the company's commitment to nation-building.



In Ilocos Norte, the locals receive training on farming techniques to allow commercial agriculture to flourish and provide streams of livelihood for the residents.

Embedded sustainability through leadership committees

In November 2021, ACEN established a boardlevel Sustainability Committee and executivelevel ESG Committee to regularly review our sustainability strategy, culture and values, while maintaining oversight of performance. An executive-level Risk and Health & Safety Committee provides oversight of operational safety and sustainability risks.

Implemented new policies to identify and mitigate risk

New policies implemented

- Health, Safety, Security & Environment
- Enterprise risk management
- Cybersecurity



ACEN sustainability roadmap

Pivot to renewables

Ayala's energy group was established in 2011 and was focused on building reliable and affordable power for the Philippines. Thermal-fossil fuel capacity initially accounted for ~90% of its portfolio.

In 2016, renewables started to scale up and increase in competitiveness globally, while the demand for sustainable investments was becoming stronger. As such, the group made a transformational shift to expand across the region, focus on scaling up renewable investments, and divest its fossil fuel investments.

In 2019, Ayala decided to transform ACEN to become its listed renewable energy platform, by consolidating all its renewable energy investments and accelerating its renewables investments in the Philippines and across Asia Pacific.

2011

2019

OUR PROGRESS HIGHLIGHTS

Implementation of framework

- Raised a total of ~\$1.8 B of green bonds (2019-2022) to fund its renewable energy projects
- Rolled-out the company's Environment and Social (E&S) policy and management system, with a commitment on Zero Coal by 2030
- Announced its 5 GW renewables capacity by 2025 goal

Embedding sustainability

- Commitment to Net Zero GHG emissions by 2050
- Established Executive-level ESG Committee and Board-level Sustainability Committee
- Implementation of Health, Safety, Security, and Environment (HSSE) Policy for operating plants, and its management process
- Alignment to Task Force for Climate-Related Financial Disclosures along with the Ayala group

Leading sustainability

- ACEN completed the full divestment of its 246-MW coal plant using the Energy Transition Mechanism (ETM) framework. The transaction will also enable the early retirement of the coal plant by 2040 and its transition to a cleaner technology
- Completed Net Zero roadmap aligned with climate-science 1.5°C pathway
- Announced its new vision, ACEN 2030, which is to reach 20 GW of renewables by 2030
- ~4,200 MW of attributable capacity in the Philippines, Vietnam, Indonesia, India, and Australia, with a renewable share of 98%, which is among the highest in the region

Established flagship programs:

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • Biodiversity Conservation - 625 hectares • Circularity approach piloted in Alaminos Solar • Planted 216,000 trees | <ul style="list-style-type: none"> • Biodiversity Conservation - over 1,000 hectares • Integration of Circularity principles across ACEN's Philippine developments • Planted 538,804 trees (2021 cumulative) | <ul style="list-style-type: none"> • Biodiversity Conservation - over 2,000 hectares • Implementation of Agri-voltaic in solar operation sites • Planted 730,709 trees (2021 cumulative) |
|---|---|---|

2022

Net Zero company by 2050

- By 2040, deliver its **long-term Net Zero targets**, reducing scope 1,2 and 3 GHG emissions
- By 2030, ACEN aims to reach **20 GW of renewables capacity**
- Deliver its **near-term Net Zero targets**, reducing scope 1,2 and 3 GHG emissions

- By 2025, ACEN will reach **5 GW of renewables capacity** and transition its portfolio to **100% renewables capacity**

[Read more about ACEN's sustainability.](#)



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

Environmental: Net Zero by 2050

Impact to SDGs:



As ACEN aspires to be a Net Zero company by 2050, we recognize our role to help conserve the environment and prevent the continued decline in biodiversity and risk to the natural resources which we all depend on.

Our commitment to the environment is built on three focus areas: Climate Change, Biodiversity, and Resource Efficiency. Through these three focus areas, we aim to manage our key environmental impacts, help address the urgent issue of climate change and use resources responsibly.

PROGRESS HIGHLIGHTS

ETM completion

November 2022

Net Zero roadmap completion

December 2022

GHG emissions avoided

~3 million MT CO₂e

Natural habitat areas protected

~2,100 hectares

Trees planted

~731,000

The 120 MW Alaminos Solar in Laguna, Philippines has an adjacent 40 MW Energy Storage, making it the first hybrid solar and battery development in the country.



Climate change and the energy transition

We are now facing a global energy crisis, and the tight power supply situation triggered an urgent need for secure, reliable and affordable electricity supply. The world needs to accelerate the energy transition, and we believe that this is an opportune time for our renewables growth and help address the capacity challenges we are facing today.

In 2022, ACEN's generation portfolio has grown to ~4,030 MW of net attributable capacity, with 98% coming from renewable technologies across the Asia Pacific.

In August, we announced our ambitious goal, ACEN 2030, which is our vision to reach 20 GW of renewables capacity by 2030. This aggressive goal is well aligned with our decarbonization strategy to become a Net Zero company by 2050.

We have made strategic progress on our commitment to achieve Net Zero greenhouse gas emissions by 2050. We have completed our near-term and forward looking targets aligned with climate-science 1.5°C pathway. The entire organization and the board fully support the recently announced roadmap.

Together with the Ayala group, we engaged global climate solutions provider, South Pole, in the quantification of our GHG footprint and the development of a robust Net Zero roadmap. The roadmap involves the transition of our generation portfolio to 100% renewable energy by 2025 and the early retirement of the SLTEC coal plant by 2040.

In December 2022, we completed the review of our scope 1 and 2 GHG reporting, screened all our 15 scope 3 emission categories, and developed a full GHG emissions inventory, including emissions from own generating assets, retail activity and joint ventures. Further, we started the process for identifying emission reduction opportunities to form part of our strategic initiatives.

Energy Transition Mechanism

Accelerating further our Net Zero aims, in November 2022, we completed the full divestment of the South Luzon Thermal Energy Corporation coal plant using the Energy Transition Mechanism (ETM) framework, the first market-based implementation in the world. This landmark transaction will enable the early retirement of the 246 MW SLTEC coal plant in Batangas, Philippines. Under the structure, the coal plant will be retired by 2040 and transitioned to a clean technology, thereby reducing its operating life of up to 50 years by half. This will help avoid or reduce up to 50 million metric tons of carbon emissions. The transaction generated ₱7.2 billion in proceeds for ACEN, which will be reinvested into renewable energy projects.

Funding our renewables expansion

Through several well-received debt capital market issuances, we remain to be one of the Philippines' largest issuers of green bonds, contributing to the country's sustainable financing achievements. With ACEIC, we raised an aggregate of US\$ 1.6 billion green bonds since 2019 to support the financing for renewable energy investments and projects.

Most recently, in September 2022, we raised ₱10 billion from our maiden peso ASEAN fixed-rate green bonds issuance, which will be used to finance the company's newest projects in Luzon. In January 2023, we secured our AU\$600 million



ACEN's 160 MW Pagudpud Wind, its third wind project in Ilocos Norte, is poised to be the Philippines' largest wind farm when it begins operations in 2023.

debt financing target to be used in the development of existing and additional pipeline of renewable energy projects in Australia.

Aligning with TCFD

Since 2021, ACEN has been a supporter of the Task Force for Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board to develop voluntary, consistent, climate-related financial disclosures to improve transparency on climate risks and opportunities. These disclosures revolve around four thematic areas: governance, strategy, risk management, and metrics and targets.

We recognize that in order to effectively address the impact of climate change, it is imperative that we gain a better understanding of our exposure and the financial implications of climate-related risks and opportunities to our business. This would

allow us to better integrate climate-related factors into our risk management, strategic planning, capital allocation, and overall decision-making processes.

Learn more about:

[ACEN 2030 Strategy](#) on [page 18](#) >

The landmark [Energy Transition Mechanism](#) on [page 15](#) >

[Our Net Zero progress](#) on [page 26](#) >

Our maiden [Task Force for Climate-Related Financial Disclosures](#) report on [page 45](#) >



Circularity in our construction sites

With ACEN's rapid solar energy scale-up comes the inherent challenge of voluminous plastic waste from the protective packaging of the solar panels delivered to the project site. Normally, these plastic waste products would be hauled by a contractor to nearby landfills, thereby compounding non-biodegradable environmental waste. We sought to address the issue by laying the foundation for an ESG-focused ecosystem within its renewable energy plants – one that is anchored on circularity to "eliminate, circulate and regenerate".

Progress highlights: Circularity

Plastic collected and diverted from landfill

~45,400 kg

Plastic waste hauled from solar sites and Ilocos Community Eco Hub

Eco-products produced

~336,000 pcs

Equivalent of eco-products produced from waste collected

Eco-products used

~60,500

Total quantity of eco-products used for all sites

We saw an opportunity to integrate circularity principles to help address marine plastic waste (MPW) in the Philippines while creating shared value with communities through creating green jobs, supporting small-to-medium size enterprises, and promoting climate-resilient strategies.



Around 42,000 kg of plastic waste collected from our solar plants were already converted into ~309,000 eco-products.

Sustainability from the value chain

To drive the company in the direction of circularity in disposing plastic waste, we became the first renewable energy company in the Philippines to implement an integrated circular approach within its developments, engaging with multiple stakeholders across various phases of its value chain – from the plant's development stage to its commercial operations.

We identified key partners who can apply circularity principles, bring in the technology and equipment, and provide the skills and technical know-how in upcycling plastic waste. Innovative solutions provider, Green Antz, became the perfect conduit for circular approach in our power plants through their eco-products technology which can upcycle plastic waste into formidable eco-bricks that are five times stronger than traditional concrete hollow blocks.¹

With a sustainability mindset, our Development team reframed their workstreams on plant waste management to ensure proper collection of plastic waste within the plant facility. We also moved a step further by integrating into partners' contracts the adherence to the circularity framework as a requirement, thereby creating bigger ripples of sustainability.

We have replicated this plastic waste diversion approach in three other large-scale renewable energy developments, Palauig Solar and SanMar Solar in Zambales, and Pagudpud Wind in Ilocos Norte, by embedding the circularity framework as part of our Engineering, Procurement, and Construction (EPC) contracts.

To date, ~42,000 kg of plastic waste collected from our Alaminos and San Marcelino solar plants in Laguna and Zambales were already converted into ~309,000² eco-products, with the equivalent weight of 33 compact size cars. We were able to integrate ~60,500 eco-products that were used in the construction of our solar and wind farm facilities. Such efforts helped limit the amount of plastic waste sent to landfills. These eco-products were used to build substation perimeter walls,

control buildings, and other infrastructure projects within wind and solar plants in Ilocos, Zambales, and helped save an estimated 10-20%³ savings on construction cost.

ACEN's circularity: Excellence in innovation

ACEN's Circularity bagged the Special Recognition for Ecosystem Collaboration at the 2022 Ayala Innovation Excellence Awards, an annual competition honoring best-in-class and homegrown transformations innovations developed by teams within the Ayala Group.



[Read more](#) about circularity approach in our [Community Eco Hub](#) on [page 37](#) >

1. Based on standard compressive strength tests
2. ~135 grams of plastic waste per eco-product
3. Green Antz comparative study for a 190 sqm project



Our Net Zero roadmap completion

ACEN is the first energy company in Southeast Asia to achieve the goal

In December 2022, we announced the completion of a robust Net Zero roadmap that includes near-term emission reduction targets aligned with the GHG Protocol and the latest climate-science and long-term targets that are consistent with the deep decarbonization of the power sector. ACEN is the first energy company in Southeast Asia to take this critical step towards achieving Net Zero, providing an accountable and transparent framework for monitoring progress.

ACEN recognises that to reach the Net Zero outcome for the power sector, it will need to rely on both emissions reduction and neutralisation of residual emissions.



South Pole's director for Asia Pacific, John Davis, guided ACEN's senior management in identifying pathways to achieve Net Zero.

As part of its transition plan, ACEN aims to deliver reduction-led decarbonization by 2040, with an interim target for 2030, and a Net Zero status (including neutralization) by 2050. This 2050 goal is in line with the broader Ayala group net zero target, while ACEN will continue to explore opportunities to further accelerate these targets in future.

Having announced its commitment to achieve Net Zero GHG emissions by 2050 in October 2021, ACEN has been working towards transitioning the company's generation portfolio to 100% renewable energy by 2025. ACEN currently owns a generation portfolio of ~4,030 MW of net attributable capacity based on ownership stake, with 98% coming from renewable technologies across the Asia Pacific.

Accelerating ACEN's Net Zero ambition, in November 2022, the company completed the full divestment of its South Luzon Thermal Energy Corporation coal plant using the Energy Transition Mechanism (ETM).

ACEN and the Ayala Group collaborated with global climate solutions provider South Pole in the calculation of a detailed GHG footprint and the development of a robust Net Zero pathway to:

- Achieve near-term emission reduction targets in 2030
- Achieve long-term emission reduction targets in 2040
- Neutralize residual emissions by 2050 and meet Net Zero ambition.

[Read our announcement](#) on the completion of our Net Zero roadmap. >

“We are pleased to share our progress on our commitment to achieve **Net Zero GHG emissions by 2050**, including reaching our long-term decarbonisation goals by 2040, with clear milestones providing an accountable and transparent framework for measuring progress.”

ERIC FRANCIA
President and CEO

ACEN's GHG emissions reduction targets

Emissions scope	Near-term targets	Long-term targets
Target 1: Own generation scope 1 ¹	Reducing scope 1 emissions per MWh from own electricity generation by 73.6% by 2030	Reducing scope 1 emissions per MWh from own electricity generation by 94.5% by 2040
Target 2: Other scope 1 and 2	Reducing scope 1 emissions not related to electricity generation and all scope 2 emissions by 42% by 2030	Reducing scope 1 emissions not related to electricity generation and all scope 2 emissions by 90% by 2040
Target 3: Own generation scope 1 and retail scope 3	Reducing scope 1 and scope 3 emissions per MWh from own generation and retail electricity by 73.8% by 2030	Reducing scope 1 and scope 3 emissions per MWh from own generation and retail electricity by 99% by 2040
Target 4: Other scope 3	Reducing scope 3 emissions per MWh of all own and joint operations by 51.6% by 2030	Reducing scope 3 emissions per MWh of all own and joint operations by 97% by 2040

Emissions reduction from 2021 base year

1. ACEN will review its targets and restate these as necessary as our portfolio evolves

Target 1 covers scope 1 emissions from our own generation activities. The plan is to divest the remaining thermal assets by 2025 which will significantly reduce emissions from our own electricity generation. We will review our targets and restate these as necessary as our portfolio evolves.

Target 2 covers scope 1 emissions from sources other than own electricity generation, such as from fleet vehicles and scope 2 emissions from electricity consumption. Initiatives to meet this target include the procurement of Energy Attribute Certificates (EACs) complemented by installation of solar technologies across sites to reduce grid consumption.

Target 3 covers scope 1 and scope 3 emissions from our own generation and retail electricity activities.

Target 4 covers the remaining scope 3 emissions, including purchased goods and services, fuel-and energy related emissions not already covered, upstream transportation and distribution, waste, employee commuting, upstream leased assets and energy and fuel emissions from joint ventures. The long-term target also includes emissions from capital goods and business travel.



Biodiversity

Biodiversity is important to us. We all depend on our natural resources, and the continued decline and degradation of our environment has been alarming.

While we scale up our renewables development to help other industry sectors catch up with the energy transition, we are mindful of our own environmental impact. Guided by our Environmental and Social Policy and Management System, we assess future projects by identifying their direct impact on biodiversity.

We reference best-practice mitigation hierarchy guidelines to shape the biodiversity plans we develop in our sites. Furthermore, mitigation measures will be designed to achieve no net loss, including identifying and protection of set-asides, and/or restoring habitat during and/or after operations. We develop a biodiversity plan, not only to mitigate potentially significant impacts, but most importantly, to enhance biodiversity that will also create a meaningful impact to our host communities.



The 81 MW North Luzon Renewables wind farm is spread across a 700-hectare mountainous terrain in Ilocos Norte, Philippines.

Progress highlights: Biodiversity

Critically endangered species protected¹

6 species of reptiles, birds, and mammals

Progress on 1 million trees target by 2025

~731,000 trees

Nature conservation programs

- Eagle Conservation Program (Australia)
- Eye on the Forest Program (Indonesia)
- Sea Turtle “Pawikan” Conservation Program (Philippines)
- State-of-the-art bioacoustics deterrence system (Philippines)
- Curtailment system for bat protection (Vietnam)

Natural habitat areas protected

~2,100 hectares

1. Based on the International Union for Conservation of Nature Red List of Threatened Species



NorthWind's turtle conservation program monitors and protects sea turtle eggs, releasing ~1,200 hatchlings since 2020 in Ilocos Norte.



ACEN Australia's eagle conservation program supports vital research into conservation activities to protect Tasmania's unique eagles.



North Luzon Renewables' Conservation Estate provides protection and a safe habitat to 146 animal species in Ilocos Norte since 2014.



Salak and Darajat Geothermal's Eye on the Forest biodiversity protection program in Indonesia targets to increase the population of endangered species such as the Javan gibbon.

[Know more](#) about how we protect [biodiversity](#) >



Progress highlights: Conservation Estate

Seedlings produced since 2014

~706,000

Trees planted in over 356 hectares of land since 2014

~500,000

Tree survival rate¹

92%

Conservation Estate in Ilocos Norte

We have implemented an analogue forestry to enhance the forest quality inside the NLR wind farm and adopted an agroforestry system to ensure conservation of the area. We have also procured eight camera traps to monitor the movements of wildlife species inside the windfarm, especially for the cloud rat and the Philippine duck. We have also continuously conducted IEC campaigns in the localities to promote the conservation of wildlife species in the area and implemented a forest protection program against illegal activities that might affect the habitat of some key animal species. A wildlife enclosure will also be constructed in 2023 to support rescue and rehabilitation efforts for injured fauna found in the wind farm.

Part of our Conservation Estate is also our Sea Turtle "Pawikan" Conservation Action Plan in the coastal communities of Ilocos Norte. In Bangui Bay, three out of five species found in the Philippines were recorded to have established a nesting and feeding

1. Average based on 5% sampling intensity from 2014 to 2021
2. Based on internal carbon assessments

habitats along the 9-km shoreline: the vulnerable olive ridley sea turtle, endangered green sea turtle and critically endangered hawksbill sea turtle.

In 2022, through our continuous efforts and partnership with the Marine Wildlife Watch of the Philippines (MWWP), we conducted a three-day Pawikan Training attended by over 50 individuals from the local government units of Pagudpud and Bangui, Philippine Coast Guard, Philippine National Police, Department of Environment and Natural Resources (DENR) and other local volunteers. The training equipped participants with the principles and procedures on marine turtle conservation and research, including nesting beach and hatchery management, among other concerns.

Several stakeholder consultation dialogues were also held with the DENR, Provincial Environmental and Natural Resources Office (PENRO), provincial government of Ilocos Norte, Community Environment and Natural Resources Office (CENRO), and the local governments of Pagudpud

and Bangui to strengthen multi-stakeholder approach in conserving the species.

Nature-based solutions

ACEN recognizes that the protection and restoration of natural ecosystems will help mitigate climate risks and limit global warming to below 1.5°C, while bringing additional environmental and social benefits. Trees play a crucial role as nature's solution for removing carbon dioxide from the air, storing it, and releasing oxygen into the atmosphere. As of 2022, ACEN has protected ~2,100 hectares of natural habitat areas and planted ~731,000 trees across 20 sites. This is equivalent to over 100,000 metric tons of carbon sink per year² and represents a 73% completion of our target to plant 1 million trees by 2025.

Know more about our efforts at the [Conservation Estate](#). >



In Ilocos Norte, the forests witness an increase in biodiversity as ACEN and its partners create an ecologically diverse landscape through analogue forestry.

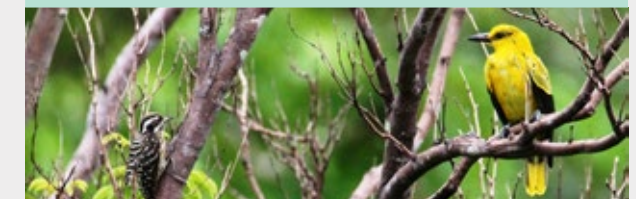
Ilocos Norte Conservation Estate

Reforestation



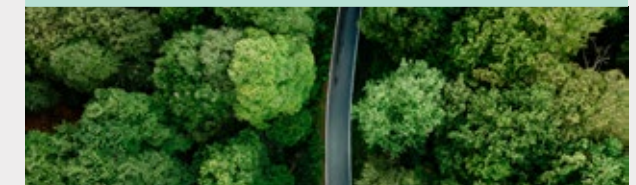
• Seedlings produced	~706,000
• Trees planted	~500,000
• Forest area planted	~356 ha
• Natural habitats maintained and protected	~790

Biodiversity



• Native tree species planted	21
• Fruit-bearing tree species planted	10
• Fauna species protected	146
• Sea turtle nests recorded and protected	32
• Sea turtles rescued	41
• Sea turtle hatchlings released	~1,900

Carbon stock potential



• Carbon sequestration potential	~123 ktC
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Social



• Green jobs created	Over 500
• Farming families engaged in backyard seedling production	Close to 2,000
• Farmers trained and provided assistance on agroforestry	Close to 300
• Kilos of plastic waste diverted from landfills	~3,600 kg
• Eco-products manufactured	~64,000
• Organizations educated on circularity	28
• Barangays engaged in plastic waste diversion	39
• Establishments partnered for waste diversion	9



Resource efficiency

ACEN continues to create opportunities to lower its environmental footprint through the reduction and recirculation of natural resources used throughout the life cycle of its power plants. The ACEN Environmental and Social (E&S) Policy is a pillar for how we develop and operate our plants. This policy paved the way to integrate sustainability in the way we work and influence our decision-making on strategy, capital allocation, operations, governance and culture with the aim to deliver long-term value for all our stakeholders. Achieving the commitments of this policy is operationalized through the implementation of the ACEN Environmental and Social Management System (ESMS). Through the ESMS, we identify and assess environmental and social impacts and develop appropriate action plans and mitigation measures to minimize and address these. This ensures that ACEN has effective environmental management and social development practices in all its operations.

In 2022, nine plants under ACEN Plant Operations in the Philippines have achieved the prestigious Integrated Management System (IMS) certification as verified by DQS Certification Philippines, Inc., one of the leading certification bodies for management systems worldwide. This includes ISO 14001:2015 certification for Environmental Management System (EMS). Plant employees receive proper training in the implementation of the EMS.

Read more about how our operating power plants were certified by the Integrated Management System (IMS) as verified by DQS Certification Philippines, Inc. >

Integrated Management System (IMS) certification for renewable energy plants:

Environmental management system

Occupational safety and health

Quality management

Repowering of old plants

In 2022, ACEN partnered with PivotGen and UPC Solar & Wind Investments for the acquisition of 136 MW of operating wind projects in various locations across the US. The goal is to repower these wind farms through upgrade and replacement of key components to extend the project's life and optimizing power generation. This marked ACEN's anticipated entry to the fast-growing US renewables market as it expands its geographic footprint beyond the Asia Pacific region.

Water stewardship

ACEN aims to use water efficiently, transition from freshwater to alternative sources, discharge used water responsibly, and pursue water stewardship to keep watersheds healthy. In 2022, our total water withdrawal reached 220,778,969.16 cubic

meters, while Total Water Consumption reached 196,641.19 cubic meters. Water Withdrawal was mainly driven by the cooling water system of SLTEC which draws and discharges seawater from Balayan Bay. Hence, water only passes through SLTEC for cooling. With the full divestment of the SLTEC plant via the world's first market-based ETM, ACEN's water use will be significantly reduced. To maintain the marine ecosystem, periodic testing for harmful substances is conducted in addition to water treatment and cooling prior to discharge.

Our exposure to water scarcity is low with 91% of our plants located in areas of low to medium water stress.¹ The risk of water scarcity is mitigated by our development strategy which focuses on the development of renewable energy of which technologies are generally not dependent on the availability of water for their main operation. Furthermore, our plants have established procedures to monitor water usage, water quality and wastewater discharge.

Know more about **resource efficiency** in ACEN. >

Waste management

ACEN generated 1,555,588.02 kg of hazardous waste in 2022, mainly composed of used oil and oil contaminated materials from its thermal plants. Our plants implement waste management programs which target reducing solid and hazardous waste generation. These programs aim to decrease the amount of operational costs resulting from handling, storage, and disposal of waste. Plants are equipped with a material recovery facility for proper waste storage and segregation on site. All hazardous waste hauling is conducted

by an accredited third party for transportation and treatment in a treatment, storage and disposal facility. This avoids risk from hazardous waste contamination, while ensuring proper disposal of the material.

For end-of-life management, we proactively align with the best available practices on PV module waste management. We also partner with EPC contractors that are certified members of the PV Cycle Association, a global industry-based organization that provides businesses with sustainable waste management solutions aligned with the European Waste Shipment Regulation and the Basel Convention.



We are embedding our circularity framework within our renewable energy developments to minimize plastic waste and close the loop in the supply chain.

Learn more about our aspiration for excellence in environmental management as detailed in our **E&S Policy**. >

1. Based on desktop analysis using the World Resources Institute Aqueduct Water Risk Atlas



We create meaningful ways to ensure a functional and productive society.



An employee of Alaminos Solar harvests vegetables from under the solar panels of the plant.

Social: Investing in people

We invest in our people and communities. We recognize that access to energy is essential and our aim is to build and provide more clean energy for the society and for economic growth. We also rely significantly on our ability to effectively and efficiently engage with them as we work towards our sustainable goals. We create meaningful ways to ensure a functional and productive society as we commit to drive positive change for people and the planet.

Impact to SDGs:



PROGRESS HIGHLIGHTS

PEOPLE:

Employee engagement score

93%

Top talent retention rate

95%

Health and safety

In May 2022, we committed to a safe workplace for all through our Health, Safety, Security and Environment (HSSE) Policy, achieving zero fatalities

COMMUNITY:

Jobs created

~19,500

Community investments

~₱123 M

Community development activities

~500



Human capital: Our people and culture

At ACEN, we prioritize our goal to attract, retain and grow the best talent in each aspect of our business, as the quest for a Net Zero world is a tall order indeed. ACEN 2030 is an aggressive goal and we believe that we have the right elements to succeed. We have a strong balance sheet, robust pipeline, strong partnerships and most importantly, a highly energized organization.

We put our people first – we provide a safe, supportive and inclusive environment for our people, a workplace where they can feel a complete sense of ownership and belongingness, and where their opinions matter. We believe in fostering an inclusive culture where everyone feels they are heard, treated fairly and with respect. We create programs and benefits that support the development of the entire organization, ensure a safe work environment and a diverse culture for our employees.

As we move forward with our commitment to achieve Net Zero by 2050, and the successful completion of the ETM transaction which involves



We invest in the learning and development of our growing workforce while fostering a healthy environment and culture.

the early retirement of the remaining coal plant and transitioning to cleaner technology. ACEN supports a **Just Energy Transition** even after the divestment completion. We continue to collaborate with key stakeholders and other industries to develop transition plans and help the workforce to develop skills for new energy technologies.

Growth and development

ACEN has bolstered its training efforts by launching a comprehensive set of learning and development programs covering a wide range of core, governance and targeted learning materials. Through these programs, our employees are provided with opportunities to build their competence in both general and technical skills.

We launched a career and learning roadshow to address the sentiments of employees on career development. This roadshow aims to educate and empower employees to take charge of their career pathways through discussions on vertical and lateral career growth, building organizational capabilities and career tracks. For learning and development opportunities within the development plans of our employees, we offer support for certifications as well.

Meanwhile, leadership programs such as the Ayala Leadership Acceleration Program (LEAP) equip our Management Team to maneuver the organization in a swift and agile manner, in line with the demands of the dynamic energy sector that it navigates. This also includes executive educational programs and function-specific programs, coaching and feedback mechanisms. In 2022, we partnered with Zenger Folkman to conduct a 360-feedback leadership development program for 15 of its executives. Furthermore, we launched a management



The ACEN headquarters is built with a mindset that's grounded on sustainability in parallel with its commitment to the renewables revolution.

development program in collaboration with an international business school to equip participants with business acumen and leadership skills.

Workplace of the future

At ACEN, advancing the renewables revolution also includes a strong commitment to deliver the **"workplace of the future"**. We understand how a space can influence our energy, health and overall well-being. That's why sustainability takes center stage at the ACEN headquarters through innovative solutions aimed to boost our quality of life, save on energy, cut waste and more.

Awards on design: ACEN headquarters

Interior Design Excellence Awards - Best Workplace Design (Bronze)

World Interior News Awards (Gold)



Air purifying plants from Netherlands-based Air So Pure were carefully chosen and strategically placed in key areas of the headquarters. Sustainably grown, these plants have scientifically proven air purifying health benefits, converting toxins and CO₂ into oxygen in a very efficient way. The ACEN headquarters, like the rest of Tower 2, uses an Energy Recovery Ventilation (ERV) circulation system which exchanges stale, polluted indoor air with fresh, clean outdoor air without wasting energy.

For its furnishings, highly durable furniture made of wood materials sourced from sustainable forests are utilized in the office, minimizing our carbon impact and resulting in a contemporary and environment-friendly workplace. Meanwhile, the carpets used are made from recycled fishing nets. The supplier, Interface Inc., uses discarded fishing nets to produce nylon yarn and create high quality carpet tiles.

To add to our overall efficiency, the use of motion sensor lights also provides a very convenient system that aims to save on electricity consumption. Meanwhile, motion sensor faucets help to stop the spread of germs, prevent water overflow and provide better efficiency on water usage.

Engaging our employees

In order to assess employee sentiments in real time, ACEN launched a quarterly pulse survey to evaluate the company's efforts in relation to employee attraction, development, engagement, well-being and retention. The most recent employee engagement survey WTW indicated a Sustainable Engagement score of 93% across ACEN. The periodic survey serves as feedback mechanisms and reference data for management on how to sustain effectiveness of its employee policies and programs.



ACEN takes pride in its high employee engagement score, as the organization rallies behind ACEN's 2030 goals, supported by activities aimed to improve our employees' well-being.

We also helped foster work-life balance through special interest groups that cater to various personal interests of our employees, allowing them to pursue hobbies and passions on a regular basis. As part of our commitment to our employees, we acknowledge the importance of supporting our team's physical and mental well-being. ACEN's year-wide employee engagement calendar included activities such as online concerts, sports tournaments, employee volunteerism programs, personalized mental health and well-being support, and virtual team building events. Online counseling and psychological well-being hotline channels are also made available for ACEN employees.

Compensation and benefits

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

In 2021, an executive stock ownership program (ESOWN) was approved. This long-term incentive is meant to enhance ownership and accountability, and align management compensation with company objectives.

Aside from standard compensation packages, we offer employees wellness benefits that subsidize activities that promote physical or mental well-being. Work-life balance is further encouraged with sufficient vacation and sick leaves, and other forms of paid time off.

As part of ACEN's initiative to raise awareness on diversity, equity, and inclusion, we have recently provided gender-support benefits, with health insurance covering common law and LGBTQ+ partners. Dependents coverage has also been expanded to include in-laws, nieces and nephews in health insurance.

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

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

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

ACEN Cadetship Program

ACEN's Cadetship Program, organized by our Plant Operations Human Resources team, has become a pathway for recruitment, employee succession and talent development within our growing organization. This five-month accelerated program allows 15 cadet engineers to learn through technical and leadership learning programs and mentorship from ACEN leaders, providing on-site operations experience for fresh graduates and licensed civil, electrical and mechanical engineers. This exposure gives them an opportunity to hone their technical skills, build their competencies and expose themselves to the various facets of the energy industry.



Through our Cadetship Program, our 15 cadet engineers are now well trained on the rudiments of the renewable energy industry.



Atletang Ayala

ACEN believes in the greatness of Filipino athletes and their potential to excel on a global level. Through the Ayala group's Atletang Ayala program, we commit to provide holistic support to our rising athletes who aspire to compete in major international sports events, including the Olympics.

We provide support to two emerging Filipino athletes: Prince Alejo, 21, a rising star in the Philippine karate scene, and Pia Bidaure, 24, a world-ranked archer and SEA Games Gold medalist. Prince and Pia are project and part-time employees at ACEN's power plants, where they are provided with salaries and benefits while training for their competitions and at the same time, being productive members of the power plants' workforce. ACEN also helps supplement their funding needs through crowdsourcing initiatives and campaigns.

Prince, as a mechanical engineering student, works part-time at SLTEC while training at Ayala's world class facility Vermosa Sports in preparation for the 2023 Asian sports competitions. Pia, on the other hand, is a civil engineering student who works part-time at ACEN's SacaSol plant in Visayas while training for the 2023 Asian sports events.

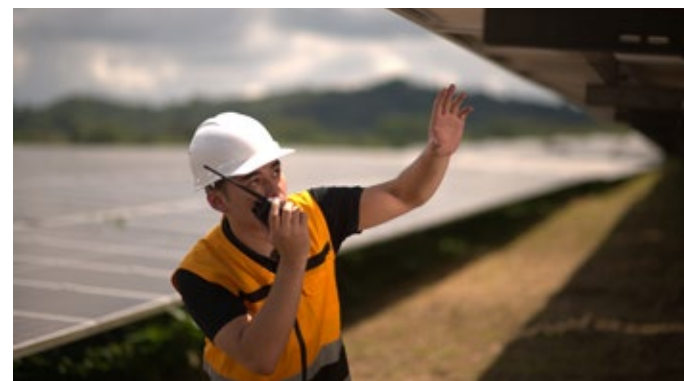
Both Prince and Pia are part of the pioneering eight athletes under the program selected through a rigorous screening process. The Atletang Ayala program offers a yearly contract that can be renewed annually until the 2024 Olympics, contingent on the attainment of clear performance measures.

Health and safety

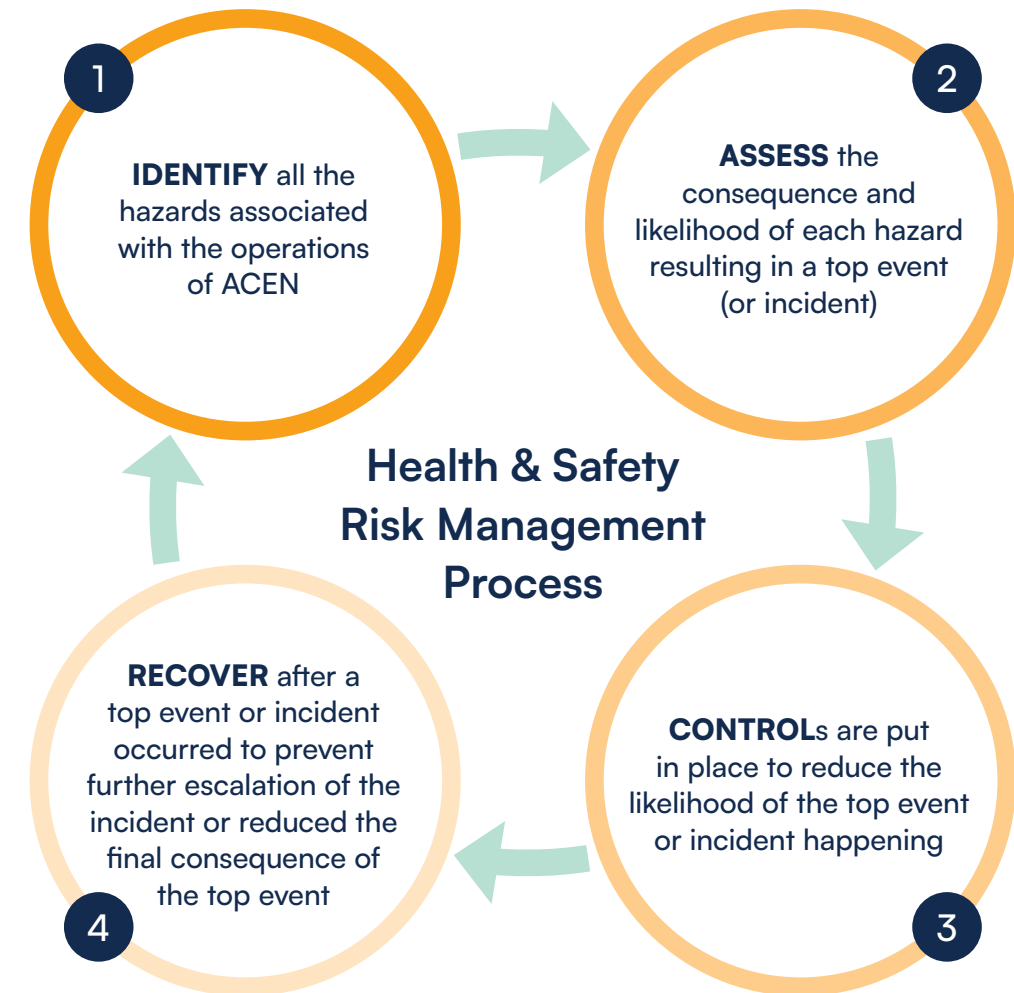
We place the health and safety of our workforce at the forefront of our business agenda. We've also recently reinforced our safety efforts through the establishment of a Health, Safety, Security and Environment (HSSE) Policy for operating plants.

In 2022, ACEN rolled out activities and procedures in line with the HSSE policy to strengthen the company's safety performance. Improved data collection guidelines and clear requirements to set Key Result Areas (KRAs) on HSSE have been established for ACEN. Furthermore, ACEN's performance parameters on safety include contractors, who are required to undergo a prequalification process aligned with ACEN's safety rules, policies and workplace procedures. Recognizing the importance to equip workers with skills and knowledge to perform their duties safely and effectively, ACEN conducts safety trainings on a monthly basis across its different operating sites.

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



From our headquarters to our plants across the Asia Pacific, the health and safety of our employees is on top of our agenda.



Hazard identification and risk assessment

In order to effectively prepare for and respond to emergencies, ACEN has established an Incident Management System (IMS), which covers ACEN's personnel, contractors, subcontractors and other parties involved in the operations of ACEN. This procedure adopts the Incident Command System to align with industry standards and facilitate smooth coordination with external parties such as government agencies that utilize the same system during emergency response or incident management.

ACEN has designated an Emergency Response Coordinator to ensure the effectiveness of the company's IMS, while Incident Commanders are

deployed to ensure incident safety on-site and communicate relevant information to internal and external stakeholders. Incident Management Teams are also mobilized per site to implement necessary response procedures for incidents and emergencies.

Health and safety certification

Adhering with top international working standards, nine of ACEN's operating plants in the Philippines are certified under ISO 45001: 2018 (Occupational Health and Safety). Furthermore, the company has prepared internal audit procedures to evaluate the performance and procedures of these sites in reference to the requirements of ISO 45001: 2018.



Social investments

As ACEN continues to scale up its renewables expansion across the region, we also commit to invest in the socio-economic progress of the communities where we operate. We collaborate with local governments, state agencies and conservation groups in establishing programs that can be a force for good through livelihood creation, large-scale infrastructure development, improved community health and safety awareness and disaster response, and innovative waste management approach –

with the objective to create tangible, long-term value for our communities.

In 2022, we invested over ₱123 million¹ in our host communities in the Philippines and our core markets abroad. Across the region, our community initiatives, through various social development programs, have benefitted 37,000 individuals, 9,100 families, 175 communities, 160 local government organizations, over 30 livelihood groups, 330 schools and over 50 local organizations and indigenous peoples (IP) tribes living near our project sites.



A 330 meter concrete bridge that we built for communities surrounding our 283 MW SanMar Solar project in Zambales, Philippines now allows the locals to pass through without wading in lahar.

Creating spaces for communities to thrive

In San Marcelino, Zambales, where ACEN is currently constructing its biggest solar farm to date on ~500 hectares of unutilized land covered by lahar, we built large-scale infrastructure developments including a 14-kilometer power transmission line, almost three kilometers of access road and two concrete bridges, significantly improving accessibility for the IP living near our project sites.

Our wind farms, NorthWind in the Philippines, and Sidrap Wind in Indonesia, have invested close to ₱2 million to concretize community roads, improving accessibility for our host communities.

We also invested over ₱4 million on solar street lights and lamps, solar hybrid system, and our newly launched Renewable Energy Advocacy Program (REAP). Our first activity under REAP was spearheaded by MonteSol at Cubay Elementary School in La Carlota City, where we emphasized the importance of clean energy and sustainability.

In Negros Occidental, IslaSol donated 15kW of solar roofing to La Carlota City's public market, benefitting more than 250 local visitors per day and helping the local government save approximately ₱240,000 on electricity costs annually. We also funded the installation of solar-powered streetlights in four communities across Zambales and Ilocos Norte in the Philippines, Hong Phong in Vietnam, and Sidrap in Indonesia.

Apart from supporting our host communities, we also partnered with acciona.org and Ayala Foundation to install solar home systems in 130 off-grid households and community centers in Brgy. Sibaltan, El Nido, Palawan. We also donated a 3.6 kWp off-grid solar hybrid system with 9.6 kWh

battery pack to Philippine Veterans Affairs Office (PVAO) for the Navy personnel stationed in Caballo Island. This allows them to store fresh food especially during typhoon months when boat travel for supplies from the mainland is restricted due to strong wind and currents.

Towards self-actualization

We strive to empower our host communities by creating different initiatives to support local livelihoods in our areas of operation. In 2022, we solidified our social performance by creating and supporting over 30 livelihood programs focused on skills enhancement, provision of equipment, materials and capital, creation of green jobs and promotion of local tourism.



In the rural towns of Zambales, Philippines, solar-powered streetlights line the streets. Through our Renewable Energy Advocacy Program, the lights that we have installed provide meaningful impact to the community — improving security and strengthening community ties.

1. The amount includes Department of Energy Regulation 1-94 program financial benefit share for 2022 for Philippine plants under ACEN's operational control



In San Lorenzo, Guimaras, where we operate a 54 MW wind farm, we continue to support the local salt-making industry by partnering with the Department of Science and Technology (DOST) to train 11 salt-makers in commercial packaging and labeling and provide access to equipment that can be used to assist in their enterprise. Guimaras Wind also continues to boost local tourism and livelihood as it recorded a spike in the number of tourists as quarantine restrictions eased. With close to 35,000 visitors recorded in 2022, the Provincial Tourism Office of Guimaras recognized ACEN's Guimaras Wind as the top tourist destination in the province, besting nine other tourist attractions – which in the long run has improved the locals' livelihood.

In Indonesia, our Sidrap Wind Farm has recently finished Phase 1 of its Tourism Center which aims to promote a new iconic destination, providing an opportunity to integrate economic, environmental and cultural sustainability that will be packaged with other tourism destinations in Sidrap Regency and South Sulawesi province.

Meanwhile, the continuous partnership of ACEN's Ilocos wind farms with Ensha Wellness in empowering women made it possible to conduct skills training and provide massage kits to 25 women in Pagudpud. These women were trained to do a traditional massage called "hilot-hilom", locally known as "ablon".

Our Ilocos wind farms, North Luzon Renewables and Pagudpud Wind, also continue to support the livelihood of four local indigenous tribes by funding over ₱10 million to purchase farm equipment, tools and supplies for agroforestry development.

The growing efforts of ACEN in conducting upland reforestation and coastal rehabilitation activities also provided livelihood for its host communities

across its wind, solar and coal assets. ACEN's Guimaras Wind, MonteSol, Alaminos Solar, and Subic Thermal adopted mangrove and upland reforestation sites to support local environmental conservation efforts and creation of green jobs through nursery establishment, seedling production, site preparation, and maintenance and monitoring.

In Laguna, Alaminos Solar takes advantage of the lush biodiversity from the carbon forest surrounding its plant by partnering with a local farmers group, Pangkat Ugnayan ng Nagkakaisang Lakas ng Alaminos (PUNLA), to collect tree saplings that grow under the photovoltaic panels. Over 17,000 saplings of 14 native pioneering tree species were collected and transferred to the nearby tree nursery. The said saplings with an estimated worth of ~₱200,000¹ will help support the reforestation efforts of the carbon forest.

In Batangas, South Luzon Thermal Energy Corporation (SLTEC) assisted a local fishing community in the development of a mangrove nursery, provision and installation of electric water pump, and provided training on understanding marine creatures in the area.

ACEN's wind farm in Dai Phong, Vietnam also provided livelihood to nine households directly affected by our operations through pig and cow raising and chicken farming. In Hong Phong, our women empowerment program identified a women's union with 40 members to jumpstart their livelihood through poultry and pig raising.

Rice and coffee agrotourism have also provided a significant 30% increase in the annual income of the Purwabati community surrounding our Salak and Darajat Geothermal facility in Indonesia, where we invested ~₱1.5 million for the plant's agrotourism efforts.

Environmental livelihood programs at the Conservation Estate

As we strengthen our efforts to protect the environment, we also make sure that we drive a positive impact on the lives of the people in our host communities. In 2022, we invested ~₱8 million to promote sustainable livelihoods to support 350 families through collaborations with local and indigenous people's organizations. Our investments vary from nursery and community backyard seedling production, tree planting and nourishing, monitoring, and maintenance.



Through our agroforestry efforts in the Conservation Estate, we have created green jobs for our host communities in Ilocos Norte.

In Ilocos Norte, we maintain a 4.5-hectare agroforestry model farm within our 700-hectare Conservation Estate, an excellent model for environmental management and social programs through agricultural innovation and practices and creation of more green jobs. In 2022, we planted a total of ~6,650 fruit trees and 13 food crops and harvested 4,400 kg of fruits and vegetables. Tree and crop seedlings were distributed to 30 farming families to develop their respective farm plots within the Conservation Estate. Over 100 farmers also benefited from capacity-building activities related to agroforestry development conducted by in-house foresters and forestry experts. From 2014 to 2022, we already planted approximately 500,000 endemic and fruit-bearing seedlings in various locations using analogue forestry through our community-based reforestation initiatives.

We will continue to sustain green initiatives within the Conservation Estate and forge meaningful partnerships with local and business organizations as we ramp up our reforestation and agriculture efforts, for the benefit of the larger community where we operate.

[Learn more](#) about our flagship sustainability program, the Conservation Estate in Ilocos Norte. >

1. Based on DENR FMB Technical Bulletin No. 10 -A updated cost of seedlings by commodity and activities of enhanced National Greening Program



Agrivoltaics

ACEN's solar farms in the Philippines have piloted an innovative, collaborative and interdisciplinary program which aims to support the energy transition while helping provide food security and livelihood opportunities to local communities.

Through its agrivoltaics-based program, "Solar Gulayan", five of our solar farms across the country have already harvested more than 1,700 kilos of crops since the pilot farming system started early last year. As the solar farms generate an aggregate renewables capacity of 326 MW, the program ensures that available land within the solar plants is optimized for agriculture and food production.



Plants thrive underneath the solar panels at ACEN's Alaminos Solar in Laguna in an effort to harness renewable energy and increase food supply at the same time.

Co-locating solar panels and crops

Agrivoltaics is the simultaneous use of land to generate solar energy and produce agricultural products, addressing the dual need to transition to clean energy and increase food supply. In this symbiotic farming system, the plants help keep the solar panels cool, making them more productive by generating up to 10% more electricity, and allowing for more solar energy to be harnessed.

The planted crops, on the other hand, thrive in the additional shade that the solar panels provide. Since the crops are in a more protected environment, they become less stressed and yield more harvest. With the shelter that the panels provide, the plants require less water, thereby reducing its overall consumption.

Our solar plants – Alaminos Solar in Laguna, Palauig Solar in Zambales and IslaSol, MonteSol and SacaSol in Negros – have since enjoyed plentiful harvests since the program rolled out last year. The harvested crops include pechay, radish, bell pepper, eggplant, okra, sweet potato, banana, bottle gourd, peanut, papaya, taro, tomato, alugbati, mustard, Chinese cabbage, tiger baby melon, squash, ampalaya, turmeric, mung bean, longyard beans, pineapple, lemon, lime, calamansi and more.

Impacting farmers through supply chain collaboration

Apart from offering improved efficiency on the solar farm's output, food production and plant stress, the program also serves another important aspect of the community – stirring the economy through livelihood.

Our solar plants have identified local farming organizations from their respective host communities to partner with and enhance the food supply chain, namely: Alaminos Laguna Consumers Cooperative (ALACCO) for Alaminos Solar and Zambales Millennial Farmers and Producers Association for Palauig Solar.

Through these partnerships, our Solar Gulayan program helps champion the communities as main stakeholders, as the company targets to scale up and replicate the project in its future solar projects across the Philippines.

Addressing both energy and agriculture

By allowing the use of solar farm land, our agrivoltaics program helps address two of the most pressing concerns in the modern society – the transition to renewable energy and improving our local food security.

The integration of agriculture in our solar plant operations provides mutual benefits on the energy and food industry in the community, creating a massive opportunity to accelerate both the clean energy transition and the transformation of our food supply chain. It's a win-win approach to achieve a sustainable future for all.



Innovative, collaborative and inter-disciplinary. Our agrivoltaics program paves the way for an even more just energy transition, utilizing land for the benefit of food security and livelihood.

[Read more](#) about how solar energy co-exists with agriculture through our agrivoltaics program. >



Circularity and the Community Eco Hub

In 2022, we scaled up our circularity approach by inaugurating the first Community Eco Hub in the municipality of Piddig in Ilocos Norte, where we have driven awareness and action on plastic waste management to the community such as schools and even commercial establishments.

Plastic waste collected from schools and various business establishments are donated to the facility so they can be converted into eco-products. Eco-products have been used in the construction of our 160 MW Pagudpud Wind, a proactive effort to close the loop in the supply chain.

Since its inauguration in May 2022, the Community Eco Hub, a collaboration with Green Antz and the Provincial Government of Ilocos Norte (PGIN), successfully diverted ~3,600 kg of plastic waste from landfills and manufactured ~64,000 eco-products. We integrate this circular approach into our renewable energy developments by using these eco-products in the construction of some facilities within our 160 MW Pagudpud Wind, slated to be the largest wind farm in the Philippines. Some schools in Ilocos Norte have also begun integrating these eco-products in building new infrastructure, like Luzong Elementary School, which was also selected to become the Eco Hub's first plastic drop-off and redemption center in Ilocos Norte.

The Community Eco Hub has driven awareness on plastic waste management to the community, such as schools and nearby commercial establishments like coffee shops and resorts, which now practice this circularity framework by donating their plastic

waste such as cups, straws, lids, bottles and cutleries to the facility. We are expecting to expand our waste diversion efforts in 2023 through plastic waste diversion agreements with nearby communities.

These efforts of upholding environmentally responsible business practices were recognized by the provincial government during its Ilocos Norte Business Forum in July 2022. With the growing support of the community stakeholders, Ilocos Norte Eco Hub is set to execute more projects supporting education and tourism in the following year.

The concept of the Ilocos Norte Community Eco Hub draws inspiration from the successful integration of the circularity framework in our 120 MW Alaminos Solar farm in Laguna.

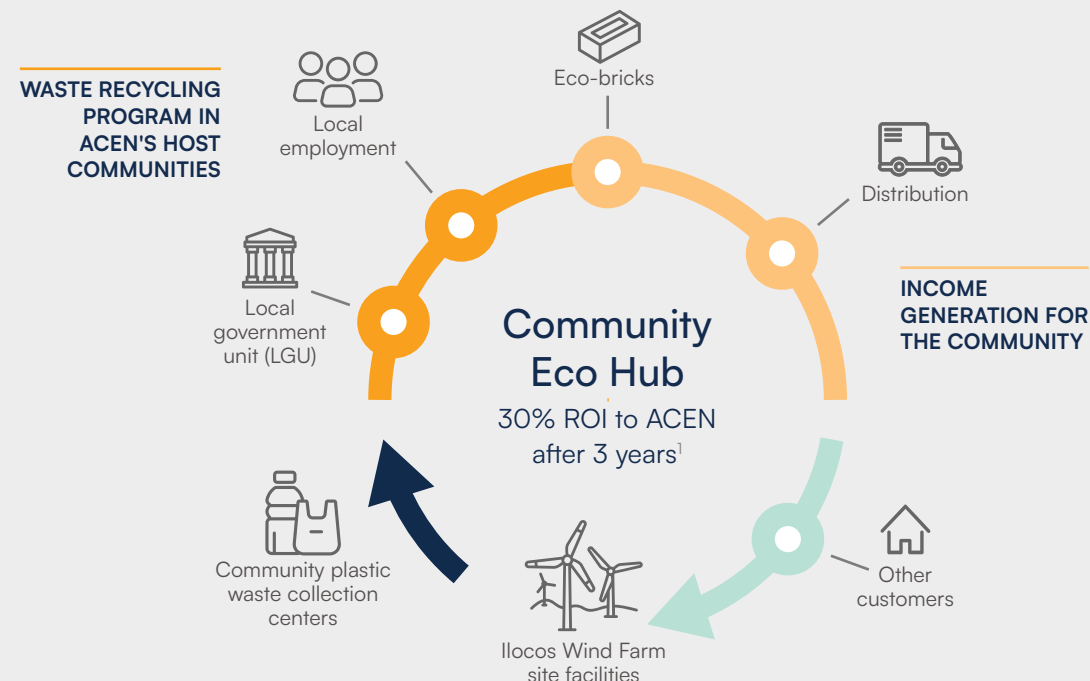


Stirring livelihood and promoting circularity, establishments in Ilocos Norte donate their plastic waste to the Community Eco Hub, who employ the locals as employees, to convert the waste into eco-products.

[Read more](#) about circularity approach in our construction sites on [page 25](#). >

The circular approach: Community Eco Hub

ACEN scaled up the circularity approach not only in its project sites, but also developed a Community Eco Hub for its host community. By working together with its partners, the local government and the community, ACEN aims to create a circular approach, close the loop within its project locations, and help the communities live in a pollution-free environment.



Plastic waste is collected from the community
Collection points in sari-sari stores, schools, markets, resorts with ₱19 incentive/kilo



Plastics are converted to eco-bricks, providing livelihood to the community



Eco-bricks are sold to ACEN's wind farms, resorts, contractors of government-led projects, and private individuals



1. Signed partnership agreement with Provincial Government of Ilocos Norte, Local Government Unit of Piddig, Green Antz, Eco Hub Operator - Sustainabuild, and ACEN wind farms (NLR and NW)

Investments to support education

Construction of schools, fund scholarships, trainings and provision of supplies

₱20 M

Supporting learners and educators

As full-time, face-to-face classes resumed in 2022 after COVID-19 pandemic restrictions eased in the Philippines, ACEN remained to be a pillar of the education sector in supporting the plight of students and teachers in our host communities.

Over ₱20 million was spent on projects to support education in our host communities to construct and repair schools, fund scholarships for local communities and IP groups present in our communities, trainings for teachers and students, and provision of learning equipment and school supplies, benefitting 12 communities, 330 schools, seven local government organizations and four indigenous groups.

In Palauig, Zambales, in partnership with the local government, we donated ~₱15 million for the construction of Rofulo M. Landa High School's campus extension in Brgy. Bulawen, where we built six classrooms aimed to decongest student population in the school's main campus in Brgy. Salaza.

Over ₱3 million was also provided to support the Department of Education (DepEd)'s Brigada and Balik Eskwela, aligning with Brigadang Ayala's initiatives to over 200 schools. We also donated heavy-duty printers, school supplies, healthcare

kits, and even construction materials to schools within our local communities across Luzon and Visayas.

In Ilocos Norte, our North Luzon Renewables (NLR) team has been working with the academe since 2017 through its Learning Lab Project, a capacity-building project where select teachers are invited to visit the NLR facility to learn about environmental themes such as climate change, sustainability and biodiversity. The teachers then create learning modules on environmental awareness that they can share with their students. In 2022, NLR, together with the DepEd Schools Division of Ilocos Norte, conducted demonstrations and training sessions to select teachers in Pagudpud to assess the needed improvements in their existing modules.

Meanwhile, we invested over ₱360,000 in educational programs and assistance to support various local communities in Vietnam. In Khan Hoa and Dak Lak, where we operate an 80 MW solar farm, we provided school bags and notebooks to students from marginalized families in two communities. We also continue to support the literacy of students from rural communities near our Salak and Darajat Geothermal in Indonesia through the development of the Taman Pamekar Library, where we provided over ₱340,000 in cash assistance.

The same concept applies to ACEN Australia's scholarship assistance, where we funded the education of our chosen beneficiary, Kiniae Edwards from Hellyer College, who has her sights set on to become part of Tasmania and Australia's growing renewable energy sector.

Locally, we also help grant and maintain scholarships for the students of Mano Amiga, a non-profit organization aimed at providing



In Palauig, Philippines, five elementary schools including those in the Mt. Pinatubo resettlement, were provided heavy-duty printers, learning kits, healthcare kits and other supplies by ACEN's Palauig Solar plant.

scholarships and sustainable livelihood to low-income families. ACEN group employees donated ₱700,000 in out-of-pocket contributions in 2022 on top of the ₱120,000 funding from several of ACEN's Philippine plants.

At the plant level, we sustained our educational support to existing scholarships and provide new ones. Since 2014, NorthWind and NLR have supported the education of 18 college students from their host communities, two of which belong to the indigenous Yapayao tribes in Pagudpud. Arayat-Mexico Solar, through its Usbong Scholarship project, supports a total of nine students.

Aiding the vulnerable

We respond to the needs of our communities during natural calamities by supporting relief operations and recovery efforts. In 2022, we collaborated with Ayala Foundation for disaster response initiatives to support communities hit by Tropical Depression Obet, Typhoon Karding (Noru) and Typhoon Nenang (Nesat) in the Philippines.

Through Ayala Foundation, we distributed food packs to 3,500 families from affected communities in Pampanga, Zambales and Cagayan. The food packs contain necessities such as rice, canned goods, noodles, face masks, eco-bags, water and Philippine flags.



We also empower our communities to be prepared in the event of an emergency to minimize casualties and injuries.

In Ilocos Norte, NLR and NorthWind collaborated with the local Bureau of Fire Protection and DepEd to train teachers about basic first aid skills and techniques that they can apply in times of disasters and accidents. Fifty teachers were trained and equipped as their schools' respective Disaster Risk and Reduction Management (DRRM) coordinators from various municipalities participated in the training. NLR and NorthWind also provided first aid kits, hard hats, reflectorized vests, face masks and t-shirts to the participants, and donated hygiene kits to students from six different schools.

In 2022, ACEN continued to extend assistance to healthcare centers, schools, barangays, and LGUs of the different host communities that we serve, investing over ~P2 million in pandemic response initiatives. Collectively, these efforts have benefitted 800 families 16 communities, 10 local government organizations, two hospitals, and 20 schools.

Aside from our various health caravans and donations, we also launched our first synergy with Generika and nine other stakeholder groups in Negros Oriental.

Other community initiatives

We are bolstering our synergy with our communities through different activities aimed at scaling up our collective environmental action targets and promoting the people's well-being.

Over P1 million was allotted by our plants – IslaSol, Alaminos Solar, SLTEC, NorthWind, Guimaras Wind, Palauig 1 Solar, Bulacan Thermal, Subic Thermal, La Union Thermal, Ingrid Thermal, Maibarara Geothermal, MonteSol and SacaSol – to support several global sustainability awareness days focused on environmental conservation. These include National Environment Month, World Water Day, World Forest Day, International Mountain Day, and International Coastal Clean-up, wherein our plants organized and participated in regular tree-planting (upland, river and coastal) and clean-up activities in their respective communities.

ACEN's contribution to sports and culture has also proven to be valuable to its communities, providing over P1 million in in-kind and cash donations.

NLR's annual Run with the Wind has now become an Ilocos Norte staple sports event, attracting hundreds of runners from different provinces such as Cagayan, Apayao, Isabela, Ilocos Sur, La Union, Benguet and NCR since 2018. In Negros Occidental, SacaSol sponsored a sports tournament to promote camaraderie and sportsmanship for Negrense children who love to play tennis, badminton and football.

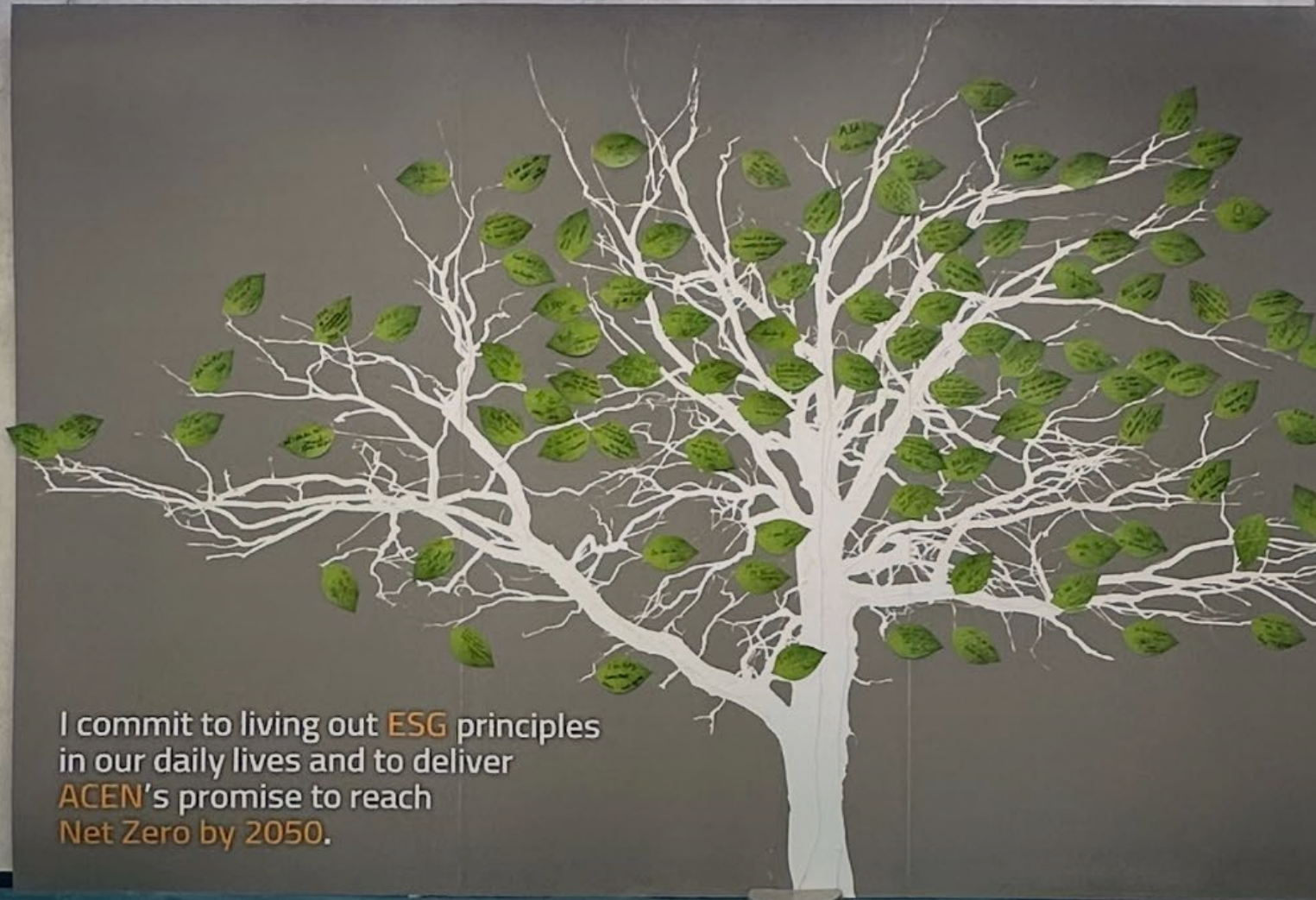
We also sponsored several activities during annual festivals of the localities where we operate in the form of food pack donations, cash prizes and tokens. In Vietnam, Dai Phong wind farm shared gifts to local government agencies in the Nghiep community in Phan Thien City during the Lunar New Year, while we also distributed moon cakes to 550 children from the Hong Phong community during their Mid-Autumn Festival.

In Australia, the Uralla Grants program was set up to share the benefits of the New England Solar and battery project with the Uralla Shire, Dangarsleigh and Kellys Plains communities. We awarded a total of P5.5 million to over 40 local projects and events that support health, fitness, sporting services, age-care facilities, schools, indigenous and non-indigenous historical awareness, environmental education and community events.

Know more about our collaboration with community leaders and other stakeholders in [Australia](#). >



In Australia, our Uralla Grants program allows the funding of a wide range of local projects - from fitness classes, drainage and environmental works, mental health programs, sporting events to building upgrades - as a way to give back to the local community.



I commit to living out **ESG** principles in our daily lives and to deliver **ACEN's** promise to reach **Net Zero by 2050.**

At the ACEN headquarters, our ESG Manifesto Tree, abundant with leaves signed by our employees, is a public declaration of our commitment to help ACEN achieve its goal to become Net Zero by 2050.

Governance: Integrating sustainability

To complement good ESG metrics, transparency is important to help our investors make decisions, and assess both risks and opportunities. We have been aligning our disclosures and policies with the different ESG frameworks and data providers.

We have established our baseline data and set our directions across our organization, our aim is to deliver our strategy and report on our progress.

Impact to SDGs:



PROGRESS HIGHLIGHTS

In November 2021, ACEN established a board-level Sustainability Committee and executive-level ESG Committee to regularly review our sustainability strategy, culture and values, while maintaining oversight of performance. An executive-level Risk and Health & Safety Committee provides oversight of operational safety and sustainability risks.

- New policies implemented
- Health, Safety, Security and Environment**
- Enterprise Risk Management**
- Cybersecurity**

Women in leadership positions
39%



Our environmental and social initiatives are embedded across our organization to drive forward initiatives that are important to us and our aspiration to be a Net Zero GHG emissions company by 2050. In parallel, our Corporate Governance System provides a clear organizational structure guided by an active Board of Directors, visionary management, strong core values and adequate policies and controls to ensure the integration of sustainability across the organization.

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

At the executive level, the ESG Committee advises on ESG-related matters in policymaking as well as monitors our performance on key ESG and climate-related metrics. Furthermore, the Risk and Health & Safety Committee provides an oversight function towards operational safety and sustainability-related risks. We also facilitated capacity building and awareness campaigns on ESG for our senior leaders to further embed sustainability into decision-making.

At the corporate level, the Sustainability team performs sustainability and climate oversight functions. This is headed by the vice president for Corporate Communications and Sustainability who

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

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



ACEN received the prestigious Three Golden Arrow Award from the Institute of Corporate Directors, a testament the company's solid governance framework. The award is given to leading publicly-listed companies in the Philippines that scored at least 80 points based on the results of the ASEAN Corporate Governance Scorecard (ACGS) 2021, exemplifying more than just compliance of best-in-class governance standards, but also going above and beyond them to attract more investors.

New governance committees

Sustainability

ESG

Risk and Health & Safety

Diversity in leadership

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

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

As of 31 December 2022, more than 90% of the Board is composed of non-executive and/or independent directors. Independent directors do not have any interest or relationship with the Company that may hinder their independence, or which could reasonably be perceived to interfere with the exercise of their independent judgment while carrying out their responsibilities as Directors.

Human rights and anti-corruption

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

Ethics, compliance and respect for human rights are at the core of our Code of Conduct and Ethics. We aspire to achieve our position of leadership by being values-driven and by committing to conduct our business with the highest ethical standards. We conduct annual trainings on anti-bribery, corruption, and cybersecurity, covering all employees of ACEN, whether regular or part-time. ACEN and its directors, officers and employees are fully committed to promote a culture of good corporate governance anchored on core values of integrity, long-term vision, empowering leadership and commitment to national development.

Our Code of Conduct and Ethics include guidelines on the following:

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

In 2022, ACEN had no reported incidents of corruption.



Engaging stakeholders

At ACEN, we place our stakeholders' interests at the core of our operations, ensuring that we nurture bonds with our partners in sustainability. We proactively engage with them through open dialogue to better understand their needs and identify their key concerns. We constantly collaborate with them and involve them throughout our business process as an opportunity to communicate our sustainability strategy. In this way, we can create long-term shared value.

Investors and creditors

Value proposition

- Maximize shareholder value
- Address investor concerns in a timely fashion
- Increase the market's understanding of corporate developments
- Ensure fair valuation of the company's shares
- Maintain adequate capital for ACEN's operations and project developments

Importance of the relationship

They sharpen our focus on sustainability and help shape our renewables expansion.

How we engage

- Annual Shareholders' Meeting
- Disclosures to the SEC, PSE, and SGX
- Quarterly investor and analyst briefings
- Special information sessions on key transactions (e.g., ETM; 2030 strategy)
- Site visits
- Comprehensive Integrated Report
- Regular meetings with senior management for company updates



Customers

Value proposition

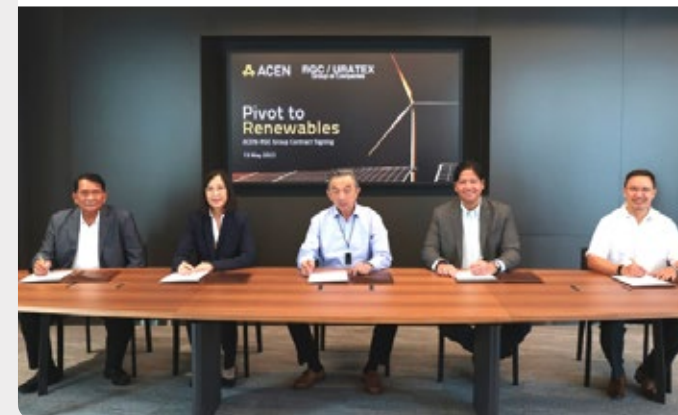
- To provide an excellent customer experience (CX) throughout the customer journey, from canvassing, signing up, switching, billing and collection, and renewal.

Importance of the relationship

As key enablers of the energy transition, they provide opportunities to expand the renewables space.

How we engage

- Proactive discussions with customers to understand their power requirements for customized customer solutions
- Dedicated RES website and social media properties that are kept up to date to disseminate information and answer frequently asked questions
- Organized interactive online and onsite seminars and conferences
- Participation in industry conferences
- Plant tours



Partners and suppliers

Value proposition

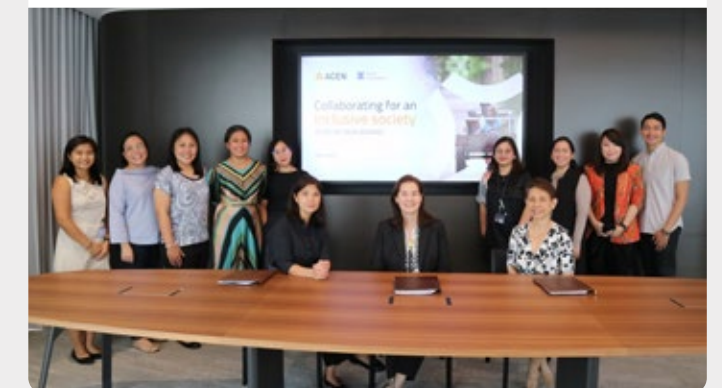
- To build and sustain mutually beneficial strategic partnerships with sustainability-aligned partners

Importance of the relationship

They provide us with competitive advantage in accelerating our renewables expansion globally.

How we engage

- Actively seeking collaboration opportunities
- Alignment to E&S Policy
- Close coordination and continuous dialogue; exchanging best practices





Government and regulators

Value proposition

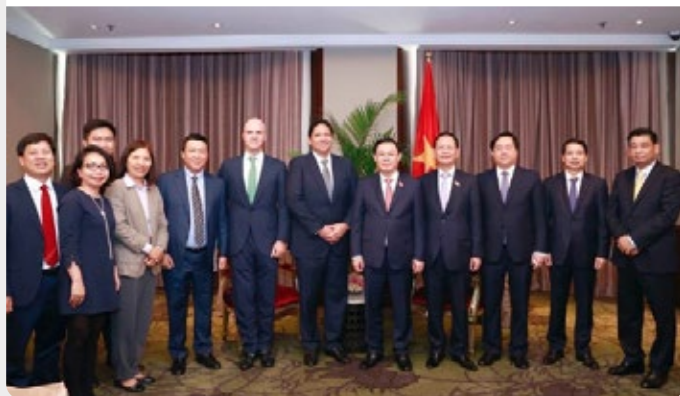
- To be a steadfast partner in policy formulation and adherence

Importance of the relationship

They provide the regulatory framework to enable our business and ensure continuity of operations.

How we engage

- Compliance with government regulations and leading practices in corporate governance
- Participative regulatory audits
- Close and constant communication with regulators



Employees

Value proposition

- To maintain a safe and rewarding work environment that promotes the personal development of all company employees

Importance of the relationship

Our employees are the bloodline of our business and the key to our success.

How we engage

- Monthly internal e-newsletters for information sharing
- Collaborative employee engagement committees that give power to employees to impact their organization
- Organized townhalls
- Regular provision of wellness and mental health consultation services
- Supervised sports and health programs
- Professional and personal development via online on-demand learning



Community

Value proposition

- To promote socio-economic progress in our host communities and surrounding areas

Importance of the relationship

They are our partners in making projects tangible, successful and sustainable.

How we engage

- Designated Stakeholder Management Officer for each project including at the corporate level
- Regular and continuing community assessment, in line with ESMS policy
- Institutional development initiatives with local governments
- Community welfare and other support programs focused on education and healthcare



Media and other stakeholders

Value proposition

- To provide information about corporate developments and management perspective to the broader public

Importance of the relationship

They act as catalyst for us to communicate our vision and initiatives while driving corporate equity.

How we engage

- Dedicated Communications team
- Media briefings
- Regular participation in industry conferences and speaking engagements





Identifying and managing risk

ACEN's enterprise risk management framework

Our governance framework is constantly evolving to align with global best practices of transparency, integrity, and accountability. We continue to improve our internal governance infrastructure to satisfy the changing business environment and expectations of our regulators, shareholders, business partners, customers, suppliers, employees and other stakeholders.

As we embark on an aggressive growth strategy, we must ensure that we have the proper internal control environment to keep up with the rapid pace of our business expansion. With this, in 2022, ACEN appointed a Chief Risk Officer, decoupling the role from the Chief Finance Officer, who then set up the Risk and Insurance Management unit. Since then, ACEN has institutionalized the group's **Enterprise Risk Management Policy Statement**, which formalizes our commitment to incorporate the ERM processes into our core business and practices, not only to mitigate potential risks but also to identify viable opportunities. In addition, we formalized ACEN's **Risk Appetite Statement**, which provides guidance for management on how risks are identified, assessed, evaluated, and addressed. Both policy statements are approved by the Board of Directors.

The Board has established clear ownership of managing enterprise-wide risks with three different management levels, with delineation around three categories: strategic, operational and project or transaction risks. This is itemized in ACEN's **Risk Ownership Structure**.

In terms of risk management process, ACEN follows ISO31000:2019 Risk Management – Guidelines, which is conducted across its subsidiaries on an annual basis. To aid risk owners in the identification of enterprise-wide risks, ACEN created a Risk Universe that covers external risks, internal risks, and natural hazards.

ACEN conducts risk assessment exercises wherein risk owners assess risks under four categories: health and safety, environmental impact, financial impact, and reputational impact. In 2022, the Board's Risk Management and Related-Party Transaction Committee and senior management have reviewed the top five risks for ACEN. This aided management in prioritizing the monitoring of the risk factors and formulation and implementation of mitigation plans.



Regular workshops and dialogues with different internal teams ensure we mitigate the risks in our plant operations as we aggressively grow our renewables portfolio.

ACEN's top 5 risks in 2022

1. Organizational risks

Risk category: Internal

Description: As ACEN continues to grow its power generation portfolio in pursuit of its ACEN2030 Vision, the need to recruit and develop its employee base is critical.

Risk mitigation: For 2022, learning and development as well as recruitment, were major thrusts for ACEN's business units and HR team. In addition, initiatives to boost employee engagement were also given priority.

2. Scalability of processes and systems

Risk category: Internal

Description: ACEN management recognizes the need to upscale its business processes and systems to support the growing portfolio of operational assets, a global workforce, and an aggressive pipeline of development projects.

Risk mitigation: Mitigation actions for this risk include improving and streamlining business processes, deploying the appropriate technologies, and leveraging outsourced services.

3. Growth and market risks

Risk category: Internal and External

Description: Renewable energy is a growth sector and further accelerated by the energy transition movements due to the Ukraine crisis. While this is an opportunity for ACEN, this also presents challenges such as availability of supply, global logistics, commodity prices, and government regulations.

Risk mitigation: ACEN expanded its pipeline of development projects through strategic partnerships with global developers and strong local players.

4. Operational risks

Risk category: Internal

Description: As more and more development projects become operational, ACEN's ability to efficiently operate power generation assets will be put to the test.

Risk mitigation: Each project site deploys standard operating procedures that ensure asset availability, including the enhancement of the group's Business Continuity Management.

5. Regulatory and political risks

Risk category: External

Description: The global power industry is transitioning towards more carbon-friendly power generation options. While this generally presents opportunities, it also presents challenges as ACEN must align with the regulatory changes.

Risk mitigation: ACEN participates in consultative dialogues conducted by regulators to share our perspectives and stay informed of regulatory developments.



ACEN's Task Force on Climate-related Financial Disclosures (TCFD) report

Since 2021, ACEN has been a supporter of the **Task Force for Climate-Related Financial Disclosures** (TCFD), established by the Financial Stability Board to develop voluntary, consistent, climate-related financial disclosures to improve transparency on climate risks and opportunities. These disclosures revolve around four thematic areas: governance, strategy, risk management, and metrics and targets.



GOVERNANCE

Board oversight on climate governance

The Board plays an integral role in ACEN's climate agenda, including the increasing integration of climate-related issues into our broader corporate

strategy. In particular, the board reviews and approves major strategic decisions proposed by senior management around energy transition, decarbonization strategy, portfolio of top risks including climate, and medium and long-term climate targets. Further, the board reviews and approves management's specific responsibilities against ESG targets, including the development of science-based metrics and targets towards ACEN's Net Zero goal by 2050.

In recent years, key strategic decisions of the Board have had an increased focus on climate change. These include the establishment of ACEN's **Environmental and Social Policy in 2020**, which defines ACEN's transition to a low carbon portfolio and divestment of its coal plant by 2030, as well as the commitment to **Net Zero by 2050** announced in 2021. The board was likewise instrumental to the divestment of the South Luzon Thermal Energy Corporation coal plant through the landmark **Energy Transition Mechanism**. In addition, the Board supported management in developing **ACEN's long-term aspiration to reach 20 GW of attributable generating capacity by 2030**.



To sharpen its focus on ACEN's sustainability agenda, the Board created in 2022 the Sustainability Committee to review strategic objectives, monitor the progress of sustainability initiatives, including climate change, and lead all climate-related matters. Since its inception, the **Sustainability Committee** has provided oversight on ACEN's key climate initiatives: the Net Zero commitment, transition to a low carbon portfolio and carbon emission reduction targets.

Additionally, the Board's Risk Management and Related Party Transaction Committee has oversight of ACEN's **Enterprise Risk Management system**, which includes climate risks, as well as all material related party transactions.

Management oversight on climate governance

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

To facilitate the flow of strategic and operational information among key decision-makers, the Company has created in 2022 the ESG Committee at the executive level to review, monitor and aid senior management and the Board on policymaking and decision-making processes around ESG issues. The Committee is composed of the functional heads of governance and compliance, sustainability, investor relations and headed by the Chief Risk, Human Resources and Administrative Officer. In addition, ACEN created the Risk and Health and Safety Committee to provide oversight on operational safety and sustainability risks.

At the corporate level, the Sustainability team has oversight in managing sustainability initiatives, climate-related risks and opportunities, as well as climate-related disclosures. At the project level, project development leads proactively mitigate physical effects of climate change in the planning and design of new projects. The Sustainability team works closely with the project development teams to ensure that any environmental issues are adequately addressed. For operating plants, plant managers, as well as health, safety, security and environment teams work closely with the Sustainability team to address any environmental issues and manage physical risks of climate change.



Our CEO, Eric Francia, spoke at the Marsh Energy Industry Conference in Dubai, where he took a deep dive on ACEN's landmark Energy Transition Mechanism deal and talked about how it is changing the energy transition scene across the globe.

Know more about how our Sustainability Organizational Structure works. >



STRATEGY

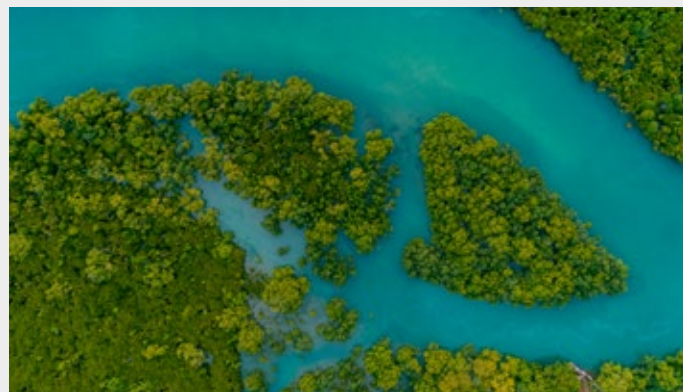
Climate risks and opportunities

Climate action is naturally ingrained into ACEN's long-term strategy—and not just adjacent to it. This enables us to play a leading role in the energy sector's transformation towards a low-carbon economy, which is in our **business model, outlook and strategy** included in this report.

Risks and opportunities related to climate change

ACEN engaged Aon Global Risk Consultants, which partnered with The Climate Service (TCS), to determine the methodology to evaluate and measure our climate risk factors. The study was conducted in 2022 involving 40 assets across ACEN's different markets. Since the time of the study, ACEN's portfolio has evolved, with new projects being added, while certain assets are no longer part of the group.

Using a long-term time horizon through the 2030s, we considered both a "high emissions" (RCP 8.5) and a "low emissions" scenario (RCP 4.5) to help provide a broader perspective from either potential outcome.



In Visayas, we work hand in hand with the local government to protect mangroves, helping rehabilitate over 90 hectares of fish sanctuary to become a source of livelihood for the community.

Climate-related risk summary for the 2030s

Risk trends at RCP 8.5

This "High Emissions" scenario assumes that no major global effort to limit greenhouse gas emissions will go into effect, leading to 4.2-5.4°C of warming by the end of the century.

High impact	Physical risk <ul style="list-style-type: none"> • Temperature extremes Transition risk <ul style="list-style-type: none"> • Technology
Medium impact	Physical risk <ul style="list-style-type: none"> • Coastal flooding Transition risk <ul style="list-style-type: none"> • Reputation
Low or no impact	Physical risk <ul style="list-style-type: none"> • Drought and tropical cyclone

Climate-related transition risks

Together with TCS, ACEN has identified and assessed transition risks around changing legal, regulatory and legal liabilities, reputational risks, new technologies and markets.

Modeled transition hazards

Regulatory and litigation: Costs to defend against climate-related claims including failure to mitigate, adapt and disclose risks in reference to various local and sovereign laws.

Technology: Extent to which new technologies affect competitiveness, production efficiency or demand.

Reputation: Perceptions of an organization's "social license to operate".

Market: Extent to which the transition to a low-carbon economy affects both the supply and demand for products and services.

Risk trends at RCP 4.5

This "Low Emissions" scenario implies coordinated action to limit greenhouse gas emissions to achieve a global temperature warming of ~2°C.

High impact	Physical risk <ul style="list-style-type: none"> • Temperature extremes Transition risk <ul style="list-style-type: none"> • Technology
Medium impact	Physical risk <ul style="list-style-type: none"> • Coastal flooding Transition risk <ul style="list-style-type: none"> • Reputation
Low or no impact	Physical risk <ul style="list-style-type: none"> • Drought and tropical cyclone

Climate-related physical risks

In an exercise with TCS, ACEN's physical risk assessment processes and analyzes atmospheric data related to temperature, precipitation, drought, wildfire, as well as other data related to coastal flooding, tropical cyclones, water stress and fluvial flooding in order to provide a rigorous estimate of risk under various conditions.

Modeled physical hazards

Temperature extremes: Changes in frequency of occurrence of temperature extremes.

Coastal flooding: Changes in frequency of coastal flooding of various magnitudes.

Drought: Changes in the frequency of drought conditions contributing to a period of abnormally dry weather long enough to cause a serious hydrological imbalance.

Wildfire: Changes in the annual probability of the 90th percentile wildfire conditions, as compared to the baseline period at the assets' location.

Tropical cyclone: Changes in the location and intensity of hurricanes or tropical cyclones, the general term for a strong, cyclonic-scale disturbance that originates over tropical oceans. This is currently available for the eastern Atlantic basin.

Water stress: Changes in the WRI Aqueduct water stress index from current values to future values out to the 2040s.

Fluvial flooding: The annual probability of a 100-year riverine flood, relative to the historical baseline of 1950-1999. This metric uses three climate variables and four topographic variables.

In calculating the risks, the Climonomics platform quantifies the financial impacts caused by climate change in a metric known as Modeled Average Annual Loss. This metric reports financial losses on an annual basis, providing decision-relevant insights for key financial metrics such as revenue.



Natural catastrophe analysis

ACEN's project development process includes a review of the topography, weather patterns, hydrological studies, seismological studies, volcanic activities and water levels of the site. As part of the insurance management process, ACEN avails of a **natural catastrophe study** for select projects called the Munich Re's NATHAN (or Natural Hazards Edition), a leading risk tool. These help ACEN during design and construction to include engineering solutions for major risks. The study, conducted by Munich Re, a leading global insurance provider, equips ACEN in determining the optimal construction design and engineering mitigation solutions.

Climate-related opportunities and response actions

The war in Ukraine triggered the current energy global crisis, which accelerated demand from governments, businesses and consumers for clean energy sources. With elevated fossil fuel prices, renewable energy has become a more sustainable alternative. This paves the way for the emergence of clean technology that is more efficient, cost-effective and reliable.

As an early mover in renewable energy in Southeast Asia, ACEN aims to capitalize on the enormous opportunities around energy transition. It has laid out an aggressive goal to accumulate **20 GW of renewables capacity by 2030**. To achieve this goal, ACEN will implement three key strategies: geographic expansion, new technologies and strategic partnerships.

ACEN's climate-related opportunities assessment focuses on energy efficiency, materials use efficiency, energy resilience, innovation in products and services and prospects in new markets.

Transition risks	Opportunities	ACEN response actions
Market	<p>Global energy crisis accelerated the demand for governments and businesses to transition to a low-carbon economy.</p> <p>High fossil fuel prices triggered by the Ukraine war made renewables more competitive.</p>	<p>Launched in 2022 a long-term goal to build 20 GW of renewables capacity by 2030, focusing on three key strategies: geographic expansion, new technologies and strategic partnerships.</p>
Technology	<p>Strong emergence of clean technologies that are increasingly becoming more efficient, cost-effective and reliable, enabling renewables to become a scalable alternative to fossil fuels.</p>	<p>Continue to scale up ground-mounted solar wind and solar.</p> <p>Make headway into new technologies such as battery storage, offshore wind, and floating solar.</p>
Regulatory and litigation	<p>Structural changes taking place globally provide an enabling environment to ramp up renewables investments.</p> <p>Philippines</p> <ul style="list-style-type: none"> Tight power supply situation calls for greater investments in renewables Government targeting 35% share of renewables output, requiring ~18 GW of renewables capacity to be built across the industry <p>Australia</p> <ul style="list-style-type: none"> Closures of ~10 GW of coal-fired power plants expected by 2030, requiring ~25 GW of replacement renewable energy to be constructed <p>Vietnam</p> <ul style="list-style-type: none"> Government's Net Zero goal by 2050 entails a target of 70 GW of renewables capacity by 2030, requiring ~27 GW of new capacity to be installed <p>India</p> <ul style="list-style-type: none"> Government's Net Zero goal by 2070 entails a target of ~523 GW of renewables capacity, requiring ~300 GW of fresh capacity to be built <p>Indonesia</p> <ul style="list-style-type: none"> Government's Net Zero target for 2060 calls for a goal to reach ~29 GW of renewable energy by 2030, requiring ~21 GW in new capacity to be assembled 	<p>Continue geographic expansion through its extensive project pipeline across its key markets in the Philippines, Australia, Vietnam, India and Indonesia.</p> <p>Continue to forge strategic partnerships with regional developers and strong local players in order to expand the project pipeline and accelerate project development.</p> <p>Leverage robust balance sheet to fund expansion plans, focusing on sustainable financing initiatives.</p>
Reputation	<p>Increasing awareness on the effects of climate change has emphasized the importance of clean energy, bringing renewable energy to an unprecedented level of importance. Failure to adapt can cost one's "social license to operate".</p> <p>Premium ascribed by investors to companies with robust climate strategy and climate-related risk management practices.</p>	<p>Continue regular engagement with key stakeholders through various channels on how decarbonization is integrated into the overall growth strategy.</p> <p>Continue to adhere to best practice reporting systems to enhance climate-related disclosures such as TCFD and CDP.</p>



On managing and mitigating the physical risks of climate change impacting our business, we have a robust sustainability program that focuses on three focus areas: climate change, biodiversity and resource efficiency. More details can be found on [pages 23-29](#).



RISK MANAGEMENT

Climate-related risks are considered in ACEN's **Enterprise Risk Management** process, with climate-related physical and transition risks part of our Risk Universe. Identifying climate-related risks is embedded in our project development and operations management processes. During project development, we conduct topography, weather patterns, hydrological, seismological, volcanic activities and water levels studies.

In addition, our insurance management process includes the conduct of a natural catastrophe

study, the results of which are factored into the design, construction and project implementation. This also helps determining the appropriate insurance coverages for each asset.

To determine the tangible and measurable impact of climate-related risks to our business, we engaged TCS to conduct a climate analytics exercise considering RCP4.5 and RCP8.5 scenarios. The results of the study provided both climate-related risk and opportunities that ACEN management will be monitoring and mitigating or leveraging.



ACEN's 52 MW NorthWind in Bangui, Ilocos Norte is Southeast Asia's first utility scale wind farm.

METRICS AND TARGETS

As part of its **Net Zero journey**, ACEN has committed to 100% renewables generation by 2025, which will result in zero Scope 1 stationary GHG emissions from the company's generation

portfolio. Under this roadmap, ACEN established near-term scope 1, 2 and 3 greenhouse gas (GHG) emissions reduction targets, aligned with a 1.5°C pathway for the power sector.

Adopting the GHG Protocol's Corporate Accounting and Reporting Standard, ACEN validated and measured its 2021 GHG emissions¹ to serve as the baseline for our Net Zero targets and roadmap.

Scope	Coverage	Tons CO ₂ e
Scope 1	Combustion of fuel from sources where we have operational control	184,052
Scope 2	Electricity consumption for own operations	6,993
Scope 3	Indirect emissions from upstream and downstream activities	4,870,476

1. Referencing SBTi's Net Zero standard guidelines, ACEN's 2021 GHG baseline emissions have been recalculated to reflect the divestment of SLTEC in 2022

[Read more](#) about our Net Zero strategy on [page 26](#). >



Governance at ACEN

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Our leadership team consistently and proactively engage with our employees and various stakeholders through open dialogue and constant collaboration as a vital opportunity to communicate our company vision and sustainability strategy.



Board and leadership team



Fernando Zobel de Ayala
Chairman

Inclusive Dates of Election July 2019 - September 2022

Length of Service 4 years

Professional Qualification

- President of Ayala Corporation from April 2006 and Chief Executive Officer from April 2021 to September 2022
- Chief Operating Officer of Ayala Corporation from April 2006 until April 2021 and has been a Director of Ayala Corporation since May 1994
- Chairman of Ayala Land, Inc., Manila Water Company, Inc., and ACEN Corporation until September 2022
- Independent Director of Pilipinas Shell Petroleum Corporation
- CIM from INSEAD, France
- B.A. in Liberal Arts from Harvard College

Committees N/A

Key Strengths Strategic leadership / Innovation / Industry expertise



Delfin Lazaro
Chairman - present

Date of Election September 2022

Length of Service < 1 year

Professional Qualification

- Chairman of Integrated Micro-Electronics, Inc. and Director of Globe Telecom, Inc.
- Independent Adviser to the Board of Directors of Ayala Land, Inc. and a member of the BPI Advisory Council
- Master of Business Administration from Harvard Graduate School of Business, graduating with distinction
- B.S. in Metallurgical Engineering from the University of the Philippines

Committees Executive ©

Key Strengths General management / Energy



Jaime Augusto Zobel de Ayala
Vice Chairman

Inclusive Dates of Election July 2019 - September 2022

Length of Service 4 years

Professional Qualification

- Director of Ayala Corporation since May 1987
- Chairman of Ayala Corporation since April 2006 and served as its Chief Executive Officer from 2006 to April 2021
- Chairman of Globe Telecom, Inc., Ayala Land, Inc. and Bank of the Philippine Islands
- Director of Temasek Holdings (Private) Limited and a member of the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council
- Recognized as a United Nations Sustainable Development Goals Pioneer in 2017 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.
- Master of Business Administration from the Harvard Graduate School of Business
- B.A. in Economics from Harvard College, graduating cum laude

Committees N/A

Key Strengths Strategic leadership / Sustainability / Innovation / Industry expertise



Cezar Consing
Vice Chairman - present

Date of Election April 2021

Length of Service < 1 year as Vice Chairman; 2 years as Director

Professional Qualification

- President and Chief Executive Officer of Ayala Corporation and has been a Director thereof since December 2020
- Member of the Ayala Group Management Committee since April 2013
- Director of the Bank of the Philippine Islands, and Globe Telecom, Inc.
- Serves as advisor of the board of Ayala Land Inc.
- Director of the Myanmar-listed First Myanmar Investment Public Company Limited
- M.A. in Applied Economics from the University of Michigan
- A.B. in Economics (Accelerated Program) from De La Salle University, graduating magna cum laude

Committees Executive / Personnel and Compensation / Sustainability Committee ©

Key Strengths Banking / Capital markets

© - Committee Chairperson



Eric Francia
Group CEO, ACEN

Date of Election May 2019

Length of Service 4 years

Professional Qualification

- Senior Managing Director of Ayala Corporation
- Member of the Ayala Group Management Committee since 2009
- Chairman of ENEX Energy Corp.
- Master's degree in Management Studies from the University of Cambridge, graduating with first class honors
- A.B. in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude

Committees Executive

Key Strengths General management / Strategy / Energy / Capital markets / M&As



Jose Rene Gregory Almendras
Director

Date of Election July 2019

Length of Service 4 years

Professional Qualification

- Senior Managing Director and Group Head of Public Affairs of Ayala Corporation
- Director and a member of the Executive Committee of Manila Water Company, Inc.
- Former Secretary of the Department of Energy, and the Department of Foreign Affairs, and former Office of the Cabinet Secretary
- Received the highest Presidential Award given to a civilian — Order of Lakandula, Rank of Gold Cross Bayani in 2016, for his remarkable performance in addressing the country's urgent issues
- B.S. in Business Management from Ateneo de Manila University

Committees N/A

Key Strengths General management / Energy / Banking / Sustainability / Regulatory



Jaime Alfonso Zobel de Ayala
Director

Date of Election September 2022

Length of Service < 1 year

Professional Qualification

- Head, Business Development and Digital Innovation Units of Ayala Corporation
- Co Deputy Head of Ayala Corporation's Corporate Strategy Group
- Director of Globe Telecom, Ayala Land Logistics Holdings Corp. and ENEX Energy Corp.
- Master of Business Administration from Columbia Business School
- Graduated from Harvard University, with a Primary Concentration in Government

Committees Executive

Key Strengths Strategy / Innovation / Business development



Nicole Goh Phaik Khim
Director

Date of Election March 2021

Length of Service 2 years

Professional Qualification

- Head, Asia ex-China at GIC Infrastructure, and has been a member of GIC's infrastructure practice since 2008
- Has coverage responsibility for the Asia-Pacific region with prior experience investing in the US and Europe
- M.S. in Management Science & Engineering from Stanford University
- B.S. in Mathematics with Statistics for Finance from Imperial College London

Committees Audit / Board Risk Management & Related Party Transactions

Key Strengths Finance / Infrastructure / Capital markets



Dean Travers
Director

Date of Election April 2022

Length of Service 1 year

Professional Qualification

- Has occupied senior executive roles in the energy sector for more than 25 years and is experienced in multi-disciplinary projects covering global markets, mergers and acquisitions, deal structuring and project development.
- Has been active in Europe, North America, Asia and Australia leading teams developing conventional and renewable energy projects for ENGIE
- Previously served as Senior Vice President Business Development for Indonesia, and as General Manager for ENGIE Renewables Australia which was responsible for the development of 2GW of wind and solar projects
- Currently active in the clean energy and climate tech sectors in Australia and Indonesia as a founder, mentor and advisor
- Ph.D in Electrical Engineering from University of New South Wales
- B.E. in Electrical Engineering and a Bachelor of Science from University of New South Wales

Committees N/A

Key Strengths Energy / Project development / Corporate governance

© - Committee Chairperson



Consuelo Garcia
Independent Director

Date of Election September 2019

Length of Service 4 years

Professional Qualification

- Independent Director of The Philippine Stock Exchange, Inc., Sun Life Investment and Trust Corporation, GT Capital Holdings, Inc., and Far Eastern University, Inc.
- A member of the board of the Financial Executives Institute of the Philippines (FINEX) and the liaison director to the FINEX Capital Markets Development Committee and the ICT Committee
- Former Country Manager and Head of Clients of ING Bank N.V. Manila, Philippines and Senior Consultant for Challengers and Growth Markets, Asia for ING Bank
- A Certified Public Accountant
- B.S. in Business Administration, major in Accounting from the University of the East, graduating magna cum laude

Committees Audit / Personnel and Compensation © / Corporate Governance & Nomination ©

Key Strengths Finance and accounting / Banking / Capital markets



Ma. Aurora Geotina-Garcia
Independent Director

Date of Election September 2019

Length of Service 4 years

Professional Qualification

- Independent Director of ENEX Energy Corp.
- Independent Director of Cebu Landmasters Inc.
- 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
- Master of Business Administration from the University of the Philippines
- B.S. in Business Administration and Accountancy from the University of the Philippines

Committees Audit ©

Key Strengths Finance and accounting / Capital markets



Sherisa Nuesa
Independent Director

Date of Election September 2019

Length of Service 4 years

Professional Qualification

- Independent Director of Manila Water Company, Inc. (MWC), Ayala Land Inc.(ALI), and Integrated Micro-Electronics, Inc. (IMI)
- A non-executive Director of Far Eastern University, and of FERN Realty Corporation
- Co-led the Initial Public Offering (IPO) teams of ALI, Cebu Holdings, Inc., MWC, and IMI.
- Awarded as the ING-FINEX CFO of the Year for 2008
- A Certified Public Accountant
- Master of Business Administration from the Ateneo Graduate School of Business
- Attended post-graduate courses in Harvard Business School and in Stanford University
- B.S. in Commerce from Far Eastern University, graduating summa cum laude

Committees Board Risk Management & Related Party Transactions © / Corporate Governance & Nomination / Executive / Personnel and Compensation

Key Strengths General management / Finance and accounting / Utilities / Real estate



Melinda Ocampo
Independent Director

Date of Election September 2019

Length of Service 1 year

Professional Qualification

- Independent Director of ENEX Energy Corp.
- Previously served as President of the Philippine Electricity Market Corporation from March 2009 to July 2017, and as Undersecretary to the Department of Energy from May 2005 to December 2007
- Previously served as a division chief and a director of the National Electrification Administration
- A Certified Public Accountant
- Master of Business Administration from the University of the Philippines
- B.S. in Commerce, Major in Accounting, from the Republic Central Colleges, in Pampanga

Committees Corporate Governance & Nomination / Board Risk Management & Related Party Transactions / Sustainability Committee

Key Strengths Energy systems / Regulatory



Solomon Hermosura
Corporate Secretary

Date of Election 2019

Length of Service 4 years

Professional Qualification

- Senior Managing Director, Group Head of Corporate Governance, Chief Legal Officer, Corporate Secretary, Compliance Officer and Data Protection Officer of Ayala Corporation
- A member of the Ayala Corporation Management Committee since 2009 and the Ayala Group Management Committee since 2010
- Corporate Secretary and Group General Counsel of Ayala Land Inc.
- Corporate Secretary of Integrated Micro-Electronics, Inc., Globe, AREIT, Inc. and Ayala Foundation, Inc.
- A member of the faculty of the College of Law of San Beda University
- Bachelor of Laws degree (Valedictorian) from San Beda College and placed third in the 1986 Bar Examinations

Key Strengths Law / Regulatory / Corporate governance / Data privacy / Transactions / General management

© - Committee Chairperson



Management team



Eric Francia
Group CEO, ACEN



Maria Corazon Dizon
CFO & Treasurer



Patrice Clausse
CEO, ACEN International



Jose Maria Zabaleta
CEO, ACEN Development



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



Jonathan Back
Chief Strategy Officer



Solomon Hermosura
Corporate Secretary



Miguel de Jesus
COO, Philippine Operations



Dodjie Lagazo
General Counsel & Assistant
Corporate Secretary



Gabino Ramon Mejia
Executive Director &
Head, Plant Operations



Irene Maranan
Vice President &
Head, Communications
and Sustainability

Corporate governance

In leading the charge towards a sustainable future, we pursue continuous improvement of our corporate governance system. We ensure that evolving stakeholder interests, including the growing emphasis on sustainability, are fundamental considerations in our corporate oversight, strategy setting, risk management and decision processes, on top of compliance with laws, standards, and leading practices.

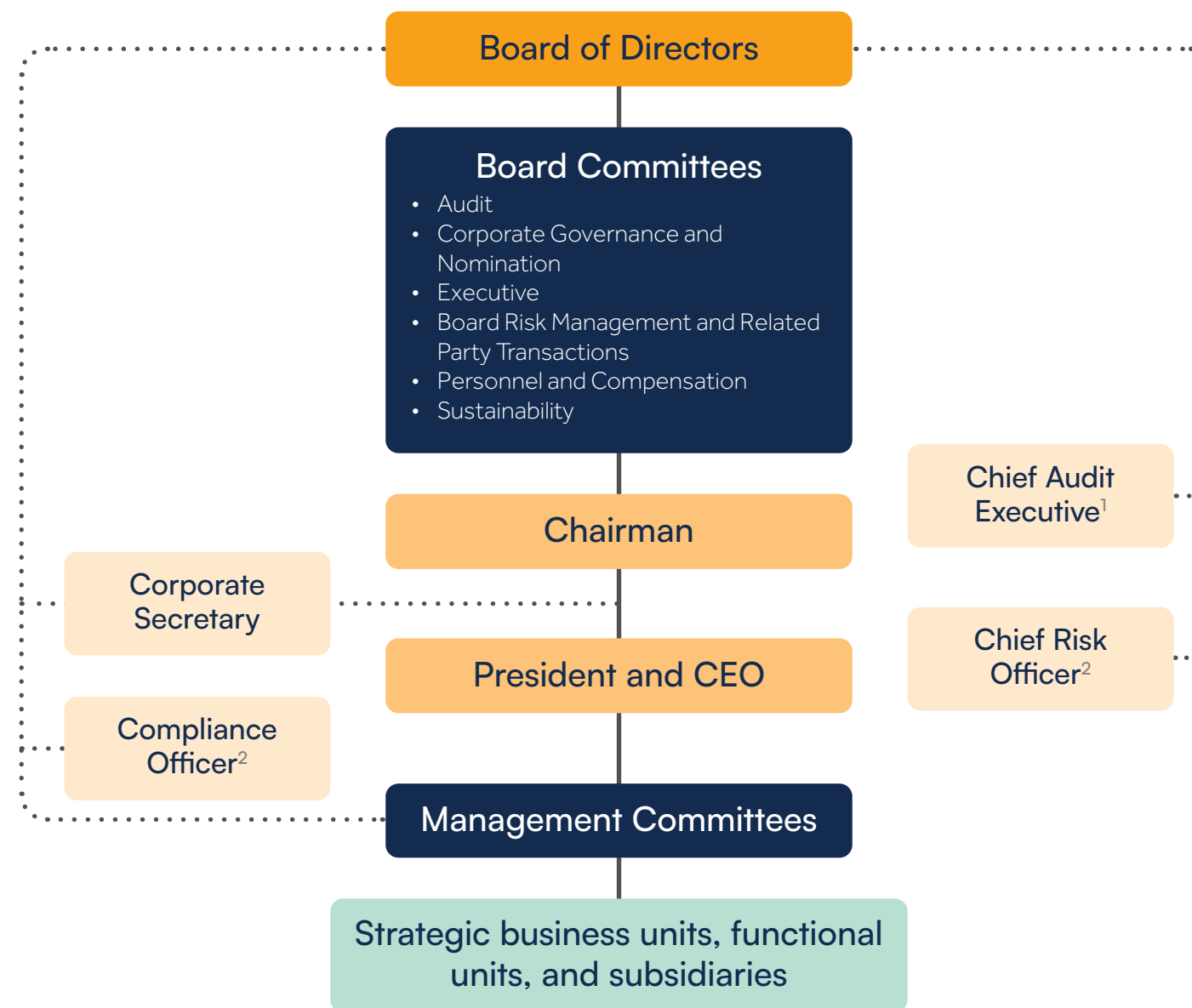
Governance provides the structure and processes through which the objectives of the organization are set, progress against performance is monitored, and results are evaluated. ACEN affirms that adherence to good corporate governance principles is essential to the achievement of its strategic goals.

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

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

ACEN 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 2022.

Corporate governance structure



1. Reports functionally to the Audit Committee of the Board
2. Reports functionally to the CEO

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 2022.

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 (CGN) Committee.



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

2022 Board of Directors	Designation	Year appointed (no. of years in the Board)	Expertise
Delfin L. Lazaro	Non-Executive, Chairman	2022 (0.5)	General management and energy
Cezar P. Consing	Non-Executive, Vice-Chairman	2021 (2)	Banking and capital markets
John Eric T. Francia	Executive, President & CEO	2019 (4)	General management, strategy, energy, Capital markets, M&As
Jose Rene Gregory D. Almendras	Non-Executive	2019 (4)	General management, energy, banking, sustainability and regulatory
Jaime Alfonso E. Zobel de Ayala	Non-Executive	2022 (0.5)	Strategy, innovation and business development
Nicole Goh Phaik Khim	Non-Executive	2021 (2)	Finance, infrastructure and capital markets
Dean L. Travers	Non-Executive	2022 (0.75)	Energy, project development and corporate governance
Sherisa P. Nuesa	Non-Executive, Lead Independent	2019 (3.25)	General management, finance and accounting, utilities and real estate
Ma. Aurora Geotina-Garcia	Non-Executive, Independent	2019 (3.25)	Finance and accounting, and capital markets
Consuelo D. Garcia	Non-Executive, Independent	2019 (3.25)	Finance and accounting, banking and capital markets
Melinda L. Ocampo	Non-Executive, Independent	2019 (3.25)	Energy systems and regulatory

- Each director is elected by the shareholders annually and serves a term of one year.
- More than 90% of the Board (10 out of 11) is composed of non-executive and independent directors.
- None of the independent directors own more than 2% of the Company's outstanding capital stock.
- The profile of each director can be found in the board of directors section of this report on [pages 50-53](#).

We ensure 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

Delfin L. Lazaro, the Company's chairman, and Cezar P. Consing, vice chairman, assumed their respective positions on September 28, 2022. The positions of chairman of the Board and CEO are held by different persons. This enables the board to maintain independent reviews and quality discussions at meetings.

Role of the chairman and vice chairman

The chairman leads the board by promoting active engagement and open discussion among the directors. The chairman presides at all meetings of the board and of the stockholders, exercises the powers given to him in the By-Laws, and performs the duties enumerated under the 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 re-appointed Sherisa P. Nuesa as its lead independent director at its organizational meeting on April 25, 2022.

Role of the lead independent director

When needed, the lead independent director acts as an intermediary 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, 2022, more than 90% of the board membership is composed of non-executive and independent directors of which ten (10) are non-executive directors and of those, four (4) are independent. The independent directors do not have any interest or relationship with the Company that may hinder their independence, or which could reasonably be perceived to interfere with the exercise of their independent judgment while carrying out their responsibilities as directors.

A term limit of nine (9) years has been set by the Company for its independent directors (ID) in accordance with the rules laid out by the SEC. As of 2022, none of the Independent Directors have served the Company for more than nine (9) years, reckoning from 2012, in compliance with SEC Memorandum Circular No. 9, series of 2011. Furthermore, none of the directors have worked for ACEN's external auditing firm within the three (3) years immediately preceding the date of their election or appointment.

Role of the non-executive and independent directors (NEID)

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



Board diversity policy

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

Board performance

The board is devoted to carry out its duties and responsibilities and commits enough time for their meetings. The presence of at least two-thirds of the number of directors, as fixed in the Articles of Incorporation, constitutes a quorum for the transaction of business. The board held four (4) regular meetings, four (4) special meetings, and one (1) organizational meeting in 2022.

The annual calendar of activities for the board and committees is established and approved at the start of the year. The board is supported by the corporate secretary who monitors the board activities and ensures materials are available at least five (5) business days in advance of the scheduled meeting, allowing the board to make informed decisions.

Performance assessment

The board commits to a formal assessment process to review and evaluate the performance of the board committees, its individual members and the CEO. 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. Once every three (3) years, the annual board performance assessment is conducted under the auspices of an independent consultant.

In 2020, Aon was appointed as the independent consultant to assist in the board assessment exercise. For the years 2021 and 2022, the board performance assessment was conducted internally.

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) management of the 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 to 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 a well-regarded expert in the legal profession and is well-informed on relevant developments in the legal field through years of practicing corporate law in-house, teaching in law schools, and appearing as resource speaker in various public fora.

Training of directors

ACEN requires all its directors to attend at least a four (4)-hour annual continuing training program on corporate governance. All new directors must take at the minimum an eight (8)-hour orientation program on the company's strategy, business and structure, vision and mission, governance codes and policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance and other subjects needed in the performance of their duties and responsibilities. In 2022, all directors complied with this policy.

To remain relevant in a global environment with increasing competitiveness, Ayala facilitates an annual group-wide Corporate Governance and Risk Management Summit which has been held since 2014. Counted as an SEC-accredited training in coordination with the Institute of Corporate Directors, 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 October 18, 2022, the group held its virtual Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme, "Mindset Shifts Through a Sustainable Future," wherein thought leaders and experts shared insights on the mindset shifts necessary for the board and Company leaders of

the group. The Summit focused on climate governance, steward leadership, social inequity, and emerging corporate reporting standards.

On August 12, 2022, ACEN facilitated a Net Zero and ESG capability building workshop for the Company's senior management team and select board members. This workshop helped establish ACEN's sustainability principles to be cascaded by ACEN's leadership to the rest of the organization.

Director compensation

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

Directors' remuneration

The power to fix directors' fees was delegated by the shareholders to the board as provided for in the Amended By-Laws.

On April 25, 2022, in compliance with Section 29 of the Revised Corporation Code, the shareholders approved the proposed remuneration for non-executive and non-independent directors, as endorsed by the CGN Committee, at ₱200,000 per board meeting attended, and ₱100,000 per committee meeting attended, and an annual retainer fee of ₱1,000,000 for each director, ₱1,500,000 for the Chair of the Audit Committee, and ₱2,000,000 for the Chairman of the Board. Executive directors do not receive attendance fees.



In 2022, the non-executive directors received gross remuneration as follows:

Director	Total Net Amount (in ₱)
Delfin L. Lazaro	360,000
Cezar P. Consing	2,674,000
Jose Rene Gregory D. Almendras	1,980,000
Jaime Alfonso E. Zobel de Ayala	340,000
Nicole Goh Phaik Khim	3,132,000
Dean L. Travers	2,160,000
Consuelo D. Garcia	3,798,000
Ma. Aurora D. Geotina-Garcia	3,276,000
Sherisa P. Nuesa	3,816,000
Melinda L. Ocampo	3,438,000
Fernando M. Zobel de Ayala ¹	1,667,397
Jaime Augusto M. Zobel de Ayala ²	2,160,000

1. Resigned as director of the Company effective September 12, 2022
 2. Resigned as director of the Company effective September 28, 2022

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

Board committees

The board committees assist the board in the discharge of its functions, aid in good governance, and are governed by their Charters as duly approved by the board in terms of their rights and responsibilities.

Executive Committee

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

The committee deliberated, reviewed, and approved the following in 2022:

1. Purchase by the Company of 500 million shares in Solar Philippines Nueva Ecija Corporation from Solar Philippines Power Project Holdings, Inc.;
2. The Company's vision and strategy of achieving 20 GW renewable energy capacity by 2030;
3. The Company's establishment of an up to ₱30 billion debt securities program and related engagements; and

The Company's use of the PDS Group's e-Securities Issue Portal in the Company's capacity as Issuer with respect to the up to ₱10 billion ASEAN Green fixed rate 5-year bonds.

The Executive Committee had three (3) meetings in 2022.

Corporate Governance and Nomination Committee

The CGN Committee has three (3) independent directors, including the chairperson. The committee ensures that good corporate governance principles and practices are complied 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 2022 include:

1. Received the nominees for directors of the Company, evaluated their qualifications, and endorsed qualified nominees for nomination to the board for the year 2022;
2. Received the nominees for various officers of the Company, evaluated their qualifications, and endorsed qualified nominees for nomination to the board throughout the year 2022;
3. Reviewed the Integrated Annual Corporate Governance Report for submission to the SEC;
4. Reviewed and approved the Company's Succession Policy; and
5. Reviewed and approved amendments to the Company's Insider Trading Policy, for endorsement to the board.

The committee had nine (9) meetings in 2022, during which the chairperson and members were all present.

The attendance of the members at the meetings of the committee held in 2022 is as follows:

	19 Jan 2022	4 Mar 2022	19 Apr 2022	3 May 2022	24 May 2022	2 Aug 2022	26 Sep 2022	3 Nov 2022	15 Dec 2022
Consuelo D. Garcia (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Melinda L. Ocampo	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sherisa P. Nuesa	✓	✓	✓	✓	✓	✓	✓	✓	✓



Board and Board Committee membership stockholders, Board, Board Committee meetings, and Directors' attendance

For the year ended December 31, 2022

As of December 31, 2022, the board committees and their members were as follows:

	Audit Committee	Board Risk Management and Related Party Transactions Committee	Corporate Governance and Nomination Committee	Executive Committee	Personnel and Compensation Committee	Sustainability Committee
1. Delfin L. Lazaro				C		
2. John Eric T. Francia				M		
3. Jaime Alfonso E. Zobel de Ayala				M		
4. Cezar P. Consing				M	M	C
5. Nicole Goh Phaik Khim	M	M				
6. Ma. Aurora Geotina-Garcia (Independent)	C					
7. Consuelo D. Garcia (Independent)	M		C		C	
8. Sherisa P. Nuesa (Independent)		C	M	M	M	
9. Melinda L. Ocampo (Independent)		M	M			M

C - Committee Chairperson
M - Committee Member

The attendance of the directors at the meetings of the board and of stockholders held in 2022 is as follows

Directors	21 Jan 2022 Special	8 Mar 2022 Regular	25 Apr 2022 ASM	25 Apr 2022 Organizational	12 May 2022 Regular	3 Jun 2022 Special	25 Jul 2022 Regular	5 Aug 2022 Regular	28 Sep 2022 Special	10 Nov 2022 Regular	No. of Meetings Present	Percent Present
Fernando M. Zobel de Ayala ¹	✓	✓	✓	✓	✓	✓	✓	✓			8/8	100%
Jaime Augusto M. Zobel de Ayala ²	✓	✓	✓	✓	✓	✓	✓	✓			8/8	100%
John Eric T. Francia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10	100%
Delfin L. Lazaro ³									✓	✓	2/2	100%
Jose Rene Gregory G. Almendras	✓	✓	✓	✓	✓	x	✓	x	✓	✓	8/10	80%
Cezar P. Consing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10	100%
Jaime Alfonso E. Zobel de Ayala ⁴									✓	✓	2/2	100%
John Philip S. Orbeta ⁵	✓	✓	✓								3/3	100%
Nicole Goh Phaik Khim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10	100%
Dean L. Travers ⁶				✓	✓	✓	✓	✓	✓	✓	7/7	100%
Ma. Aurora Geotina-Garcia (Independent)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10	100%
Consuelo D. Garcia (Independent)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10	100%
Sherisa P. Nuesa (Independent)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10	100%
Melinda L. Ocampo (Independent)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10	100%

1. Mr. Fernando Zobel de Ayala resigned as director of the Company effective September 12, 2022.
2. Mr. Jaime Augusto Zobel de Ayala resigned as director of the Company effective September 28, 2022.
3. Mr. Lazaro was elected as director and Chairman of the Company to replace Mr. Fernando Zobel de Ayala effective September 28, 2022.
4. Mr. Jaime Alfonso Zobel de Ayala was elected as director of the Company to replace Mr. Jaime Augusto Zobel de Ayala effective September 28, 2022.
5. Mr. Orbeta's term as director expired on April 25, 2022.
6. Mr. Travers was elected as director of the Company to replace Mr. Orbeta on April 25, 2022.



Audit Committee

The Audit Committee is composed of three (3) directors, two (2) of whom are independent, including the chairperson. All of its members have extensive background and expertise in accounting, and one member is an expert in the power industry. 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 55-56](#).

The committee had four (4) regular meetings, one (1) executive session and one (1) joint meeting with the Board Risk Management and Related Party Transactions Committee in 2022, during which the chairperson and members were all present.

The attendance of the members at the meetings of the committee held in 2022 is as follows:

	24 Feb 2022	5 May 2022	4 Aug 2022	3 Nov 2022	4 Nov 2022	29 Nov 2022
Ma. Aurora Geotina-Garcia (Chairperson)	✓	✓	✓	✓	✓	✓
Consuelo D. Garcia	✓	✓	✓	✓	✓	✓
Nicole Goh Phaik Khim	✓	✓	✓	✓	✓	✓

Board Risk Management and Related Party Transactions Committee

The Board Risk Management and RPT (BRMRPT) Committee is a board-level committee with two (2) of its three (3) members being independent directors, including the chairperson, and the remaining member a non-executive director nominated by a significant minority shareholder. The committee is responsible for the oversight of the Company's enterprise risk management system and for the review of all material related party transactions of the Company.

The committee's accomplishments in 2022 are as follows:

1. Reviewed and approved the Energy Transition Financing Plan for South Luzon Thermal Energy Corporation ("SLTEC"), for endorsement to the board;
2. Reviewed and approved the amendments to the Administration and Management Agreement between the Company and SLTEC, for endorsement to the board;
3. Reviewed and approved the Company's extension of a corporate guarantee in favor of ENEX Energy Corp. ("ENEX"), for endorsement to the board;
4. Reviewed and approved the engagement of BPI Capital Corporation as one (1) of the Issue Managers and Joint Lead Underwriters and Bookrunners for the Company's proposed peso bond offering, for endorsement to the board;
5. Reviewed and approved the sale of the Company's shares in SLTEC to ETM Philippines Holdings, Inc. ("EPHI"), for endorsement to the board;
6. Reviewed and approved the Company's extension of a bridge loan to EPHI of up to ₱2.6 billion to fund EPHI's subscription to redeemable preferred shares in SLTEC, for endorsement to the board;
7. Reviewed and approved the short-term loan to be extended by ACE Endeavor, Inc. ("Endeavor") of ₱100 million in favor of Ingrid Power Holdings, Inc. ("Ingrid Power"), for endorsement to the board of Endeavor;
8. Reviewed and approved the Company's Enterprise Risk Management Policy, for endorsement to the board;
9. Reviewed and approved the Company's renewal of its up to ₱150 million loan in favor of ENEX, for endorsement to the board; and
10. Reviewed and approved the Company's extension of an up to ₱1.25 billion loan to Ingrid Power, for endorsement to the board.

The committee had seven (7) meetings in 2022, during which the chairperson and members were all present.

The attendance of the members at the meetings of the Committee held in 2022 is as follows:

	18 Jan 2022	14 Mar 2022	18 Apr 2022	29 Jun 2022	22 Jul 2022	1 Aug 2022	4 Nov 2022
Sherisa P. Nuesa (Chairperson)	✓	✓	✓	✓	✓	✓	✓
Nicole Goh Phaik Khim	✓	✓	✓	✓	✓	✓	✓
Melinda L. Ocampo	✓	✓	✓	✓	✓	✓	✓



Personnel and Compensation Committee

The Personnel and Compensation Committee has three (3) members, two (2) of whom are independent directors, including the committee chairperson, and the remaining member, a non-executive 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.

The committee had six (6) meetings in 2022, during which the chairperson and all members were present.

	7 Mar 2022	31 Mar 2022	20 May 2022	31 Aug 2022	7 Nov 2022	19 Dec 2022
Consuelo D. Garcia (Chairperson)	✓	✓	✓	✓	✓	✓
Sherisa P. Nuesa	✓	✓	✓	✓	✓	✓
Cezar P. Consing	✓	✓	✓	✓	✓	✓

Sustainability Committee

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

The Sustainability Committee has three (3) members, two (2) of whom must be members of the board including the chairperson and one (1) of whom must be an independent director. The committee's role is to ensure the Company's compliance with sustainable development. The committee is responsible for monitoring the Company's progress towards meeting the Company's sustainability objectives and determines strategic sustainability objectives and performance indicators as part of the Company's overall corporate strategy.

The committee's accomplishments in 2022 are as follows:

1. Reviewed and approved the increase in the non-executive directors' compensation for endorsement to the board;
2. Reviewed and approved Company salary adjustments for 2022 for endorsement to the board;
3. Reviewed and approved the Company's succession policy for endorsement to the board;
4. Reviewed and approved the Company's long-term incentive plan (LTIP) for endorsement to the board; and
5. Reviewed and approved the Company's multi-employer plan for endorsement to the board.

The committee held one (1) meeting in 2022, during which the chairperson and all members were present.

The committee's accomplishments in 2022 include the approval of the committee's Charter and the review of the Company's ESG accomplishments versus its internal targets.

	11 Mar 2022
Cezar P. Consing (Chairperson)	✓
Melinda L. Ocampo	✓
Jaime Z. Urquijo	✓

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 adequate and effective system of internal controls and risk management processes to ensure achievement of objectives while maintaining compliance with laws, rules, and regulations.

To facilitate the flow of strategic and operational information among the internal decision-makers, the Company has created specific management committees for operations management, investments, finance, organizational development, and compensation and benefits. These committees are composed of key executives who meet regularly to discuss significant matters relevant to the achievement of targets and continuous growth of the Company. Initiatives 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.

Performance assessment and compensation

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

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

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

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

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

Strategy planning and execution

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

Strategy formulation generally involves establishing the purpose and scope of the organization's activities, defining its business model, and setting long term goals, considering the risks and opportunities it faces and the environment in which it operates. To [read more](#) about how ACEN identifies and manages risk, go to [page 44](#).



Building a climate resilient strategy

ACEN aligns itself with the United Nations Framework Convention on Climate Change and the Paris Agreement on reducing global carbon emissions to limit global temperature increase to well below 2°C. Consistent with the Ayala group's commitment to the UN Sustainable Development Goals, ACEN is additionally focused on protecting the wider environment and creating value for the communities it serves. In Q1 2021, ACEN signed up as a supporter of the Task Force for Climate-related Financial Disclosures (TCFD). To [read more](#) about our TCFD Report, go to [page 45](#).

Risk management

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

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

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

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

Learn more about how we indentify and manage risk on [page 44](#).

Internal governance mechanisms

Accountability and audit

External auditors

On April 25, 2022, the stockholders, upon recommendation of the Audit Committee and endorsement by the board of directors, approved the re-appointment of Sycip Gorres Velayo and Co. (SGV & Co.) as the independent external auditor of ACEN. The lead engagement partner of SGV & Co. is Mr. Benjamin N. Villacorte, an SEC-accredited audit partner.

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

SGV & Co.'s overall plan, which includes the objectives, scope and timing of the audit, was reviewed and approved by the Audit Committee on its August 4, 2022 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 2022 and 2021 amounted to ₱9.89 million and ₱13.65 million respectively, 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.

External Auditor fees	Amount in million pesos	
	2022	2021
Audit and audit-related fees	9.65	13.60
Non-audit fees	0.24	0.058
Grand total	9.89	13.65

The audit and audit-related fees include the audit of ACEN's annual financial statements, quarterly reviews and other assurance services related to performance of the audit or review of the Company's financial statements pursuant to the regulatory requirements. Non-audit fees pertains to the transfer pricing study and the validation of results of the annual and stockholders' meetings in 2022.

The audit results were presented to the Audit Committee during its February 27, 2023 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), Michael E. Limbo¹, maintains organizational

independence by functionally reporting to the Audit Committee and administratively to the Group Chief Financial Officer. The Audit Committee is responsible for 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 2022, the Internal Audit attests that ACEN's system of internal controls, risk management, compliance, and governance processes are designed adequately and continue to operate effectively.

1. Note that Mr. Michael E. Limbo has tendered his resignation as Chief Audit Executive of the Company effective 30 March 2023 for personal reasons. The Board of Directors will elect his replacement as Chief Audit Executive in due course.



Compliance officer

As ACEN's compliance officer, Ms. Maria Corazon G. Dizon:

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

Disclosure and transparency

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

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

In dealing with RPTs, the board of directors, with the assistance of the BRMRPT Committee composed of majority 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 BRMRPT 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 non-compliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three (3) years. A summary of the material RPTs of the Company is presented in the Notes to the Consolidated Financial Statements under Related Party Transactions.

Ownership structure

As of December 31, 2022, 37.0987% of ACEN's outstanding common shares were held by PCD Nominee Corporation (PCD). AC Energy and Infrastructure Corporation's indirect ownership of 1,861,000,000 shares (as of December 31, 2022) are lodged with the PCD.

2022 disclosures

In 2022, the Company filed, among others, unstructured disclosures involving the following:

Unstructured disclosures

- Appointment of directors and officers
- Notice and agenda of the 2022 Annual Stockholders' Meeting
- Results of 2022 Annual Stockholders' Meeting and Organizational Board of Directors' Meeting
- Acquisition and sale of Company shares by the directors, officers, and 10% owners
- Press releases
- Notice of analyst and investor briefings
- Matters taken up at board meetings
- Signing of subscription agreements with subsidiaries that are special purpose vehicles for development projects used by the AC Energy group
- Declaration of cash dividends of six centavos (₱0.06) per share on the 38,315,838,177 issued and outstanding shares of the Company
- Signing of Asset Purchase Agreement in connection with the sale of Power Barge 101 to MORE Power Barge, Inc.
- Change in the Company's business address
- Acquisition by the Company of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte. Ltd. and Mr. Rohner in UPC-AC Renewables Australia.
- Acquisition by the Company of the ownership interest of UPC Philippines Wind Investment Co. BV and Stella Marie L. Sutton in their Philippine renewable energy companies and businesses
- Acquisition by the Company of shares in Nature Renewable Energy Dev't Corporation (NAREDCO)
- Approval of joint venture with Clean Tech Global Renewables, Inc.
- The Company's signing of Amended and Restated Omnibus Loan and Security Agreement, Administration and Management Agreement, and Operations and Maintenance Agreement with SLTEC
- Acquisition of shares through Employee Stock Ownership Plan (ESOWN)
- The Company's partnership with the Puri Usaha group to invest in Suryagen, a renewable energy developer in Indonesia
- New South Wales' support of battery energy storage development for ACEN Australia's New England Solar Farm
- Executive Committee approval of the Company's peso-denominated ASEAN Green Fixed Rate 5-year Bond
- Amendments to the Company's Articles of Incorporation approved by the SEC on July 20, 2022
- Amendments to the Company's By-Laws approved by the SEC on July 20, 2022
- Change in corporate name of the Company from AC Energy Corporation to ACEN CORPORATION
- Approval of the final tranche of the Company's energy transition financing
- 2030 vision to achieve 20 GW of attributable renewables capacity
- Partial redemption by SLTEC of SLTEC Preferred Shares owned by the Company
- Execution of the Option Agreements between the Company, The Insular Life Assurance Company Ltd., and ETM Philippines Holdings Inc. ("EPHI") to implement the energy transition mechanism for SLTEC
- Board approval of Power Purchase and Supply Agreement with GNPower Dinginin Ltd. Co.
- Execution of Option Agreements between the Company and Government Service Insurance System and between the Company and EPHI to implement the energy transition mechanism for SLTEC
- Sale of SLTEC Common Shares owned by ACEN CORPORATION
- Change in stock transfer agent to Stock Transfer Services, Inc. effective February 1, 2023
- Execution of a Share Purchase Agreement among the Company, Sungrow Power Renewables Corp., and Havilah AAA Holdings Corp.
- Acquisition of shares in Sinocalan Solar Power Corp.

Clarification of news articles

- **SEC approves ACEN's ₱30-billion green bond issue** (September 8, 2022, BusinessWorld Online Edition)
- **ACEN boosts RE portfolio with ₱17-B project** (July 8, 2022, Inquirer Online Edition)
- **ACEN sets ₱900-B capital for massive RE pipeline** (April 26, 2022, Manila Bulletin Online Edition)

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 6-7** for the financial and non-financial performance indicators, respectively.

Changes in shareholdings

Reported trades of directors and officers of ACEN's securities in 2022:

	Balance as of December 31, 2021	Balance as of appointment / election	Acquired	Disposed of	Balance as of end of term / resignation	Balance as of 31 December 2022
Directors						
Fernando M. Zobel de Ayala	532,505,449	N/A	0	0	532,505,449 ¹	N/A
Jaime Augusto M. Zobel de Ayala	416,218	N/A	0	292,119	124,099 ²	N/A
John Eric T. Francia	106,200,025	N/A	7,261,692	0	N/A	113,461,717
Jose Rene Gregory D. Almendras	950,451	N/A	0	0	N/A	950,451
Cezar P. Consing	1	N/A	0	0	N/A	1
John Philip S. Orbeta	7,162,162	N/A	4,946,468	0	12,108,620 ³	12,108,620
Nicole Goh Phaik Khim	1	N/A	0	0	N/A	1
Ma. Aurora D. Geotina-Garcia	1	N/A	0	0	N/A	1
Consuelo D. Garcia	1,900	N/A	0	0	N/A	1,900
Sherisa P. Nuesa	1,748,107	N/A	500,000	0	N/A	2,248,107
Melinda L. Ocampo	24,001	N/A	0	0	N/A	24,001
Dean L. Travers	N/A ⁴	1	0	0	N/A	1
Delfin L. Lazaro	N/A ⁵	1,001	0	0	N/A	1,001
Jaime Alfonso E. Zobel de Ayala	N/A ⁶	107,040	0	0	N/A	107,040
Officers						
Maria Corazon G. Dizon	42,521,444	N/A	2,611,835	0	N/A	45,133,279
John Philip S. Orbeta	7,162,162	N/A	4,946,468	0	N/A	12,108,620
Jose Maria Eduardo P. Zabaleta	0	N/A	5,175,177	0	N/A	5,175,177
Solomon M. Hermosura	0	N/A	400,000	0	N/A	400,000
Dodje D. Lagazo	7,553,779	N/A	1,327,169	0	N/A	8,880,948
Alan T. Ascalon	1,386,501	N/A	270,651	0	N/A	1,657,152
Gabino Ramon G. Mejia	7,993,953	N/A	976,425	2,000,000	N/A	6,970,378
Roman Miguel G. de Jesus	17,821,398	N/A	2,328,896	0	N/A	20,150,294
Irene S. Maranan	4,017,222	N/A	477,835	0	N/A	4,495,057
Ronald F. Cuadro	900,000	N/A	226,153	800,000	326,153 ⁷	N/A
Henry T. Gomez, Jr.	0	N/A	0	0	0	N/A
Patrice R. Clausse	29,814,701	N/A	3,846,153	0	N/A	33,660,854
Arnel A. Racelis	N/A ⁸	22,300	0	0	22,300 ⁹	N/A
Juan Martin L. Syquia	N/A ¹⁰	184,387	0	0	N/A	184,387
Kyla Kamille U. Samson	N/A ¹¹	101,000	98,900	0	N/A	199,800
Michael E. Limbo	N/A ¹²	0	0	0	N/A	0

1. Mr. Fernando Zobel de Ayala resigned as director of the Company effective September 12, 2022.
 2. Mr. Jaime Augusto Zobel de Ayala resigned as director of the Company effective September 28, 2022.
 3. Mr. Orbeta served as director of the Company until April 25, 2022.
 4. Mr. Travers, as a nominee of Arran Investment Pte. Ltd., was elected as director of the Company on April 25, 2022.
 5. Mr. Lazaro was elected as director and Chairman of the Company to replace Mr. Fernando Zobel de Ayala on and effective September 28, 2022.
 6. Mr. Jaime Alfonso Zobel de Ayala was elected as director of the Company to replace Mr. Jaime Augusto Zobel de Ayala on and effective September 28, 2022.

7. Mr. Cuadro resigned from his position as Controller of the Company effective October 1, 2022.
 8. Mr. Racelis was appointed OIC Chief Audit Executive of the Company on January 21, 2022, effective February 1, 2022.
 9. Mr. Racelis' term as OIC Chief Audit Executive of the Company expired on November 10, 2022.
 10. Mr. Syquia was appointed Deputy Chief Finance Officer of the Company on May 12, 2022, effective May 16, 2022.
 11. Ms. Samson was appointed Controller of the Company on September 28, 2022, effective October 1, 2022.
 12. Mr. Limbo was appointed Chief Audit Executive of the Company on and effective November 10, 2022.



Stakeholder relations

As a stronger, bolder, and faster energy company, ACEN's ultimate goal is to uplift the lives of its stakeholders and help build a more sustainable future. 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

Notices of regular or special meetings are posted in the PSE and the Company's website and sent to shareholders at least 28 days before the scheduled date. It details the agenda and sets the date, time, and place for validating proxies, which must be done at least five (5) business days prior to the annual stockholders' meeting. Each outstanding common share of stock entitles the registered holder to one (1) vote.

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

Shareholder and investor relations

The Company encourages active participation and regular dialogue with institutional and retail investors. Information requirements of the investing public and minority shareholders are fully disclosed to the securities' regulators on time and

are accessible both through the Company's website and through PSE EDGE. The Investor Relations Team, which directly reports to the CEO, provides for an avenue to receive feedback, complaints, and queries from shareholders other than through the annual stockholder's meeting.

Code of conduct and ethics

All directors, officers, and employees are required to always act in the best interest of the Company. They are directed to avoid any situation that could interfere or appear to interfere with his or her independent judgement in performing his or her duties. The code also prohibits employees from using their official position to secure a contract of employment for a related party, soliciting gifts or any property for personal gain from any individual or organization that deals with the Company, engaging in direct or indirect bribery and using Company information for personal gain. No employee may engage in any business or undertaking that is indirectly or directly in competition with or prejudicial to the interests of the Company.

Policy on Insider Trading

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

Reporting of transactions

ACEN has established and implemented guidelines for all directors, officers, and employees on when to declare trades. All directors and key management officers, the controller, chief audit executive, chief risk officer, treasurer, compliance officer, corporate secretary, and

assistant corporate secretary must report all acquisitions or disposals, or any changes in their shareholdings in the Company within the period specified in the policy.

Trading Blackouts

To ensure compliance with PSE Insider Trading Rules, the Company issues a blackout notice to all concerned whenever price sensitive information has been disclosed to the Exchange.

The Policy on Insider Trading provides that all directors, key officers, employees, consultants, and advisers of the Company who may have knowledge of material information that have not been disclosed to the public, including their immediate families, are prohibited from trading in ACEN's shares during the trading blackout period lasting from the time the information is obtained until a minimum of two (2) trading days after the disclosure thereof with the PSE. In addition, they are also required to submit annually a certification of compliance with the prohibition against trading during the blackout periods. On 10 November 2022, upon the endorsement of the CGN Committee, the board approved revisions to the Insider Trading Policy in recognition of the volume of transactions entered into by the Company. Reporting obligations were further clarified among the different covered persons, and the short-swing profit rule was also explicitly incorporated in the policy.

Policy on Related Party Transactions

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

To support the implementation of this duty, the Company has adopted a related party transactions policy that:

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

The BRMRPT Committee is tasked with overseeing the implementation of this policy.

Policy Against Sexual Harassment

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



Policy on Anti-Fraud

ACEN has adopted a zero-tolerance policy towards fraudulent reporting, misappropriation of assets, corruption, bribery in any form, and all unethical practices, and is committed in taking all appropriate measures in complying with relevant laws and standards. The Policy on Anti-Fraud prohibits directors, officers, and employees, from doing business with malicious intent. It provides guidance to everyone on how to conduct business in a fair, ethical, and legal manner. Seeking unwarranted monetary and substantial advantage from any transaction is strictly forbidden. The policy also applies even if business was made through another person.

Policy on Gift and Gratuities

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

Conflict of Interest Policy

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

Whistleblower Policy

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

The whistleblower policy provides a mechanism and an avenue to report any perceived wrongdoing, malpractice, and any irregularities that are contrary to the Company's core values and protects whistleblowers against possible retaliation.

The whistleblower may submit a written report directly to the Office of the Compliance Officer, or by email to whistleblower@acenrenewables.com or through a face-to-face meeting with any of the Whistleblower Committee composed of one representative each from the Legal and Regulatory Department, Human Resources and Corporate Services, Internal Audit, and Enterprise Risk Management.

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

Data Privacy Policy

In keeping its utmost commitment to safeguard and respect the right to personal data privacy of stakeholders, ACEN appointed a data protection officer, Atty. Alan T. Ascalon. With the support of the different business units, ACEN's data privacy team regularly reviews the security measures that the Company puts in place to maintain the integrity, confidentiality, and availability of the personal data that it collects and processes.

The policy aims to protect these data from accidental loss or destruction, unauthorized access, fraudulent misuse, and unlawful alteration.

The Office of the Data Protection Officer can be reached through writing or email dataprivacy@acenrenewables.com should there be any inquiries or concerns on data privacy or data subjects' rights.

Website

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

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

Facebook

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

LinkedIn

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



Awards

Green bond awards



Alpha Southeast Asia's 16th Annual Deal & Solution Awards 2022

- Best Green Bonds of the Year (2022)



The Asset Triple A Infrastructure Awards 2020

- Green Project of the Year - US\$410 million maiden green bonds (2020)



The Asset Country Awards 2021

- Best issuer for sustainable finance - ACEN (2022)
- Best Green Bond - ACEN - US\$400 million fixed-for-life green notes (2022)
- Best M&A Deal - 20 billion pesos acquisition of 17.5% stake in ACEN (2022)



The Banker – Deals of the Year 2020

- Best Corporate Bond Asia Pacific - \$400M fixed-for-life green perpetual bonds (2020)



The Asset Triple A Sustainable Capital Markets Country Awards 2020

- Best Green Bond (2021)



International Finance Awards 2019

- Best New Green Bond Issuer - Philippines (2020)



The Asset Triple A Country Awards 2020

- Best Green Bond - US\$400 million fixed-for-life perpetual green bonds (2021)



The Asset Triple A Country Awards 2019

- Best Green Bond (Corporate) – US\$410M multi tenor CBI certified bond (2020)

Corporate awards



The Asset Triple A Country Awards for Sustainable Finance 2022

- Best Issuer for Sustainable Finance (2022)
- Most innovative deal - ACEN ETM (2022)



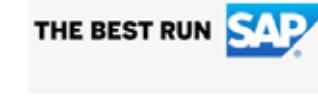
ASEAN Corporate Governance Scorecard Awards

- Top 32 ASEAN Corporate Governance Scorecard (2022)



Interior Design Confederation (Singapore)

- Annual Interior Design Awards 2022 - Bronze - Best Workplace Design (2022)



SAP Best Run Awards (Southeast Asia) 2022

- Sustainability Awards - The Future Maker (2022)



Awards



World Interior News Awards 2022 - Gold Award

- Corporate Offices Category (2022)



Ayala Innovation Excellence Awards 2022

- Winner: ETM
- Special Recognition for Ecosystem Collaboration: Circularity Approach (2022)



Environmental Finance Impact Awards 2022

- Impact Project - Investment of the Year: Climate (ETM) (2022)



The Asset Triple A Infrastructure Awards 2021

- Renewable Energy of the Year - Wind (Indonesia) - PT UPC Sidrap Bayu Energi US\$114.47 million refinancing
- Renewable Energy of the Year - Wind (Vietnam) - BT1 Windfarm Joint Stock Company US\$118.28 million project finance facility



The Asset Triple A Sustainable Capital Markets Country Awards 2020

- Best Issuer for Sustainable Finance (2021)
- Best M&A Deal - AC Energy divestment of 60% economic stake in AA Thermal to Aboitiz Power Corporation



The Asset Triple A Infrastructure Awards 2019

- Renewable Energy Deal of the Year - BIM/AC Renewables Ninh Thuan solar project (2019)



International Finance Magazine 2017

- Fastest Growing Energy Platform - Philippines (2018)



Project Finance International Asia - Best Practice Citations 2017

- Smart Project Award (2017)

Plant operations awards



Provincial Government of Ilocos Norte

- North Luzon Renewables
- Certificate of Recognition for its sustainable CSR programs (2022)



Philippine National Volunteer Service Coordinating Agency

- North Luzon Renewables
- Regional Awardee, Search for Outstanding Volunteers, Corporate Organization Category (2022)



ASEAN Energy Awards 2021

- Sidrap Wind
- Winner, On-Grid, National Grid Category (2021)



METI-Indonesia Renewable Energy Society

- Sidrap Wind
- Best Large Company for Aggressive RE Development (2021)



Awards



**Department of Education Region I
Schools Division of Ilocos Norte**

- NorthWind and North Luzon Renewables
- Plaque of Recognition for their educational assistance during the COVID-19 pandemic



**Department of Education Region VI
Schools Division of Guimaras**

- Guimaras Wind
- Certificate of Recognition for its educational support for Brigada Eskwela (2022)



**Department of Education Region VI
Schools Division of La Carlota City**

- IslaSol
- Plaque of Appreciation for its educational support and donation (2022)



**Department of Education Region VII
Schools Division of Bais City**

- MonteSol
- Katambayayong Award as an Outstanding Partner (2022)



**Philippine Statistics Authority -
Guimaras Provincial Statistics Office**

- Guimaras Wind
- Certificate of Appreciation for data support provided for the Provincial Product Association (2022)



Provincial Government of Negros Occidental

- IslaSol
- Plaque of Recognition as Outstanding Taxpayer (2022)



Our reporting

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In Laguna, Philippines, our Alaminos Solar plant stands adjacent to a 40 MW energy storage facility, making it the first hybrid solar and battery development in the country, enabling us to harness renewable energy more effectively.



Materiality

We focus on what is material to our stakeholders, that is why we conduct regular materiality assessments to make sure we report about sustainability issues that matter to them most.

Materiality process

In 2022, ACEN conducted a series of materiality exercises in collaboration with an external consultant and business unit heads. ACEN's material ESG issues were updated to reflect our engagements with investors, rating institutions, and other stakeholder concerns regarding ESG. This was supplemented by research activities on the latest developments around sustainability reporting frameworks and industry-specific sustainability issues.

Roadshows were conducted with ACEN's leadership team and the board-level Sustainability Committee to validate ACEN's material ESG issues and identify strategic action plans around key ESG issues moving forward. We will continually update our material issues and ESG strategy based on our ongoing engagement with stakeholders to ensure relevance.

Material issues

Economic

Economic performance

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Power generation

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Environment

Climate strategy

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Ghg emissions

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Water management

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Biodiversity

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Social

Human capital management

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Health and safety

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Community engagement

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Governance

Anti-corruption and business ethics

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Corporate governance

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Diversity in leadership

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ESG indices

Economic

Framework	Code	Description	Location
Economic performance			
GRI	201-1	Direct economic value generated and distributed	2022 Integrated Report, page 75
	203-2	Significant indirect economic impacts	2022 Integrated Report, pages 34-39
Power generation			
SASB	IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	2022 Integrated Report, page 17

Environment

Framework	Code	Description	Location
Climate strategy			
GRI	302-1	Energy consumption within the organization	2022 Integrated Report, page 75
SASB	IF-EU-110a.1	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	2022 Integrated Report, pages 24, 26, 46, 48
TCFD	Governance: Disclosure A	Describe the board's oversight of climate-related risks and opportunities	2022 Integrated Report, page 45
	Governance: Disclosure B	Describe management's role in assessing and managing climate-related risks and opportunities.	2022 Integrated Report, page 45
	Strategy: Disclosure A	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2022 Integrated Report, pages 46-47
	Strategy: Disclosure B	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2022 Integrated Report, pages 46-47
	Risk Management: Disclosure A	Describe the organization's processes for identifying and assessing climate-related risks.	2022 Integrated Report, pages 44, 48
	Risk Management: Disclosure B	Describe the organization's processes for managing climate-related risks.	2022 Integrated Report, pages 44, 48
	Risk Management: Disclosure C	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2022 Integrated Report, pages 44, 48
Metrics and Targets: Disclosure C	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	2022 Integrated Report, pages 26, 48	



ESG indices

Environment

Framework	Code	Description	Location
GHG emissions			
GRI	305-1	Direct (Scope 1) GHG emissions	2022 Integrated Report, pages 48, 75
	305-2	Energy indirect (Scope 2) GHG emissions	2022 Integrated Report, pages 48, 75
	305-3	Other indirect (Scope 3) GHG emissions	2022 Integrated Report, page 48
	305-4	GHG emissions intensity	2022 Integrated Report, page 75
SASB	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	2022 Integrated Report, pages 48, 75
		(1) Number of customers served in markets subject to renewable portfolio standards (RPS)	2022 Integrated Report, page 17
TCFD	Metrics and Targets: Disclosure B	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2022 Integrated Report, pages 48, 75
Water management			
GRI	303-3	Water withdrawal	2022 Integrated Report, pages 29, 76
	303-5	Water consumption	2022 Integrated Report, pages 29, 76
SASB	IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	2022 Integrated Report, pages 29, 76
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	2022 Integrated Report, page 29
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	2022 Integrated Report, page 29
Waste management			
GRI	306-3	Waste generated	2022 Integrated Report, page 76
	306-5	Waste directed to disposal	2022 Integrated Report, page 76
SASB		Amount of coal combustion residuals (CCR) generated, percentage recycled	2022 Integrated Report, page 76
Biodiversity			
GRI	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2022 Integrated Report, page 27
	304-3	Habitats protected or restored	2022 Integrated Report, page 27



ESG indices

Social

Framework	Code	Description	Location
Human capital management			
GRI	401-1	New employee hires and employee turnover	2022 Integrated Report, page 77
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2022 Integrated Report, page 32
	404-1	Average hours of training per year per employee	2022 Integrated Report, page 77
	404-2	Programs for upgrading employee skills and transition assistance programs	2022 Integrated Report, pages 31-32
	404-3	Percentage of employees receiving regular performance and career development reviews	2022 Integrated Report, pages 31-32
Health and safety			
GRI	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2022 Integrated Report, page 33
	403-8	Workers covered by an occupational health and safety management system	2022 Integrated Report, page 33
	403-9	Work-related injuries	2022 Integrated Report, page 77
SASB	IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate	2022 Integrated Report, page 77
Community engagement			
GRI	413-1	Operations with local community engagement, impact assessments, and development programs	2022 Integrated Report, pages 28, 34-39

Governance

Framework	Code	Description	Location
Anti-corruption and business ethics			
GRI	205-2	Communication and training about anti-corruption policies and procedures	2022 Integrated Report, page 41
	205-3	Confirmed incidents of corruption and actions taken	2022 Integrated Report, page 41
Diversity in leadership			
GRI	405-1	Diversity of governance bodies and employees	2022 Integrated Report, pages 50-54, 77



Sustainability performance indices

Economic performance indices

Economic performance	Unit	2020	2021	2022
Direct economic value generated	₱	25,426,041.64	33,627,623.10	54,378,377.73
Direct economic value distributed	₱	36,514,841.48	40,534,616.27	72,134,042.11
a. Operating cost	₱	14,487,138.51	22,041,560.21	35,619,395.84
b. Employee wages and benefits	₱	938,163.00	902,207.00	1,185,226.00
c. Dividends given to stockholders and interest payments to loan providers	₱	18,421,475.00	14,417,369.62	33,505,215.79
d. Taxes paid to government	₱	2,602,372.53	3,097,378.49	1,720,605.94
e. Investments to community (CSR, sponsorships, donations, contributions)	₱	65,692.44	76,100.96	103,598.54

Based on ACEN Consolidated Audited FS
Amounts in '000s

Procurement practice	Unit	2020	2021	2022
Procurement budget spent on local suppliers	%	89	96	97

Environmental performance indices

Electricity and fuel consumption	Unit	2020	2021	2022
Electricity consumption	kWh	15,403,417.67	16,509,786.89	24,011,801.42
Diesel consumption	liters	15,104,243.66	73,868,365.41	92,269,141.69
Gasoline consumption	liters	32,953.59	17,936.61	19,552.98
Coal consumption	Tons	1,037,355.79	1,084,652.64	1,038,421.55

Energy consumption	Unit	2020	2021	2022
Energy consumption from diesel	GJ	578,394.45	2,828,678.73	3,533,026.18
Energy consumption from gasoline	GJ	1,142.14	621.67	669.91
Energy consumption from coal	GJ	19,606,024.41	20,499,934.95	19,626,167.30
Electricity/indirect energy	GJ	54,876.78	58,605.85	75,895.82
Energy consumed within the organization	GJ	20,240,437.78	23,387,841.20	23,235,745.24
Energy intensity	GJ/GWh	5,300.96	5,048.16	4,694.36

Emissions	Unit	2020	2021	2022
Scope 1 emissions (attributable)	Tons CO ₂ e	1,286,896.34	2,141,993.03	2,076,847.59
Scope 2 emissions (attributable)	Tons CO ₂ e	10,960.41	10,069.12	12,103.03
Total attributable GHG emissions	Tons CO ₂ e	1,297,856.74	2,152,062.15	2,088,950.62
Emissions intensity	Tons CO ₂ e / GWh	339.91	464.51	944.33

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).

ACEN's 2022 GHG emissions disclosures follow the operational control approach prescribed by the GHG Protocol.

[Read more](#) about our commitment to Net Zero on [page 26](#). >



Sustainability performance indices

Environmental performance indices

Water	Unit	2020	2021	2022
Water consumption	cu.m	200,357.27	180,984.21	196,641.19
Water withdrawal	cu.m	265,206,702.35	257,437,958.44	220,778,969.16
• Surface water	cu.m	2,445.00	5,158.00	11,915.64
• Ground water	cu.m	9,191.10	46,063.80	84,641.81
• Seawater	cu.m	265,006,345.08	257,256,974.23	220,544,807.23
• 3rd party water	cu.m	188,721.17	129,762.41	137,604.48
Water discharge	cu.m	265,006,345.08	257,256,974.23	220,582,327.97

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

Hazardous waste generated by type	Unit	2020	2021	2022
Batteries	kg	5,597.00	12,113.36	15,676.40
Electronic waste	kg	5,172.45	7,998.69	20,746.25
Used oil	l	1,034,353.52	1,145,922.27	1,408,450.54
Busted fluorescent lamps	kg	485.62	107.50	-
Oil contaminated materials	kg	1,433,841.80	41,558.95	96,152.39
Chemical contaminated materials	kg	2,777.40	3,733.00	11,199.89
Other hazardous wastes	kg	1,159.80	17,352.41	3,362.55

Other hazardous wastes include plant-specific wastes such as mercury compounds and special waste

Hazardous waste disposed by type	Unit	2022
Batteries	kg	154.00
Electronic waste	kg	15,340.65
Used oil	kg	1,154,000.61
Busted fluorescent lamps	kg	-
Oil contaminated materials	kg	64,381.39
Chemical contaminated materials	kg	4,003.87
Other hazardous wastes	kg	2,803.87

Other hazardous wastes include plant-specific wastes such as mercury compounds and special waste

Flyash management	Unit	2020	2021	2022
Fly ash generated	tons	60,955.65	82,196.77	85,615.28
Percentage of flyash recycled	kg	82	83	65

Human capital performance indices

Employee headcount	2020	2021	2022
Total permanent employees	649	702	713

Permanent employees by age								
2020			2021			2022		
Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
222	332	95	222	393	87	212	435	66

2022 Employee Headcount excludes SLTEC employees due to the divestment of the asset in November

Permanent employees by gender					
2020		2021		2022	
Male	Female	Male	Female	Male	Female
488	161	515	187	435	278

Permanent employees by position								
2020			2021			2022		
Rank-and-file	Middle mgt	Senior mgt	Rank-and-file	Middle mgt	Senior mgt	Rank-and-file	Middle mgt	Senior mgt
208	388	53	422	249	31	392	259	62



Sustainability performance indices

Human capital performance indices

Hires and turnover	2020	2021	2022
New employee hires	90	140	288
Total employee turnover	60	99	98
Voluntary turnover	46	56	70
Involuntary turnover	3	32	14
Retirement	11	11	14
End-of-contract	3	11	21
Turnover rate	7.8%	9.0%	9.8%

Total employee turnover comprises of voluntary turnover, involuntary turnover, and retirement (to align with GRI 401-1). Turnover rate considers voluntary turnover.

Training hours by position								
2020			2021			2022		
Employee position	Total training hours	Average training hours	Employee position	Total training hours	Average training hours	Employee position	Total training hours	Average training hours
Rank-and-file	4,789	23	Rank-and-file	16,953	40	Rank-and-file	22,399	40
Middle management	4,400	11	Middle management	8,497	34	Middle management	18,574	60
Senior management	840	16	Senior management	1,436	46	Senior management	706	11

Training hours by gender								
Gender	Total training hours	Average training hours	Gender	Total training hours	Average training hours	Gender	Total training hours	Average training hours
Male	6,749	14	Male	21,770	42	Male	33,237	53
Female	3,280	20	Female	5,116	27	Female	8,443	27

Total training hours			Total training hours			Total training hours		
Total employee training hours	10,029		Total employee training hours	26,886		Total employee training hours	41,680	
Company-wide average training hours	15.00		Company-wide average training hours	38		Company-wide average training hours	44	

Training hours include training activities conducted by ACEN for 194 employees of SLTEC from January to November 2022. Training hours cover 100% of ACEN's direct and temporary employees.

Occupational health and safety												
2020				2021				2022				
Total number of non-disabling injuries	Total number of disabling injuries	Total number of fatalities	Safe manhours	Total number of non-disabling injuries	Total number of disabling injuries	Total number of fatalities	Safe manhours	Total number of fatalities	Lost time injury cases	Lost time injury frequency	Total recordable cases	Safe manhours
109	14	1	7,256,162	90	0	0	6,468,047	0	3	0.16	22	19,249,258

ACEN's 2022 OHS performance covers the entire ACEN operational and development activities. This includes both staff, contractors and 3rd party /service providers. Metrics have also been updated to reflect the company's health and safety monitoring practices.

Lost time injury - work related incident that results in a worker being unable to return to work within 24hrs. Total recordable cases - Sum of LTI, Medical Treatment Case and Restricted Workcase



Independent assurance statement

Introduction

DNV Business Assurance Singapore Pte. Ltd. ('DNV') has been commissioned by the management of ACEN Corporation ('ACEN' or 'the Company', Securities and Exchange Commission Identification Number: 069-039274) to undertake an independent assurance of the sustainability / non-financial disclosures in ACEN's 2022 Integrated Report ('the Report') in its printed format for the year ended 31 December 2022. The intended users of this Assurance Statement are the management of the company.

We performed a limited level of assurance using DNV's assurance methodology VeriSustain™¹, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised², along with the Global Reporting Initiative's ('GRI's') Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ('SASB's') industry-specific Standards. The verification engagement was carried out from December 2022 to April 2023.

1. The VeriSustain™ protocol is available on www.dnv.com
 2. Assurance engagements other than audits or reviews of historical financial information.

Scope and boundary of assurance

The scope of assurance included a review of sustainability related disclosures and performance data from ACEN's operations in Philippines and where it has operational control.

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

Responsibilities of the management of ACEN and of the assurance provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the company's sustainability reporting. ACEN has stated that this Report has been prepared

based on the Guiding Principles and Content Elements of the International Integrated Reporting Framework (the '<IR> Framework') and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards as well as the SASB industry specific standards.

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

Basis of our opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to ACEN and its key stakeholders. We performed hybrid audit that

included, desktop review of non-financial disclosures related to the Head Office, and selected sites of ACEN (Bulacan Power Generation Corporation (BPGC), Alaminos Solar, and South Luzon Thermal Energy Corp. (SLTEC)) in the Philippines, based on DNV's sampling plan. We undertook the following activities during the course of our audit engagement:

- Review of the non-financial sustainability-related disclosures in this Report;
- Review of the approach to materiality determination and review of outcomes of stakeholder engagement; DNV did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by ACEN;
- Interviews with select members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the corporate sustainability team;



- Carried out on-site and remote assessments with three (3) sites – BPGC, Alaminos Solar and SLTEC, 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 on-site assessment or verification.
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that ACEN's 2022 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework (<IR> Framework). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain™:

Stakeholder inclusiveness

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

The Report has brought out key stakeholders (for example: investors & creditors, customers, partners, suppliers, government and regulators, employees, communities, media, rating institutions, and other stakeholders) to engage with, and to build trust based on significant influence on ACEN's sustainability performance. The Report also describes the engagement channels such as meetings, involving, or collaborating with each stakeholder considering based on the extent of influence and articulates the value ACEN seeks to deliver through various engagement platforms including ACEN's responses to the key concerns through various disclosures on strategies and value creation in the Report.

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

Materiality

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

The Report indicates refresh of material matters in 2022. Aligned with the GRI framework, the Company completed an online materiality assessment process with its internal and external stakeholder groups, considering the requirements of the <IR> Framework's Guiding Principles. The report also mentions the process of validation of material matters by ACEN's leadership team along with the Board-level sustainability committee, to identify the areas of strategic focus.

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

Responsiveness

The extent to which an organization responds to stakeholder issues.

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

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

Reliability

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

The majority of the performance disclosures verified through verification, i.e., at the Head Office and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the

principle of Reliability, however our procedures did not include testing controls or performing procedures relating to checking aggregation or

calculation of data within IT systems. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

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

Completeness

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

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2022 related to its material issues using appropriate GRI Topic Specific Standards and SASB disclosures, for the identified boundary of operations and covers the Company's approaches to value creation during the reporting period.

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

Neutrality

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



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

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

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by the company to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of ACEN's suppliers, contractors, and any third parties mentioned in the Report. The company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[#], which are subject to a separate independent

statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

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

Dated 7th March 2023

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 Conduct² 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, Bank of the Philippine Islands, Ayala Land Inc., AREIT, Manila Water Company (MWC) and Globe Telecom, Inc., Integrated Micro Electronics, Inc (IMI). In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. We provide a range of other services to ACEN, none of which in our opinion, constitute a conflict of interest with this assurance work.

2. The DNV Code of Conduct is available from the DNV website (www.dnv.com)

For and on behalf of DNV

<p>Nagarajan, Sathishkumar</p> <p>Digitally signed by Nagarajan, Sathishkumar Date: 2023.04.04 19:12:11 +08'00'</p> <p>N Sathishkumar Lead Verifier Head, Sustainability Services DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Percy Lakdawalla</p> <p>Digitally signed by Percy Lakdawalla Date: 2023.04.05 12:46:41 +08'00'</p> <p>Percy Lakdawalla Regional Manager - APAC Supply Chain and Product Assurance DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Astone, Antonio</p> <p>Digitally signed by Astone, Antonio Date: 2023.04.04 15:41:02 +02'00'</p> <p>Antonio Astone Assurance Reviewer Global Service Manager DNV Business Assurance Italia S.r.l.</p>
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4th April 2023, Singapore

DNV is a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

View the [Independent Assurance Statement](#) on our website.

Purpose and restriction on distribution and use

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



Report of the Audit Committee to the Board of Directors for the year ended 31 December 2022

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 non-executive directors. The Chairman of the Committee is an independent director.
- We had four (4) regular meetings and one (1) executive session with the external auditors and the internal auditors;
- We recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company's 2022 external auditors and the related audit fee;

- We reviewed and approved the quarterly unaudited and the annual audited parent and consolidated financial statements of ACEN and Subsidiaries, including the Management's Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. These activities were performed in the following context:
 - Management has the primary responsibility for the financial statements and the financial reporting process; and
 - SGV & Co. is responsible for expressing an opinion on the conformity of ACEN's audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.
- We approved the overall scope and the respective audit plans of the Company's internal auditors and SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company's internal controls, and the overall quality of the financial reporting process including their management letter of comments;
- We reviewed the reports and updates of the internal and external auditors ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by the internal audit as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's system of internal controls, risk management, compliance, and governance processes are adequate;

- We reviewed and approved the changes to the Policy on Pre-approval of Audit and Non-Audit Services (NAS) to define the pre-approved limit for audit-related and NAS, including the threshold of NAS against the total external audit fees;
- We reviewed and approved all audit, audit-related and NAS provided by SGV & Co. to ACEN and the related fees. We also assessed the compatibility of the NAS with the auditors' independence to ensure that such services will not impair their independence;
- We reviewed and approved the changes in the Audit Committee and Internal Audit Charters to ensure that these are updated and aligned with regulatory requirements;

- We endorsed for Board approval the appointment of Mr. Michael E. Limbo as the Company's Chief Audit Executive effective November 10, 2022;
- We evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and
- We conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2022 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the reappointment of SGV & Co. as ACEN CORPORATION's external auditors and the related audit fee for 2023 based on their performance and qualifications.

27 February 2023

Signed by:


MA. AURORA D. GEOTINA-GARCIA
 Chairperson


CONSUELO D. GARCIA
 Member


NICOLE GOH PHAIK KHIM
 Member



Corporate information

Stakeholder inquiries

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

Investors

investorrelations@acenrenewables.com

Corporate communications and sustainability

corpcomm@acenrenewables.com

Governance

corpsec.acen@acenergy.com.ph

Data protection

dataprivacy@acenrenewables.com

Human resources

careers@acenrenewables.com

Financial statements

ACEN's 2022 audited financial statements and definitive information statement may be accessed from www.acenrenewables.com.

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:

Stock Transfer Service, Inc.
34-D Rufino Pacific Tower
Ayala Avenue, Makati City 1226
Philippines

Tel Nos. +632 8403-2410 / 8403-2412
Fax No. +632 8403-2414
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