

# COVER SHEET

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S.E.C. Registration Number

A	C	E	N	E	R	G	Y	P	H	I	L	I	P	P	I	N	E	S	,	I	N	C	.		
F	o	r	m	e	r	l	y																		
P	H	I	N	M	A	E	N	E	R	G	Y	C	O	R	P	O	R	A	T	I	O	N			

(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

A	L	A	N	A	S	C	A	L	O	N			
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Contact Person

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Company Telephone Number

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		S	E	C	F	O	R	M		
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FORM TYPE

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Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings			
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 100px; height: 20px;"></td> </tr> </table> <p>Domestic</p>		<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 100px; height: 20px;"></td> </tr> </table> <p>Foreign</p>	

To be accomplished by SEC Personnel concerned

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File Number

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Document I. D.

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STAMPS
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Remarks = Pls. Use black ink for scanning purposes



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2019**
2. SEC Identification Number **39274**
3. BIR Tax Identification No. **000-506-020-000**
4. Exact name of issuer as specified in its charter **AC ENERGY PHILIPPINES, INC.**
5. **Makati City, Philippines**  
Province, Country or other jurisdiction  
of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **4th Floor, 6750 Office Building, Makati City** **1226**  
Address of principal office Postal Code
8. **(632) 7730 6300**  
Issuer's telephone number, including area code
9. **PHINMA ENERGY CORPORATION**  
Former name, former address, and former fiscal year, if changed since last report.

## INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

**Below are the links to the documents referred to in this report:**

- a. **2019 Integrated Report:** <https://acenergy.ph/ac-energy-philippines-ir-2019/>
- b. **2019 Definitive Information Statement:** <https://acenergy.ph/wp-content/uploads/2020/03/ACEPH-Definitive-Information-Statement-26-March-2020.pdf>
- c. **2019 Definitive Information Statement Annexes A to F:** <https://acenergy.ph/wp-content/uploads/2020/03/ACEPH-Definitive-Information-Statement-ANNEXES-A-to-F-26-March-2020-compressed.pdf>
- d. **Corporate Governance (“CG”) Manual:** <https://acenergy.ph/wp-content/uploads/2018/02/revised-corporate-governance-manual.pdf>
- e. **Board of Directors Charter:** <https://acenergy.ph/wp-content/uploads/2020/07/Board-Charter-approved-Feb-28-2018.pdf>
- f. **Charter of the Personnel and Compensation Committee:** <https://acenergy.ph/governance/board-committee/board-committees/compensation-committee/>
- g. **Charter of the Corporate Governance Committee:** <https://acenergy.ph/wp-content/uploads/2019/09/Corporate-Governance-and-Related-Party-Transaction-Committee-Charter.pdf>
- h. **Material Related Party Transactions Policy (the “RPT Policy”):** <https://acenergy.ph/governance/board-committee/company-policies/policy-on-related-party-transactions/>
- i. **Conflict of Interest Policy:** <https://acenergy.ph/governance/board-committee/company-policies/conflict-of-interest-policy/>
- j. **Internal Audit Charter:** <https://acenergy.ph/governance/board-committee/internal-audit-charter/>
- k. **Corporate Disclosure Procedure Manual:** <https://acenergy.ph/wp-content/uploads/2019/08/PHEN-Corporate-Disclosure-Procedure-Manual.pdf>
- l. **Charter of the Audit Committee:** <https://acenergy.ph/governance/board-committee/board-committees/audit-committee/>
- m. **Charter of the Executive Committee:** <https://acenergy.ph/governance/board-committee/board-committees/executive-committee/>
- n. **Charter of the Board Risk and Related Party Transactions Committee:** <https://acenergy.ph/governance/board-committee/board-committees/risk-oversight-committee/>
- o. **Conflict of Interest Policy:** <https://acenergy.ph/governance/board-committee/company-policies/conflict-of-interest-policy/>
- p. **Code of Conduct:** <https://acenergy.ph/governance/board-committee/code-of-conduct/>
- q. **Policy on Gifts and Gratuities:** <https://acenergy.ph/governance/board-committee/company-policies/policy-on-gift-and-gratuities/>
- r. **Policy on Anti-Fraud:** <https://acenergy.ph/governance/board-committee/company-policies/policy-on-anti-fraud/>
- s. **Articles of Incorporation:** [https://acenergy.ph/wp-content/uploads/2019/10/ACEPH\\_Amended-AOI-2019-10-11\\_edited\\_Redacted\\_compressed.pdf](https://acenergy.ph/wp-content/uploads/2019/10/ACEPH_Amended-AOI-2019-10-11_edited_Redacted_compressed.pdf)
- t. **By laws:** [https://acenergy.ph/wp-content/uploads/2019/10/ACEPH\\_Amended-By-Laws-2019-10-11.pdf](https://acenergy.ph/wp-content/uploads/2019/10/ACEPH_Amended-By-Laws-2019-10-11.pdf)
- u. **Whistleblowing and Non-Retaliation Policy:** <https://acenergy.ph/governance/board-committee/company-policies/whistleblowing-and-non-retaliation-policy/>
- v. **Procurement Guidelines:** <https://acenergy.ph/governance/board-committee/company-policies/procurement-guidelines/>
- w. **Policy on Employees Health, Safety and Wellness:** <https://acenergy.ph/governance/board-committee/company-policies/policy-on-employees-health-safety-and-wellness/>

	COMPLIANT / NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following:	
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	<p><b><i>The ACEPH Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the energy sector.</i></b>  <i>Ref: pg 21-26 &gt; ACEPH 2019 Integrated Report &gt; Board of Directors</i></p> <p><b><i>Designation, years appointed and expertise of the Board of Directors</i></b>  <i>Ref: pg 1 to 6 &gt; ACEPH 2019 Definitive Information Statement &gt;Directors and Key Officers Annex "A"</i></p> <p><b><i>Relevant Trainings of Directors</i></b>  <i>Ref: pg 54 &gt; ACEPH 2019 Integrated Report &gt; Training of Directors</i></p> <p>2. Qualification standards for directors to facilitate the selection of potential</p>	

		<p>nominees and to serve as benchmark for the evaluation of its performance</p> <p><b>Qualification standards for directors to facilitate the selection of potential nominees in the Board.</b>  <i>Ref: pg 4 &gt; ACEPH Corporate Governance Manual &gt; Qualifications and Disqualifications</i></p> <p><b>Process and criteria for nominations to the Board</b>  <i>Ref: pg 9 &gt; ACEPH 2019 Definitive Information Statement</i></p>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p> <p><b>ACEPH's Board is composed of a majority of Non-Executive Directors.</b>  <i>Ref: pg 52 &gt; 2019 Integrated Report &gt; Corporate Governance &gt; Board Structure and Process &gt; Board Composition</i></p>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	

		<p><b>ACEPH provides in its Board Charter and Manual on Corporate Governance (CG Manual) a policy on training of directors</b></p> <p><i>Ref: pg 7 &gt; ACEPH Charter of the Board of Directors, Section 9</i></p> <p><i>Ref: pg 8 &gt; ACEPH CG Manual &gt; Training</i></p> <p><b>Relevant Trainings of Directors</b></p> <p><i>Ref: pg 54 &gt; ACEPH 2019 Integrated Report &gt; Training of Directors</i></p> <p><b>Orientation for New Directors</b></p> <p><b>Orientation for new directors were held on 2 October 2019 and 27 November 2019</b></p>	
2. Company has an orientation program for first time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	
3. Company has relevant annual continuing training for all directors.	Compliant	<p><b>Relevant Trainings of Directors</b></p> <p><i>Ref: pg 54 &gt; ACEPH 2019 Integrated Report &gt; Training of Directors</i></p> <p><b>Orientation for New Directors</b></p> <p><b>Orientation for new directors were held on 2 October 2019 and 27 November 2019</b></p>	

Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.</p> <p><b>Board Diversity</b>  <i>Ref: pg 3 &gt; ACEPH CG Manual &gt; Diversity</i></p> <p><i>Ref: pg 52 &gt; 2019 Integrated Report &gt; Board Composition</i></p> <p><b><i>There are 4 female Directors in the Board: Sherisa P. Nuesa, Melinda L. Ocampo, Ma. Aurora D. Geotina-Garcia, and Consuelo D. Garcia.</i></b></p>	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p> <p><b>Board Diversity</b>  <i>Ref: pg 3 &gt; ACEPH CG Manual &gt; Diversity</i></p> <p><b><i>There are 4 female Directors in the Board: Sherisa P. Nuesa, Melinda L. Ocampo, Ma. Aurora D. Geotina-Garcia, and Consuelo D. Garcia</i></b></p>	

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.  <b><i>The Corporate Secretary, Atty. Solomon M. Hermosura, is not the Chief Compliance Officer and is not a member of the Board.</i></b> <i>Ref: pg 54 &gt; ACEPH 2019 Integrated Report &gt; Board Structure and Process &gt; Corporate Secretary</i>  <i>Ref: pg 1 to 6 &gt; ACEPH 2019 Definitive Information Statement &gt; Directors and Key Officers Annex "A"</i>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered  <b><i>The Corporate Secretary attends training/s on corporate governance.</i></b> <i>Ref: pg 54 &gt; ACEPH 2019 Integrated Report &gt; Board Structure and Process &gt; Corporate Secretary</i>	



Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Not Compliant	Provide proof that corporate secretary distributed board meeting materials at least five (5) business days before scheduled meeting  <b>Board materials are distributed to the Board of Directors at least three days prior to the meeting.</b> <i>Ref: pg 53 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Board Structure and Process &gt; Board Performance</i>	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.  <b>The Chief Compliance Officer is Maria Corazon G. Dizon, with a rank higher than Senior Vice President and is not a member of the Board.</b> <i>Ref: pg 62 &gt; ACEPH 2019 Integrated Report &gt; Chief Compliance Officer</i>  <b>Duties and responsibilities of the Compliance Officer</b> <i>Ref: pg 14 &gt; ACEPH CG Manual &gt; The Compliance Officer</i>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <p><b><i>On 9 August 2019, the Compliance Officer attended the Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme “The Board’s Agenda: Sustainability Shapes Corporate Governance and Risk Management”</i></b></p> <p><i>Ref: pg 54 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Training of Directors</i></p>	
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**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company’s articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

**Recommendation 2.1**

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p> <p><b><i>Relevant Resolutions Approved by the Board of Directors from 18 September 2019 until 19 April 2020</i></b></p> <p><i>Ref: ACEPH 2019 Definitive Information Statement, Annex “C”</i></p> <p><b><i>Report of the Board Committees</i></b></p> <p><i>Ref: Pg 55 - 56, 60, 84-85, ACEPH 2019 Integrated Report</i></p>	
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Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting).	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>Indicate frequency of review of business objective and strategy</p> <p><b><i>The Board oversees the development, review and approval of the company's business objectives and strategy.</i></b>  <i>Ref: pg 8 &gt; ACEPH CG Manual &gt; Roles and Responsibilities of the Board, item 1</i></p> <p><b><i>The Board held 10 meetings in 2019.</i></b>  <i>Ref: pg 59 &gt; ACEPH 2019 Integrated Report</i></p>	

**Supplement to Recommendation 2.2**

<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values. Indicate frequency of review of the vision, mission and core values.</p> <p><b><i>ACEPH's Vision, Mission and Core Values</i></b> Ref: ACEPH website &gt; About Us  <a href="https://acenergy.ph/about/">https://acenergy.ph/about/</a></p> <p><b><i>The Board reviews the Vision and Mission annually.</i></b>            Ref: pg 52 &gt; ACEPH 2019 Integrated Report &gt; Key Roles and Responsibilities</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the strategy execution process.</p> <p><b><i>The Board provides sound written policies and strategic guidelines on key capital expenditures, and periodically evaluates and monitors implementation of such strategies.</i></b>            Ref: pg 8 &gt; ACEPH CG Manual &gt; Roles and Responsibilities, item 6.</p>	

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p><b>The Chairman of the Board is Fernando M. Zobel de Ayala.</b>  <i>Ref: pg 21 &gt; ACEPH 2019 Integrated Report &gt; Profile</i></p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p><b>The Board ensures and adopts an effective succession planning program for directors and key officers.</b>  <i>Ref: pg 8 &gt; ACEPH CG Manual &gt; Roles and Responsibilities, item 3</i></p> <p><b>80-year age limit for directors</b>  <i>Ref: pg 4 &gt; ACEPH CG Manual &gt; Retirement Age</i></p> <p><b>The Succession Policy</b>  <a href="https://acenergy.ph/governance/board-committee/company-policies/board-succession-policy/">https://acenergy.ph/governance/board-committee/company-policies/board-succession-policy/</a></p>	

**Recommendation 2.5**

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<p><b><i>The Personnel and Compensation Committee of the Board aligns the remuneration of key officers and board members with the long-term interests of the company.</i></b> <i>Ref: pg 1 &gt; ACEPH Charter of the Personnel and Compensation Committee &gt; Section 2 &gt; Item 2</i></p> <p><b><i>ACEPH adopts a policy specifying the relationship between remuneration and performance.</i></b> <i>Ref: pg 85 &gt; ACEPH 2019 Integrated Report &gt; Employee Engagement, Employee Remuneration and Rewards</i></p>	

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p><b>No Director is involved in deciding his or her own remuneration.</b></p> <p><i>Ref: pg 13 &gt; ACEPH CG Manual &gt; Remuneration</i></p>	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	Compliant	<p>Provide proof of board approval</p> <p><b><i>The Board of Directors through the Personnel and Compensation Committee established a formal and transparent procedure for developing and for fixing the remuneration packages of corporate officers and directors.</i></b></p> <p><i>Ref: pg 1 &gt; ACEPH Charter of the Personnel and Compensation Committee</i></p> <p><i>Ref: Pg 12 &gt; ACEPH CG Manual, Section 1.6</i></p>	

<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p> <p><b><i>ACEPH's total remuneration is at par with the market with benefits extended not only to employees but also to immediate family members who are as important as its stakeholders.</i></b></p> <p><b><i>As a policy, the company conducts an annual performance evaluation directly linked to an employee's total rewards program and career development plan.</i></b></p> <p><i>Ref: pg 38 &gt; 2019 Integrated Report &gt; Social Engagement &gt; Employee Remuneration and Rewards</i></p>	
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Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	<p><b>1. The Board has a formal and transparent nomination and election policy.</b>  <i>Ref: pg 19 &gt; ACEPH CG Manual, Voting Rights</i></p> <p><b>2. The Board, through the Corporate Governance and Nomination Committee, determines the nomination and election process as disclosed in the company's CG Manual.</b>  <i>Ref: pg 19 &gt; ACEPH CG Manual, Voting Rights</i></p>	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	Provide proof if minority shareholders have a right to nominate candidates to the board	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		

		<p><b>3. The Board nomination and election policy includes how the company accepted nominations from minority shareholders.</b>  <i>Ref: pg 19 &gt; ACEPH CG Manual, Voting Rights</i></p> <p><b>Nominations from minority shareholders is discussed in the CG Manual under Shareholders Rights – Voting right</b>  <i>Ref: pg 19 &gt; ACEPH CG Manual, Voting Rights</i></p> <p>Provide information if there was an assessment of the effectiveness of the Board’s processes in the nomination, election or replacement of a director.</p> <p><b>4. The Corporate Governance and Nomination Committee, determines the shortlisting of candidates</b>  <i>Ref: pg 19 &gt; ACEPH CG Manual, Voting Rights</i></p>	
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		<p><b>5. The Board, through the Corporate Governance and Nomination Committee, assess the effectiveness of the Board's processes in the nomination, election or replacement of a director.</b></p> <p><i>Ref: pg 6 &gt; Charter of the Corporate Governance Committee</i></p> <p><b>6. The Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</b></p> <p><i>Ref: pg 3-7 &gt; ACEPH CG Manual &gt; Part One: Governance Structure</i></p>	
<b>Optional: Recommendation to 2.6</b>			
<p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p>	Compliant	<p>Identify the professional search firm used or other external sources of candidates</p> <p><b><i>Directors, either individually or as a group, in the furtherance of their duties, may take independent professional advice, if necessary, at the company's expense, which expense shall be reasonable.</i></b></p> <p><i>Ref: pg 10 &gt; ACEPH CG Manual, Roles and Responsibilities, The Board, item 18</i></p>	
<b>Recommendation 2.7</b>			
<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	Compliant	<p>Provide information on or reference to a document containing the company's policy on related party transactions, including policy on review and approval of significant RPTs</p>	

<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>	<p><b><i>The Board has an overall responsibility in ensuring that there is a group-wide policy system in governing RPTs and other unusual or infrequently occurring transactions through the Related-Party Transactions Review Committee.</i></b></p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>	<p><b><i>ACEPH's RPT Policy includes appropriate review and approval of material RPTs which guarantee fairness and transparency of the transactions.</i></b></p> <p><i>Ref: pg 9 &gt; ACEPH CG Manual &gt; Roles and Responsibilities, item 11</i></p> <p><b><i>ACEPH's RPT Policy includes appropriate review and approval of material RPTs which guarantee fairness and transparency of the transactions.</i></b></p> <p><i>Ref: pg 3-4 &gt; ACEPH RPT Policy &gt; 4. Identification, Review and Approval of the Related Party Transactions</i></p> <p><b><i>ACEPH's RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile, and complexity of operations.</i></b></p> <p><i>Ref: pg 1-3 &gt; ACEPH RPT Policy &gt; 3. Definitions</i></p> <p>Identify transactions that were approved pursuant to the policy.</p> <p><b><i>In 2019, the RPT Review Committee reviewed, discussed, approved and endorsed five (5) transactions.</i></b></p> <p><i>Ref: pg 56 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance</i></p>	

## Supplement to Recommendations 2.7

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p> <p><b><i>The RPT Policy clearly defines pre-approved RPTs which are in the nature of normal transactions in the ordinary course of business and RPT transactions that require the review of the committee for endorsement to the Board for approval. The Policy has established thresholds of Php50 Million or 5% of the company's total consolidated assets, whichever is lower (Company Materiality Threshold) and 10% of the company's total consolidated assets, either individually or in aggregate over a 12-month period (SEC Materiality Threshold).</i></b></p> <p><i>Ref: ACEPH Related Party Transactions Policy</i></p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>Provide information on voting system, if any.</p> <p><b><i>All Material RPTs shall be reviewed by the Board Risk Management and RPT Committee and approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the same. In case that the majority of the independent directors'</i></b></p>	

		<p><b>vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.</b></p> <p><i>Ref: pg 4 &gt; ACEPH Related Party Transactions Policy, Part E.</i></p>	
<b>Recommendation 2.8</b>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p><b><i>The Board is primarily responsible for approving the selection of the President/CEO and other senior officers. Other Senior officers include the heads of other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive)</i></b></p> <p><i>Ref: pg 10 &gt; ACEPH CG Manual &gt; Roles and Responsibilities, item 2.</i></p> <p>Identity the Management team appointed</p> <p><b><i>For 2019, appointed members of the Management Team as approved by the Board is contained in the disclosure of the results of the Annual Stockholders' Meeting (ASM) and Organizational Meeting of the Board on 17 September 2019.</i></b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=d3a26dacfc798583efdfc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=d3a26dacfc798583efdfc15ec263a54d</a></p>	

		<p><b><i>For 2020, appointed members of the Management Team as approved by the Board is contained in the disclosure of the results of the ASM and Organizational Meeting of the Board on 20 April 2020.</i></b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=fe1aeb74ba7c77f10de8473ceb6407">https://edge.pse.com.ph/openDiscViewer.do?edge_no=fe1aeb74ba7c77f10de8473ceb6407</a></p>	
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<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> <p><b><i>The Board conducts an annual performance assessment of its members, the President and CEO, and Management.</i></b>  <i>Ref: pg 12 &gt; ACEPH CG Manual, Performance Assessment_</i></p> <p><b><i>The CEO, Chief Compliance Officer, Chief Audit Executive and Chief Risk Officer all report directly to the Board.</i></b>  <i>Ref: pg 96 &gt; 2019 Integrated Report &gt; Corporate Governance &gt; Our Governance Structure &gt; Chart on ACEPH's CG Structure</i></p>	
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**Recommendation 2.9**

<p>1. Board establishes an effective performance management framework that ensures that Management’s performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing the Board’s performance management framework for management and personnel.</p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel’s performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p><b><i>The Board establishes Professional Development Program, effective performance management framework to align Management’s performance with the standards and criteria set by the Board and Senior Management, formulate and adopt a policy for the Board’s and key officers’ compensation programs aligned with work required and performance against business plans</i></b>  <i>Ref: pg 8 &gt; ACEPH CG Manual, Roles and Responsibilities</i></p> <p><b><i>ACEPH has a performance-based rewards and recognition system to ensure that the performance of each business group is consistent with ACEPH’s commitment to its Board and stakeholders.</i></b>  <i>Ref: pg 38 &gt; ACEPH 2019 Integrated Report</i></p>	

**Recommendation 2.10**

1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p><b><i>The Board maintains an internal control system</i></b> <i>Ref: pg 9 &gt; ACEPH CG Manual, Roles and Responsibilities, item 16.5</i></p> <p><b><i>ACEPH has a Conflict of Interest Policy which covers all employees and is available on the company website.</i></b></p>	
3. Board approves the Internal Audit Charter.	Compliant	Provide reference or link to the company's Internal Audit Charter  <i>Ref: ACEPH's Internal Audit Charter</i>	

Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p> <p><b><i>The Board oversees that ACEPH has in place a sound ERM framework.</i></b>  <i>Ref: pg 9 &gt; ACEPH CG Manual, Roles and Responsibilities, item 10.</i></p>	
2. The risk management framework guides the board in identifying units/business lines and enterprise- level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p><b><i>ACEPH's ERM framework guides the Board in identifying risk exposures, as well as the effectiveness of risk management strategies.</i></b>  <i>Ref: pg 69-70 &gt; ACEPH 2019 Integrated Report &gt; Risk Management</i></p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Provide link to the company's website where the Board Charter is disclosed.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	<p><b><i>The Board has a charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role and serves as a guide to the directors in the performance of their functions. It is publicly available on ACEPH's IR website.</i></b></p>	
3. Board Charter is publicly available and posted on the company's website.	Compliant		

		<i>Ref: ACEPH Board of Directors Charter</i>	
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	Compliant	<p>Provide information on or link/reference to a document showing company's insider trading policy.</p> <p><b><i>The Board has a clear insider trading policy which also covers key officers of ACEPH.</i></b></p> <p><i>Ref: pg 6 &gt; Corporate Disclosure Procedure Manual &gt; Section 7</i></p>	

**Optional: Principle 2**

<p>1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p> <p><b><i>None of the directors in his or her personal capacity has been contracted by ACEPH for services other than those provided as a director. ACEPH has no other arrangement regarding the remuneration of its directors and officers aside from the compensation as stated in the CG Manual.</i></b></p> <p><i>Ref: pg 54-55 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Directors Compensation</i></p>	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p> <p><b><i>ACEPH discloses the list of items that require Board approval under its powers, duties and responsibilities.</i></b></p> <p><i>Ref: pg 8-10 &gt; ACEPH CG Manual &gt; Roles and Responsibilities</i></p> <p><i>Ref: ACEPH Board of Directors Charter, Section 4.3, Specific Duties</i></p>	

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board’s functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> <p><b><i>The ACEPH Board established Board Committees to support it in the performance of its functions and in accordance with the By-Laws of the Corporation and to aid in good governance.</i></b>  <i>Ref: pg 11-12 &gt; ACEPH CG Manual &gt; 2. Board Committees</i></p>	
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**Recommendation 3.2**

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee’s responsibility to recommend the appointment and removal of the company’s external auditor.</p> <p><b><i>The ACEPH Board established the Audit Committee to assist fulfill its responsibility for oversight of the company’s corporate governance processes with duties as stated in its charter and the CG Manual.</i></b>  <i>Ref: pg 11 &gt; ACEPH CG Manual &gt; Article</i></p>	
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		<p><i>II Governance &gt; Board Committees &gt; Audit Committee</i></p> <p><b><i>Among the Audit Committee's responsibilities is recommending to the Board the external auditor and the audit fees that will be endorsed to the stockholders for selection and appointment.</i></b></p> <p><i>Ref: ACEPH Audit Committee Charter</i></p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> <p>From 1 March 2019 until 17 September 2019, the Audit Committee was composed of Corazon S. dela Paz-Bernardo (Chair), Edward S. Go, both Independent Directors, and Victor J. Del Rosario, Non-Executive Director</p> <p>As of 17 September 2019, ACEPH's Audit Committee was composed of Ma. Aurora D. Geotina-Garcia, Jesus P. Francisco and Consuelo D. Garcia, all independent directors. Mr. Francisco passed away on 14 December 2019.</p> <p><i>Ref: pg 58 &gt; ACEPH 2019 Integrated Report</i></p>	

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p><b><i>All the members of ACEPH's Audit Committee have the background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</i></b>  <i>Ref: 21-26 &gt; ACEPH 2019 Integrated Report &gt; Board of Directors &gt; Profiles</i></p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <p><b><i>The Chairperson of the Audit Committee, Ms. Ma. Aurora D. Geotina-Garcia, is not the Chairperson of the Board or of any other committee.</i></b>  <i>Ref: pg 58 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Board Committees, Table on Committee Memberships_</i></p>	
<b>Supplement to Recommendation 3.2</b>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p> <p><b><i>ACEPH's Audit Committee approved all non-audit services conducted by the</i></b></p>	



		<p><b>external auditor.</b>  <i>Ref: pg 84-85 &gt; ACEPH 2019 Integrated Report &gt; Report of the Audit Committee to the Board of Directors</i></p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p> <p><b><i>The Audit Committee conducts regular meetings and dialogues with SGV &amp; Co., without anyone from management present. The Committee also reviewed and approved all audit, audit-related, and permitted non-audit services provided by SGV &amp; Co. to company and the related fees for such services. The company also assessed the compatibility of non-audit services with the auditor's roles and responsibilities to ensure that such services will not impair its independence.</i></b></p> <p><i>Ref: pg 84-85 &gt; ACEPH 2019 Integrated Report &gt; Report of the Audit Committee to the Board of Directors</i></p>	

**Optional: Recommendation 3.2**

1. Audit Committee meet at least four times during the year.	Compliant	Indicate the number of Audit Committee meetings during the year and provide proof  <b>ACEPH's Audit Committee held five (5) meetings in 2019.</b> <i>Ref: pg 60 &gt; ACEPH 2019 Integrated Report &gt; Attendance</i>	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.  <b>ACEPH's Audit Committee approves the appoint and removal of the internal auditor.</b> <i>Ref: Charter of the Audit Committee, Chief Audit Executive</i>	

**Recommendation 3.3**

1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions  Indicate if the Committee undertook the process of identifying the quality of directors aligned with the	
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		<p>company's strategic direction, if applicable.</p> <p><b>ACEPH's Board established a Corporate Governance and Nomination Committee.</b>  <i>Ref: pg 11 &gt; ACEPH CG Manual &gt; Board Committees &gt; 1.2 Corporate Governance and Nomination Committee</i></p> <p>The past Committee pre-screened and approved all nominations for Director.</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p><b><i>On 17 September 2019, the Board appointed to the Committee: Consuelo D. Garcia, Melinda L. Ocampo, and Jesus P. Francisco, all independent Directors</i></b></p> <p><b><i>As of 20 April 2020, ACEPH's Corporate Governance and Nomination Committee is composed of Consuelo D. Garcia, Melinda L. Ocampo and Mario Antonio V. Paner, all independent Directors</i></b></p>	
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p>	

		<i>The Chairman of ACEPH's Corporate Governance and Nomination Committee is Consuelo D. Garcia, an independent director.</i>	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.  <i>The Corporate Governance and Nomination Committee held five (5) meetings in 2019.</i> <i>Ref: pg 56 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance</i>	
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions  <i>ACEPH's Board established a Board Risk Management and Related Party Transactions Committee.</i> <i>Ref: pg 11 &gt; ACEPH CG Manual, Board Committees, item 1.3</i>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	

		<p><b>ACEPH's Board Risk Management and Related Party Transactions Committee is composed of Sherisa P. Nuesa (Chair), Ma. Aurora D. Geotina-Garcia, and Melinda L. Ocampo, all independent directors.</b></p> <p>Ref: pg 58 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Board Committees</p>	
3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.	Compliant	<p>Provide information or link/reference to a document containing information on the Chairman of the BROCC</p> <p><b>The Chairperson of ACEPH's Board Risk Management and Related Party Transactions Committee is Sherisa P. Nuesa, an Independent Director who is not the Chairperson of the Board or any other committee.</b></p>	
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROCC.</p> <p><b>At least one (1) member of ACEPH's BROCC has relevant thorough knowledge and experience on risk and risk management. Ref: pg 21-26 &gt; ACEPH 2019 Integrated Report &gt; Board of Directors &gt; Profiles</b></p>	

**Recommendation 3.5**

<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p><b><i>ACEPH's Board established a Board Risk Management and Related Party Transactions Committee.</i></b>  <i>Ref: pg 11 &gt; ACEPH CG Manual, Board Committees, 1.3 Board Risk Management and Related Party Transactions Committee</i></p>	<p>The Committee serves a dual function, as the Risk Oversight Committee and as a Related Party Transactions Committee, which functions are clearly delineated in the Committee's Charter</p>
<p>2. RPT Committee is composed of at least three non- executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p> <p><b><i>The Committee is composed of Sherisa P. Nuesa (Chair), Ma. Aurora D. Geotina-Garcia, and Melinda L. Ocampo, all independent directors.</i></b></p>	
<p><b>Recommendation 3.6</b></p>			
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>	<p><b><i>All of ACEPH's established committees at the Board level have a charter. All the charters provide standards for</i></b></p>	

		<p><b><i>evaluating the performance of the committees and are fully disclosed in the ACEPH website.</i></b>  <i>Ref: ACEPH Website &gt; Corporate Governance &gt; Board Committees_</i>  <a href="https://acenergy.ph/governance/board-committee/board-committees/">https://acenergy.ph/governance/board-committee/board-committees/</a></p> <p><i>ACEPH Board Charter</i></p> <p><i>ACEPH Executive Committee Charter</i></p> <p><i>ACEPH Audit Committee Charter</i></p> <p><i>ACEPH Board Risk Oversight Committee Charter</i></p> <p><i>ACEPH Corporate Governance and Nomination Committee Charter</i></p> <p><i>ACEPH Personnel and Compensation Committee Charter</i></p> <p><i>ACEPH Related Party Transactions Review Committee Charter</i></p>	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Compliant</p>	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p><b><i>The charters of the committees were fully disclosed on the company's website. See above response for Recommendation 3.6, items 1-2.</i></b></p>	

**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation’s business.

**Recommendation 4.1**

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders’ meetings.</p> <p><b><i>ACEPH’s Board of Directors attend and actively participate in all meetings, in person or through tele/videoconferencing conducted in accordance with the rules and regulations of the SEC.</i></b></p> <p><i>Ref: pg 59 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Board Matters &gt; Attendance</i></p> <p><i>Ref: pg 11 &gt; ACEPH CG Manual &gt; Article II Governance &gt; Conduct of Meetings</i></p>	
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<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p><b><i>Board materials are distributed to ACEPH's Board of Directors at least three (3) days before the scheduled meeting to give the directors ample time to review the meeting materials prior to the meeting date.</i></b></p> <p><i>Ref: pg 53 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance</i></p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <p><b><i>The Board of Directors acts judiciously before deciding on any matter by evaluating the issues, asking relevant questions and seeking clarifications as appropriate.</i></b></p> <p><i>Ref: pg 10 &gt; ACEPH CG Manual &gt; Part One &gt; Roles and Responsibilities of each Director &gt; Item 4.</i></p>	

Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management’s proposals/views, and oversee the long-term strategy of the company.</p>	<p>Partially Compliant</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company’s directors in both listed and non-listed companies</p> <p><b><i>ACEPH has a policy on multiple board seats indicating that no independent director shall hold no more than five (5) board seats in any group of PLCs and executive directors shall hold no more than two (2) board seats in listed companies outside the ACEPH group.</i></b>  <i>Ref: pg 4 &gt; ACEPH CG Manual, Directorship Limits</i></p>	
Recommendation 4.3			
<p>1. The directors notify the company’s board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p> <p><b><i>Pursuant to the ACEPH CG Manual, all directors are required to notify the Board before accepting a directorship in another company.</i></b>  <i>Ref: pg 11 &gt; ACEPH CG Manual &gt; Roles and Responsibilities &gt; Each Director, item 11</i></p>	

<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<b>Mr. John Eric T. Francia is the only executive director and did not serve in more than two (2) boards of listed companies outside of the group</b> Ref: pg 22 > ACEPH 2019 Integrated Report > Board Profiles	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	<b>ACEPH schedules the Board of Directors' meetings before the start of the financial year and are held at least once every quarter.</b> Ref: pg 59 > ACEPH 2019 Integrated Report > Corporate Governance. Meetings	
3. Board of directors meet at least six times during the year.	Compliant	Indicate the number of board meetings during the year and provide proof  <b>The Board held ten (10) meetings in 2019: three (3) regular, six (6) special, and one (1) organizational.</b> Ref: pg 59 > ACEPH 2019 Integrated Report > Corporate Governance	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	Indicate the required minimum quorum for board decisions  <b>Two-thirds (2/3) of the number of ACEPH directors shall constitute a quorum.</b> Ref: pg 11 > ACEPH CG Manual, Conduct of Meetings	

<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p> <p><b><i>As of 17 September 2019, the Board had five (5) independent directors, constituting more than one-third (1/3) of its composition.</i></b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=bad87d3af71a9efcefdcf15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=bad87d3af71a9efcefdcf15ec263a54d</a></p> <p><b><i>As of 20 April 2020, the Board has five (5) independent directors, constituting more than one-third (1/3) of its composition.</i></b></p> <p><i>Ref: pg 2 &gt; Results of the 2020 Annual Stockholders' Meeting and Organizational Board Meeting, 20 April 2020</i></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=9aee4b218ad7eb480de8473cebbd6407">https://edge.pse.com.ph/openDiscViewer.do?edge_no=9aee4b218ad7eb480de8473cebbd6407</a></p>	

Recommendation 5.2			
<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> <p><b><i>ACEPH's independent directors possess all the qualifications and none of the disqualifications to hold the position.</i></b>  <i>Ref: pg 21-28 &gt; ACEPH 2019 Integrated Report, Profiles</i></p> <p><i>Ref: 2019 Definitive Information Statement, Certification of Independent Directors</i>  <a href="https://edge.pse.com.ph/openDiscView.r.do?edge_no=7d073c0e5e7bdda6efdfc15ec263a54d">https://edge.pse.com.ph/openDiscView.r.do?edge_no=7d073c0e5e7bdda6efdfc15ec263a54d</a></p>	
Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>Compliant</p>	<p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> <p><b><i>The company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</i></b></p> <p><b><i>ACEPH has a governance policy on conflict of interest to ensure that the personal interest of directors and officers should never prevail over the interest of the company, so that they may not</i></b></p>	

		<i>directly or indirectly derive any personal profit or advantage by reason of their position in the company and must promote the common interest of all shareholders and the company without regard to their own personal and selfish interests.</i>	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <p><b><i>An independent director, after serving nine (9) years, shall be perpetually barred from being elected as such in the company, without prejudice to being elected as independent director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the SEC.</i></b></p> <p><i>Ref: pg 7 &gt; ACEPH CG Manual &gt; Term Limits of Independent Directors</i></p>	

<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p> <p><b><i>See response to previous item</i></b></p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p><b><i>ACEPH's CG Manual only allows for independent directors to serve a maximum term of nine (9) years. In the event that an independent director shall be retained beyond this, ACEPH's Board will have to provide meritorious justification and seek shareholders' approval during the ASM.</i></b></p> <p><b><i>See response to previous item</i></b></p>	
<b>Recommendation 5.4</b>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p> <p><b><i>ACEPH's Chairman of the Board is Fernando M. Zobel de Ayala and Chief Executive Officer is John Eric T. Francia.</i></b></p>	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p> <p><b><i>ACEPH's Chairman of the Board and CEO have clearly defined responsibilities.</i></b>  <i>Ref: pg 5 &gt; ACEPH CG Manual, The Chairman of the Board</i>  <i>pg 14-15, ACEPH CG Manual, The CEO</i>  <i>pg 15, The President</i></p> <p><i>Ref: pg 52-53 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Board Structure and Processes</i></p>	
<b>Recommendation 5.5</b>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p> <p><b><i>On 17 September 2019, Ms. Sherisa P. Nuesa was appointed as lead independent director.</i></b></p> <p><b><i>Roles and responsibilities of the</i></b></p>	



		<p><b>Lead Independent Director</b>  Ref: pg 7 &gt; ACEPH CG Manual &gt; Lead Independent Director</p>	
<b>Recommendation 5.6</b>			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>Compliant</p>	<p>Provide proof of abstention, if this was the case</p> <p><b><i>There have been no cases of directors with material interest in a transaction affecting the company and ACEPH's directors and key management personnel are required to abstain and/or inhibit themselves from participating in discussions on a particular agenda item where they are conflicted.</i></b></p> <p><b><i>ACEPH has a governance policy on conflict of interest to ensure that the personal interest of directors and officers should never prevail over the interest of the company, so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the company and must promote the common interest of all shareholders and the company without regard to their own personal and selfish interests.</i></b></p>	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	Provide proof and details of said meeting, if any.  Provide information on the frequency and attendees of meetings.	
2. The meetings are chaired by the lead independent director.	Compliant	<p><b><i>ACEPH's independent directors met with the compliance unit and internal audit last 2 October 2019 without any executive director. Independent directors met with external auditors on 23 November 2019.</i></b></p> <p><b><i>The independent directors also met with the heads of operations on 27 November 2019.</i></b></p> <p><i>Ref: pg 7 &gt; ACEPH CG Manual , Lead Independent Director, item 2.</i></p>	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Provide name/s of company CEO for the past 2 years  <b><i>The Company's CEO for the past two (2) years was Francisco L. Viray. He is no longer a director of the Company.</i></b>	

**Principle 6:** The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

**Recommendation 6.1**

1. Board conducts an annual self-assessment of its performance as a whole.	Not Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees  <b><i>The ACEPH Board, the Chairman, individual members, and each committee normally conducts an annual self-assessment of its performance. In 2018, self- assessment survey was developed and made available for the members of the Board.</i></b> <i>Ref: pg 12-13 &gt; ACEPH CG Manual, Performance Assessment</i>  <b><i>The ACEPH Audit Committee conducted a self-assessment of its performance in 2019.</i></b> <a href="#"><u>Ref: pg 85 &gt; ACEPH 2019 Integrated Report &gt; Report of the Audit Committee to the Board of Directors for the Year Ended 31 December 2019</u></a>	In July of 2019, the Company was purchased from the former majority owners (PHINMA Corporation and PHINMA, Inc.) by AC Energy, Inc. a subsidiary of the Ayala Corporation. The former owners, who composed the board of directors for the majority of the year 2019, were not able to conduct a performance assessment for the year. The new directors, most of whom took over only on 17 September 2019, were not able to conduct a Performance Evaluation for 2019 due to the short period of time that they have been directors and considering that they still at the time did not have sufficient experience of the business of the Company and knowledge of each other to be able to arrive at an accurate assessment of the performance of the Board, the officers and the directors.
2. The Chairman conducts a self-assessment of his performance.	Not Compliant		
3. The individual members conduct a self-assessment of their performance.	Not Compliant		
4. Each committee conducts a self-assessment of its performance.	Partially Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Not Compliant	Identify the external facilitator and provide proof of use of an external facilitator- <b>none</b>	

**Recommendation 6.2**

1. Board has in place a system that provides, at the minimum, criteria and process to determine the	Compliant	Provide information or link/reference to a document containing information on	
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<p>performance of the Board, individual directors and committees.</p>		<p>the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders</p>	
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>Compliant</p>	<p><b><i>ACEPH's Board has a performance appraisal system that determines the performance of the Board, individual directors and committees. One of the tools used is the self-assessment exercise.</i></b></p> <p><b><i>ACEPH's Board allows for a feedback mechanism from shareholders during the Q&amp;A session of the Annual Stockholders' Meeting.</i></b></p> <p><i>Ref: pg 18-19 &gt; Minutes of the 2019 Annual Stockholders' Meeting, Item 18, Other Matters</i></p> <p><a href="https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Minutes_of_the_Meeting_20190922.pdf">https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Minutes_of_the_Meeting_20190922.pdf</a></p> <p><b><i>ACEPH has a Contact Us section and published the emails of the respective contact persons on the website for shareholders and the public.</i></b></p> <p><i>ACEPH Website &gt; Contact Us link on Header</i></p> <p><a href="https://acenergy.ph/contact-us/">https://acenergy.ph/contact-us/</a></p>	

**Principle 7:** Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

**Recommendation 7.1**

<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.  <b>ACEPH's Board has a Code of Conduct and Ethics.</b>  <i>Ref: Page 66-68 &gt; ACEPH 2019 Integrated Report, Code of Business Conduct_</i></p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Compliant</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.   <b>The Code is properly disseminated to the Board, senior management and employees, through the Company's on-boarding process and through Company briefings and townhall meetings.</b>  <i>Ref: Pg 36 &gt; ACEPH 2019 Integrated Report &gt; Employees</i></p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.   <b>ACEPH's Code of Conduct is available to the public through the company website.</b>  <i>Ref: ACEPH Code of Conduct &gt; Website &gt; Corporate Governance</i></p>	

Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery  <b><i>ACEPH has an Anti-Corruption Program with policies on Gift and Gratuities and Anti-Fraud.</i></b>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.  <b><i>ACEPH's Board ensures the proper and efficient implementation and monitoring of compliance with its Code of Ethical Behavior and internal policies.</i></b> <i>Ref: pg 68 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Policies</i>	

## Disclosure and Transparency

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

### Recommendation 8.1

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p> <p><b><i>Management, through the Investor Relations function, shall be responsible for public and timely disclosure of all material information about the company.</i></b></p> <p><i>Ref: pg 21 &gt; ACEPH CG Manual &gt; Stakeholder Engagement</i></p>	
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### Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Compliant</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <p><b><i>ACEPH publicly discloses its consolidated financial statements within sixty (60) days from the end of the fiscal year while interim quarterly reports are submitted within forty-five (45) days from the end of the reporting period.</i></b></p> <p><i>Ref: ACEPH Audited Financial Statements as of year ended December 31, 2019 &gt; PSE Edge Website &gt; ACEPH &gt; Company</i></p>	
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> <li>1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</li> <li>2. cross-holdings among company affiliates; and</li> <li>3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</li> </ol> <p><b><i>ACEPH discloses the shareholdings of controlling shareholders.</i></b>  <i>Ref: pg 73&gt; ACEPH Annual Reports (SEC Form17-A)</i>  <a href="https://edge.pse.com.ph/openDiscView.r.do?edge_no=fb6222327e2c5193efdfc15ec263a54d">https://edge.pse.com.ph/openDiscView.r.do?edge_no=fb6222327e2c5193efdfc15ec263a54d</a></p> <p><b><i>ACEPH upholds and protects the rights of minority shareholders.</i></b>  <i>Ref: pg 19-21 &gt; ACEPH CG Manual &gt; Part Three: Promotion of Shareholders' Rights</i></p>	
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Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> <p><b><i>All ACEPH directors and officers are required to disclose/report to the company's Compliance Unit any dealings in the company's shares within twenty-four (24) hours from transaction date.</i></b>  <i>Ref: pg 6 &gt; ACEPH Corporate Disclosure Manual &gt; Transactions of Directors and Principal Officers</i></p>	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p> <p><b><i>ACEPH discloses the trading of the corporation's shares by directors, officers and controlling shareholders.</i></b>  <a href="https://acenergy.ph/investor-relations/disclosures">https://acenergy.ph/investor-relations/disclosures</a></p>	

		<p><b>ACEPH discloses the shareholdings of its directors, management and top 100 shareholders.</b>  Ref: ACEPH Top 100 Shareholders as of March 31, 2020 &gt; ACEPH IR Website &gt; Disclosures  <a href="https://acenergy.ph/wp-content/uploads/2020/07/ACEPH-List-of-Top-100-31-March-2020.pdf">https://acenergy.ph/wp-content/uploads/2020/07/ACEPH-List-of-Top-100-31-March-2020.pdf</a></p> <p>Ref: ACEPH Public Ownership Report as of March 31, 2020 &gt; ACEPH Website &gt; Disclosures  <a href="https://acenergy.ph/wp-content/uploads/2020/07/Public-Ownership-Report-15-Apr-2020.pdf">https://acenergy.ph/wp-content/uploads/2020/07/Public-Ownership-Report-15-Apr-2020.pdf</a></p>	
<b>Recommendation 8.3</b>			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p><b>ACEPH fully discloses the profiles of its directors.</b>  Ref: pg 21-28 &gt; ACEPH 2019 Integrated Report &gt; Board of Directors Profiles</p>	

<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p><b><i>ACEPH fully discloses the profiles of its key executives.</i></b>  <i>Ref: ACEPH 2019 Definitive Information Statement &gt; Annex "A"</i></p>	
<b>Recommendation 8.4</b>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p><b><i>ACEPH provides a clear disclosure on Board remuneration.</i></b></p> <p><i>Ref: Article II, Section 7, By laws</i></p> <p><i>Ref: pg 13 &gt; ACEPH CG Manual &gt; Remuneration</i></p> <p><i>Ref: pg 55 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Remuneration</i></p>	

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p> <p><b><i>ACEPH has policies and procedures in place for setting executive remuneration.</i></b>  <i>Ref: pg 11-12 &gt; ACEPH CG Manual &gt;. Board Committees &gt; 1.6 Personnel and Compensation Committee &gt;</i></p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p> <p><b><i>Board of Directors 2019 Gross Remuneration</i></b>  <i>Ref: pg 54-55 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Board Matters &gt; Remuneration</i></p> <p><b><i>ACEPH discloses on its Definitive Information Statement the remuneration of its top five (5) most highly compensated executives, including the CEO.</i></b>  <i>Ref: pg 16-17 &gt; 20 ACEPH Definitive Information Statement &gt; Item 6 &gt; Compensation of Director and Executive Officers</i>  <a href="https://edge.pse.com.ph/openDiscView">https://edge.pse.com.ph/openDiscView</a></p>	

		<a href="https://www.aceph.com/r.do?edge_no=89015361dec6ae3defdfc15ec263a54d">r.do?edge_no=89015361dec6ae3defdfc15ec263a54d</a>	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p><b><i>ACEPH discloses its RPT Policy on its website.</i></b>  <i>Ref: ACEPH Website</i></p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> <li>1. name of the related counterparty;</li> <li>2. relationship with the party;</li> <li>3. transaction date;</li> <li>4. type/nature of transaction;</li> <li>5. amount or contract price;</li> <li>6. terms of the transaction;</li> <li>7. rationale for entering into the transaction;</li> <li>8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</li> </ol>	

		<p>9. other terms and conditions</p> <p><b>ACEPH discloses the material and significant RPTs reviewed and approved during the year.</b>  <i>Ref: pg 13-17 &gt; ACEPH 2019 Definitive Information Statement</i></p> <p><b>Enclosed as Annex "A" hereof is a summary of the Material RPTs entered into by the company which breached the SEC materiality threshold, as well as copies of the advisement reports submitted.</b></p>	
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**Supplement to Recommendation 8.5**

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p> <p><b>ACEPH requires its directors to disclose their interests.</b>  <i>Ref: pg 3 &gt; Conflict of Interest Policy</i></p> <p><b>Prior to entering into a Material RPT, directors are required to fully and timely disclose to the Board Risk Management and RPT Committee any and all material facts related to the Material RPT as well as any direct or indirect financial interest in any matter that may affect or is affecting the company. The director and the committee shall also make this</b></p>	
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		<p><b>disclosure at the board meeting where the Material RPT will be presented for approval and before the completion or execution of the Material RPT.</b> <i>Ref: pg 4 &gt; ACEPH RPT Policy &gt; F. Disclosure Requirement of Material RPTs</i></p> <p><b>ACEPH has a governance policy on conflict of interest to ensure that the personal interest of directors and officers should never prevail over the interest of the company, so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the company and must promote the common interest of all shareholders and the company without regard to their own personal and selfish interests.</b></p>	
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Optional : Recommendation 8.5			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	Compliant	<p>Provide link or reference where this is disclosed, if any</p> <p><b>ACEPH ensures that all RPTs are conducted on an arms' length basis, at normal prices, and will inure to the best interest of the company.</b>  <i>Ref: pg 1 &gt; ACEPH RPT Policy &gt; A. Introduction</i></p>	
Recommendation 8.6			
<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	Compliant	<p>Provide link or reference where this is disclosed</p> <p><b>ACEPH Disclosures</b>  <i>Ref: ACEPH Website &gt; Disclosures</i>  <a href="https://acenergy.ph/investor-relations/disclosures/">https://acenergy.ph/investor-relations/disclosures/</a></p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	Compliant	<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p> <p><b>The Board of Directors may appoint an independent party to evaluate the fairness of the terms of the transaction.</b>  <i>Ref: pg 5 &gt; ACEPH RPT Policy &gt; H. Guidelines in Ensuring Arm's Length Terms</i></p>	

Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Provide link or reference where these are disclosed.  <b>All material transactions/information are disclosed on the IR website.</b> Ref: ACEPH Website > Disclosures <a href="https://acenergy.ph/investor-relations/disclosures/">https://acenergy.ph/investor-relations/disclosures/</a>	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	<b>ACEPH's corporate governance policies, programs and procedures are contained in its CG Manual. It is submitted to the SEC and PSE and is posted on the website.</b>  Ref: ACEPH Corporate Governance Manual > ACEPH IR Website > Corporate Governance > CG Manual	
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.		Provide proof of submission.  <b>ACEPH's proof of submission of the CG Manual to the PSE.</b> <a href="https://acenergy.ph/wp-content/uploads/2018/02/revised-corporate-governance-manual.pdf">https://acenergy.ph/wp-content/uploads/2018/02/revised-corporate-governance-manual.pdf</a>	

Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives	Compliant	<p><i>ACEPH 2019 Integrated Report</i>  <a href="https://acenergy.ph/ac-energy-philippines-ir-2019/">https://acenergy.ph/ac-energy-philippines-ir-2019/</a></p> <p><b>Corporate Objectives</b>  <i>Ref: pg 33</i></p> <p><b>Financial and non-financial performance indicators</b>  <i>Ref: pg 17-18</i></p> <p><b>Dividend Declaration</b>  <i>No dividends declared</i></p> <p><b>Biographical Details</b>  <i>Ref: pg 21-28</i></p> <p><b>Attendance of each director</b>  <i>Ref: pg 59</i></p> <p><b>Remuneration</b>  <i>Ref: pg 54-55</i></p>	
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors' meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	Provide link or reference to where this is contained in the Annual Report	
		<p><b>Statement confirming the company's full compliance with the Code of Corporate Governance</b>  <i>Ref: pg 51 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance</i></p>	

<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>Compliant</p>	<p>Provide link or reference to where this is contained in the Annual Report</p> <p><b>Board of Directors Statement</b>  <i>Ref: pg 84-85 &gt; ACEPH 2019 Integrated Report &gt; Report of the Audit Committee to the Board of Directors</i></p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	<p>Compliant</p>	<p><b>Board of Directors Statement</b>  <i>Ref: pg 84-85 &gt; ACEPH 2019 Integrated Report &gt; Report of the Audit Committee to the Board of Directors &gt;</i></p>	
<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>	<p>Compliant</p>	<p>Provide link or reference to where these are contained in the Annual Report</p> <p><b>Risk Management</b>  <i>Ref: pg 69 70 &gt; ACEPH 2019 Integrated Report &gt; Risk Management</i></p>	

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor’s independence and enhance audit quality.

**Recommendation 9.1**

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company’s external auditor.</p> <p><b><i>The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditor.</i></b></p> <p><i>Ref: ACEPH Audit Committee Charter, Item D. External Audit</i></p>	
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<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Compliant</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p> <p><b><i>The Board, through the Audit Committee, recommends to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the preparation of ACEPH's financial statements.</i></b>  <i>Ref: pg 18 &gt; ACEPH CG Manual &gt; II. External Audit</i></p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p> <p><b><i>Since its incorporation, ACEPH has not removed nor changed its external auditor.</i></b></p>	
<p><b>Supplement to Recommendation 9.1</b></p>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p><b><i>The Partner-in-charge is rotated every five (5) years or earlier.</i></b>  <i>Ref: pg 18 &gt; ACEPH CG Manual &gt; II. External Audit</i></p>	

Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><b><i>ACEPH's Audit Committee Charter</i></b>  <i>Ref: ACEPH Charter of the Audit Committee &gt; ACEPH Website &gt; Corporate Governance &gt; Board Committees &gt; Audit Committee</i></p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><b><i>Refer to response provided in Recommendation 9.2, item 1.</i></b></p>	
Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><b><i>Refer to response provided in Recommendation 9.2, item 1.</i></b></p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	Compliant	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><b><i>Refer to response provided in Recommendation 9.2, item 1.</i></b></p>	

Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.  <b>ACEPH discloses the nature of non-audit services performed by the external auditor in the Annual Report.</b> <i>Ref: pg 61 &gt; ACEPH 2019 Integrated Report &gt; External Auditors</i>	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Provide link or reference to guidelines or policies on non-audit services  <b>Guidelines on Non-Audit Services</b> <i>Ref: Charter of the Audit Committee &gt; D. External Audit, item 5.</i>	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Provide information on audit and non-audit fees paid.  <b>ACEPH discloses the nature of non-audit services performed by the external auditor in the Annual Report and fees paid for non-audit services do not outweigh the audit services.</b> <i>Ref: pg 61 &gt; ACEPH 2019 Integrated Report &gt; External Auditors</i>	



**Additional Recommendation to Principle 9**

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner;</li> <li>2. Accreditation number;</li> <li>3. Date Accredited;</li> <li>4. Expiry date of accreditation; and</li> <li>5. Name, address, contact number of the audit firm.</li> </ol> <p><b>Audit Engagement Partner:</b> Benjamin N. Villacorte <b>SEC Accreditation number:</b> No. 1539-AR-1 (Group A), <b>Date Accredited:</b> 26 March 2019 <b>Expiry:</b> 25 March 2022 <b>Name, address, contact number of audit firm:</b> SyCip Gorres Velayo &amp; Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel (632) 8910307 Website <a href="https://www.ey.com/ph/en/home">https://www.ey.com/ph/en/home</a></p>	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Compliant</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected;</li> <li>2. Name of the Audit firm; and</li> <li>3. Members of the engagement team inspected by the SEC.</li> </ol> <p><b>SGV &amp; Co. agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program. The inspection was</b></p>	

*done from 12 to 28 November 2018.*

**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p> <p><b><i>The Management shall make proper disclosure of the company's management of the material economic, environmental, social and governance aspects of its businesses and activities using the GRI Standards by the Global Reporting Initiative.</i></b></p> <p><i>Ref: Pg 21-22 &gt; ACEPH CG Manual &gt; V. Sustainability</i></p> <p><i>Ref: ACEPH 2019 Integrated Report</i></p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p> <p><b><i>GRI Standards by the Global Reporting Initiative.</i></b></p> <p><b><i>ACEPH 2019 Integrated Report</i></b>  <i>Ref: pg 80-83 &gt; ACEPH 2019 Integrated Report &gt; Independent Assurance Statement</i></p>	

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>Compliant</p>	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p> <p><b><i>ACEPH holds media and analyst briefings to ensure timely and accurate dissemination of public, material and relevant information to its shareholders</i></b> <i>Ref: pg 36 &gt; ACEPH 2019 Integrated Report &gt; Investors and Shareholders</i></p>	
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Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Provide link to company website	
a. Financial statements/reports (latest quarterly)	Compliant	<b>ACEPH Website</b> <a href="https://acenergy.ph/">https://acenergy.ph/</a>	
b. Materials provided in briefings to analysts and media	Compliant	<b>Financial Statements</b> <a href="https://acenergy.ph/investor-relations/disclosures">https://acenergy.ph/investor-relations/disclosures</a>  <a href="#">Corporate Governance &gt; Disclosures &gt; Annual and Quarterly Reports</a>	
c. Downloadable annual report	Compliant	<b>Downloadable Annual Report</b> <a href="https://acenergy.ph/ac-energy-philippines-ir-2019/">https://acenergy.ph/ac-energy-philippines-ir-2019/</a>	
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant	<b>Notice of ASM</b> <a href="https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Notice_of_Annual_Shareholders_Meeting_20190807.pdf">https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Notice_of_Annual_Shareholders_Meeting_20190807.pdf</a>	
f. Company's Articles of Incorporation and By- Laws	Compliant	<b>Minutes of ASM</b> <a href="https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Minutes_of_the_Meeting_20190922.pdf">https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Minutes_of_the_Meeting_20190922.pdf</a>  <b>Articles of Incorporation and By-laws</b> <a href="https://acenergy.ph/governance/">https://acenergy.ph/governance/</a>	

**Additional Recommendation to Principle 11**

1. Company complies with SEC-prescribed website template.	Compliant	<b>ACEPH Website</b> <a href="https://acenergy.ph/">https://acenergy.ph/</a>	
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**Internal Control System and Risk Management Framework**

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

**Recommendation 12.1**

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system  <b>ACEPH has an adequate and effective internal control system.</b> <i>Ref: Charter of the Audit Committee &gt; Item C -- Internal Audit</i>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Identify international framework used for Enterprise Risk Management  Provide information or reference to a document containing information on:  1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks	

		<p>Indicate frequency of review of the enterprise risk management framework.</p> <p><b><i>ACEPH has an adequate and effective risk management framework.</i></b>  <i>Ref: pg 69-70 &gt; ACEPH 2019 Integrated Report &gt; Risk Management</i></p> <p><i>Ref: Charter of the Risk Oversight Committee</i></p>	
<b>Supplement to Recommendations 12.1</b>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations. Indicate frequency of review.</p> <p><b><i>ACEPH has a formal compliance system in place, reviewed annually by the Board.</i></b></p> <p><i>Ref: pg 101 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance &gt; Board Matters &gt; Training and Continuous Education</i></p>	
<b>Optional: Recommendation 12.1</b>			

<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Compliant</p>	<p><b><i>The IT department has policies and procedures in place to address issues on disruption, cyber-security and disaster recovery. These include putting in place hardware and software infrastructure to improve IT security, IT security awareness training for employees, periodic vulnerability testing, offsite backup data center, and reviews by IT security consultant. IT security and disruption issues are reported to senior management and critical issues and incidents, if any, will be reported to the Audit Committee.</i></b></p>	
<p><b>Recommendation 12.2</b></p>			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>Compliant</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <p><b><i>Internal audit is in-house with specific responsibilities on Independent Audit.</i></b>  <i>Ref: pg 62 &gt; ACEPH 2019 Integrated Report &gt; Internal Audit</i></p>	
<p><b>Recommendation 12.3</b></p>			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p> <p><b><i>ACEPH has a qualified Chief Audit Executive, Mr. Henry Gomez, Jr., appointed by the Board.</i></b>  <a href="https://edge.pse.com.ph/openDiscVie">https://edge.pse.com.ph/openDiscVie</a></p>	

		<a href="http://www.do?edge_no=1a036ad66d1e469fe9dfc15ec263a54d">www.do?edge_no=1a036ad66d1e469fe9dfc15ec263a54d</a>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Compliant	<i>Ref: pg 61 - 62 &gt; ACEPH 2019 Integrated Report &gt; Internal Audit</i>	
3. In case of a fully outsourced internal audit activity a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Identify qualified independent executive or senior management personnel, if applicable.  <b><i>ACEPH's internal audit function is done 100% internally. However, in the event that the audit function should be outsourced, ACEPH has a qualified senior management personnel who can oversee the activity. The CAE can assume this function if needed.</i></b>	



**Recommendation 12.4**

<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>Compliant</p>	<p>Provide information on company's risk management function.</p> <p><b><i>ACEPH has a separate risk management function.</i></b> <i>Ref: pg 69-70 &gt; ACEPH 2019 Integrated Report &gt; Risk Management</i></p> <p><i>Ref: pg 17 &gt; ACEPH Corporate Governance Manual &gt; Internal Audit and Risk Management</i></p>	
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**Supplement to Recommendation 12.4**

<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>Compliant</p>	<p>Identify source of external technical support, if any.</p> <p><b><i>ACEPH seeks external technical support in risk management from various consultants and third parties.</i></b></p> <p><b><i>At the group-wide level, the AC Energy Group engaged Deloitte in 2019 for a Risk Identification and Assessment exercise using the Black Swan methodology.</i></b></p> <p><b><i>In the past, the group has undertaken a risk engineering survey (including catastrophe analysis) conducted by Aon, Marsh as part of the risk improvement</i></b></p>	
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		<p><b>activities.</b></p> <p><b><i>Moving forward, this type of engagement will form part of the bid process requirement of the renewal of the property insurance of the company's on shore assets.</i></b></p> <p><b><i>The company is currently undergoing risk tolerance study by Ernst and Young. In 2018, Aon Singapore was engaged for the risk tolerance and maturity study.</i></b></p>	
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**Recommendation 12.5**

<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	Compliant	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p> <p><b><i>Ms. Corazon G. Dizon is the Company's Chief Risk Officer.</i></b></p> <p><b><i>Profile of Ms. Dizon</i></b>  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=1a036ad66d1e469fefdfc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=1a036ad66d1e469fefdfc15ec263a54d</a></p>	
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<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	Compliant	<p><b><i>The CRO has adequate authority, stature, resources and support to fulfill her responsibilities.</i></b></p> <p><b><i>Profile of Ms. Dizon</i></b>  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=1a036ad66d1e469fefdfc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=1a036ad66d1e469fefdfc15ec263a54d</a></p>	
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		Ref: pg 69 > ACEPH 2019 Integrated Report > Corporate Governance > Risk Architecture	
<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<p><b>ACEPH CEO, CFO and CAE attestation</b>  Ref: pg 51 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance</p> <p><b>Enclosed as Annex "B" hereof is the signed letter by the company's CEO, Compliance Officer, and CAE attesting to the adequate design and continuous effective operation of the company's system of internal controls, risk management, compliance, and governance processes.</b></p>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</p> <p><b>Shareholders' rights are disclosed in the CG Manual.</b>  Ref: pg 19 &gt; ACEPH CG Manual &gt; Part III: Promotion of Shareholders' Rights and Engagement of Stakeholders</p>	

2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website  <b><i>Shareholders' rights are disclosed on the company Website.</i></b>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	<b><i>Each share of ACEPH entitles the person, in whose name the share is registered in the books of the Corporation, to one vote.</i></b> <i>Article II, Section 7, By laws.</i>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Provide information on all classes of shares, including their voting rights if any.  <b><i>ACEPH only has one class of shares. Each common share of ACEPH entitles the person, in whose name the share is registered in the books of the Corporation, to one vote.</i></b> <i>Ref: pg 19 &gt; ACEPH CG Manual, Voting Rights</i>	
3. Board has an effective, secure, and efficient voting system.	Compliant	Provide link to voting procedure. Indicate if voting is by poll or show of hands.  <b><i>The Board has an effective, secure, and efficient voting system.</i></b> <i>Ref: pg 66 &gt; ACEPH 2019 Integrated Report &gt; Shareholder Meeting and Voting Procedures</i>	

		<i>Ref: pg 28-29, ACEPH 2019 Definitive Information Statement, Voting Procedures</i>	
4. Board has an effective shareholder voting mechanism such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<p>Provide information on shareholder voting mechanisms such as supermajority or “majority of minority”, if any.</p> <p><b><i>ACEPH’s Board ensures the protection of minority shareholders. Votes for election of directors are cumulated.</i></b></p> <p><i>Ref: pg 19 &gt; ACEPH CG Manual &gt; Voting Rights</i></p>	
5. Board allows shareholders to call a special shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p> <p><b><i>The minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</i></b></p> <p><i>Ref: pg 20 &gt; ACEPH CG Manual &gt; Right to Information</i></p>	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p> <p><b><i>ACEPH's Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</i></b>  <i>Ref: pg 19-21 &gt; ACEPH CG Manual Part III: Promotion of Shareholders' Rights and Engagement of Stakeholders</i></p>	
7. Company has a transparent and specific dividend policy.	Compliant	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p> <p><b><i>The Company did not declare any dividends for the year due to net loss position</i></b></p>	
<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<p>Identify the independent party that counted/validated the votes at the ASM, if any.</p> <p><b><i>SGV &amp; Co. was appointed as the independent party to validate the votes.</i></b>  <i>Ref: pg 61 &gt; ACEPH 2019 Integrated Report &gt; Corporate Governance, External</i></p>	

		Auditor	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> <p><b>ACEPH sent the Notice of Annual Shareholders' Meeting to shareholders on 23 July 2019, fifty-five (55) days before the Annual Stockholders' Meeting on 17 September 2019.</b>  <i>Ref: 2019 Notice and Agenda of Annual Stockholders' Meeting</i>  <i>PSE Edge Disclosure:</i>  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c141f8791905f42efdfc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c141f8791905f42efdfc15ec263a54d</a></p>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Provide link or reference to the company's notice of Annual Shareholders' Meeting	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<p><b>Link to the Notice of ASM</b>  <i>Ref: 2019 Notice and Agenda of Annual Stockholders' Meeting and Definitive</i></p>	

b. Auditors seeking appointment/re-appointment	Compliant	<i>Information Statement</i> <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=7d073c0e5e7bdda6efdc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=7d073c0e5e7bdda6efdc15ec263a54d</a>	
c. Proxy documents	Compliant		
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Provide link or reference to the rationale for the agenda items  <b><i>ACEPH provides the explanation for the agenda items for the ASM.</i></b> <i>Ref: 2019 Notice and Agenda of Annual Stockholders' Meeting</i> <i>PSE Edge Disclosure:</i> <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c141f8791905f42efdc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c141f8791905f42efdc15ec263a54d</a>	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.  <b><i>The results are posted on EDGE on the same of the ASM.</i></b> <i>Ref: 2019 Results of the ASM</i> <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=d3a26dacfc798583efdc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=d3a26dacfc798583efdc15ec263a54d</a> <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=bad87d3af71a9efcefdcf15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=bad87d3af71a9efcefdcf15ec263a54d</a>	



<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p> <p><b><i>Minutes of the 2019 ASM was posted on the ACEPH website on 22 September 2019, within five (5) business days from the date of the ASM, 17 September 2019.</i></b></p> <p>Ref: <a href="https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Minutes_of_the_Meeting_20190922.pdf">https://acenergy.ph/wp-content/uploads/2019/10/PHINMAENERGY_Minutes_of_the_Meeting_20190922.pdf</a></p>	
<b>Supplement to Recommendation 13.3</b>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p> <p><b><i>The Partner-in-charge, Benjamin Villacorte, and other relevant individuals were present during the ASM.</i></b></p>	

**Recommendation 13.4**

1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<p>Provide details of the alternative dispute resolution made available to resolve intra- corporate disputes</p> <p><b><i>The Corporation adopts the rules and procedures set forth under Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, as an alternative means to settle disputes with a view towards preventing excessive litigation.</i></b></p> <p><i>Ref: pg 39 &gt; ACEPH CG Manual &gt; Article VII Stockholders' Rights and Protection of Minority Stockholders' Interests &gt; 1.</i></p> <p><i>Shareholder Rights &gt; 1.7 Alternative Dispute Mechanism for Intra-Corporate Dispute</i></p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p> <p><b><i>ACEPH has an alternative dispute mechanism in place to resolve intra-corporate disputes in an amicable and effective manner that is included in its CG Manual.</i></b></p> <p><i>Ref: pg 20 &gt; ACEPH CG Manual &gt; II. Alternative Dispute Mechanism</i></p>	

Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the person</li> <li>2. Telephone number</li> <li>3. Fax number</li> <li>4. E-mail address</li> </ol> <p><b>Name: Miguel Angelo J. Fernandez</b>  <b>Tel: +(632) 7-730-6300</b>  <b>Email: <a href="mailto:investorrelations@acenergy.com.ph">investorrelations@acenergy.com.ph</a></b></p>	
2. IRO is present at every shareholder’s meeting.	Compliant	<p>Indicate if the IRO was present during the ASM.</p> <p><b><i>The IRO is present at every Annual Shareholders’ Meeting.</i></b></p>	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	<p>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</p> <p><b><i>ACEPH’s Board of Directors avoids anti-takeover measures or similar devices that may entrench ineffective management of the existing controlling shareholder group. An example is the observance of one (1) year- term for its directors. Stockholders are given the opportunity to nominate new candidates for directorship during the ASM. Materials provided to stockholders expressly state that ACEPH does not solicit proxies.</i></b></p>	

		<p>Ref: pg 6 &gt; ACEPH 2019 Information Statement &gt; Item 5 Directors and Executive Officers</p>	
<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	Not Compliant	<p>Indicate the company's public float.</p> <p><b>ACEPH's public float is 28.15% as of 31 December 2019.</b></p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=16dc0c9d0c48b35b0de8473cebbd6407">https://edge.pse.com.ph/openDiscViewer.do?edge_no=16dc0c9d0c48b35b0de8473cebbd6407</a></p>	<p>Public float decreased due to subscription of AC Energy, Inc. to 2,632,000,000 shares to infuse cash into the company to pay off loan amortizations and other obligations.</p>
<b>Optional: Principle 13</b>			
<p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p>	Compliant	<p>Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM</p> <p><b>ACEPH's CEO, CFO and IRO regularly engage shareholders and analysts through quarterly briefings, one-on-one meetings, conferences and roadshows, conference calls and electronic mail. In addition, contact details of the IRO are readily available on the IR website and the 2019 Integrated Report.</b></p> <p>Ref: pg 62 &gt; ACEPH 2019 Integrated Report &gt; Disclosure and Transparency</p>	
<p>2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.</p>	Compliant	<p>Disclose the process and procedure for secure electronic voting in absentia, if any.</p> <p><b>Stockholders who are unable to go to</b></p>	

		<p><b>the venue of the ASM may vote electronically in absentia on matters in the agenda upon registration and validation online.</b></p> <p><i>Ref: pg 66 &gt; ACEPH 2019 Integrated Report &gt; Shareholder Meeting and Voting Procedures</i></p> <p><i>Ref: pg 20 &gt; ACEPH 2019 Definitive Information Statement, Annex "F" Instructions for Electronic Voting In Absentia</i></p>	
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#### Duties to Stakeholders

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

#### Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <p><b>ACEPH's stakeholder engagement practices</b></p> <p><i>Ref: pg 35-40 &gt; ACEPH 2019 Integrated Report &gt; Stakeholder Engagement</i></p>	
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#### Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Identify policies and programs for the protection and fair treatment of company's stakeholders	
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		<p><b>The Board has clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. ACEPH's stakeholder engagement practices</b></p> <p><i>Ref: pg 35-40 &gt; ACEPH 2019 Integrated Report &gt; Stakeholder Engagement</i></p> <p><i>Ref: pg 21&gt; ACEPH CG Manual &gt; Stakeholder Engagement</i></p>	
<b>Recommendation 14.3</b>			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p> <p><b>Whistleblowing Contact</b>  <b>Person: Henry T. Gomez, Jr.</b>  <b>Position: Chief Audit Executive</b>  <b>Tel: (+632) 7-730-6300</b>  <b>Email: <a href="mailto:gomez.ht@acenergy.com.ph">gomez.ht@acenergy.com.ph</a></b></p> <p><b>Whistleblowing and Non-Retaliation Policy:</b>  <a href="https://acenergy.ph/governance/boa-rd-committee/company-policies/whistleblowing-and-non-retaliation-policy/">https://acenergy.ph/governance/boa-rd-committee/company-policies/whistleblowing-and-non-retaliation-policy/</a></p>	

**Supplement to Recommendation 14.3**

<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Compliant</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p> <p><b><i>ACEPH has an alternative dispute mechanism in place to resolve intra-corporate disputes in an amicable and effective manner.</i></b></p> <p><i>Ref: pg 20-21 &gt; ACEPH CG Manual &gt; II. Alternative Dispute Resolution Mechanism</i></p>	
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**Additional Recommendations to Principle 14**

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Compliant</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p> <p><b><i>No such requests were made by ACEPH.</i></b></p>	
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<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>Provide specific instances, if any.</p> <p><b><i>ACEPH applies for, obtains, registers, leases, licenses or otherwise acquires to hold, use, own, operate, sell, assign and dispose of any trademark, tradename, trade secrets, formulas, patents, inventions, copyrights and processes used in connection with or secured under letters, patents, copyrights, domestic or foreign.</i></b></p> <p><i>Ref: pg 2 &gt; ACEPH Articles of Incorporation &gt; Secondary Purpose &gt; Item k</i></p> <p><b><i>ACEPH maintains all its registered intellectual property rights through the submission of declarations of actual use before the Intellectual Property Office. ACEPH respects the intellectual property rights of other entities it deals with. For example, ACEPH's management agreements with third party hotel operators, e.g., Holiday Inn, Fairmont, etc. contain provisions defining terms of ownership and usage of the relevant marks, customer data and system. The joint venture agreements of ACEPH with partners also contain standard clauses on respecting the intellectual property rights of each partner.</i></b></p>	
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**Optional: Principle 14**

1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p> <p><b>Social Engagement</b>  <i>Ref: pg 35-37 &gt; ACEPH 2019 Integrated Report &gt; Stakeholder Engagement &gt; Customers, Local Communities</i></p>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p> <p><b>Procurement Guidelines</b>  <a href="https://acenergy.ph/governance/board-committee/company-policies/procurement-guidelines/">https://acenergy.ph/governance/board-committee/company-policies/procurement-guidelines/</a></p>	

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p><b>Stakeholder Engagement (Employees)</b>  <i>Ref: pg 38-39 &gt; ACEPH 2019 Integrated Report</i></p>	
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Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p> <p><b>Stakeholder Engagement (Employees)</b>  <i>Ref: pg 38 &gt; ACEPH 2019 Integrated Report &gt; Employee Remuneration and Rewards</i></p>	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p> <p><b>The Company has a policy on Employees Health, Safety and Wellness</b></p>	

<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p> <p><b>Stakeholder Engagement (Training and Development)</b>  <i>Ref: pg 39 &gt; ACEPH 2019 Integrated Report &gt; Training and Development</i></p>	
<b>Recommendation 15.2</b>			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p> <p><b>ACEPH's anti-corruption programs and procedures</b>  <i>Ref: pg 66-68 &gt; ACEPH 2019 Integrated Report &gt; Code of Conduct</i></p>	

<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>Identify how the board disseminated the policy and program to employees across the organization</p> <p><b><i>The anti-corruption policies of the Company are discussed with the employees as part of the on-boarding program of new employees and in every level-based program as a refresher for tenured employees. In addition, each employee is mandated to submit a disclosure of possible conflicts of interest on an annual basis. The anti-corruption programs and procedures are likewise available on the ACEPH website.</i></b></p> <p><i>Code of Business Conduct Ref: pg 39 &gt; ACEPH 2019 Integrated Report &gt; Code of Business Conduct</i></p> <p><i>Ref:</i> <a href="https://acenergy.ph/governance/board-committee/company-policies/">https://acenergy.ph/governance/board-committee/company-policies/</a></p>	
<b>Supplement to Recommendation 15.2</b>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.</p> <p><b><i>Conflict of Interest Policy</i></b></p>	

		<p><b>Business Gifts Policy</b></p> <p><b>Anti-Fraud Policy</b></p>	
<b>Recommendation 15.3</b>			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p> <p><b>Whistleblowing and Non-retaliation Policy</b></p> <p>Ref: ACEPH Website &gt; Contact Us  <a href="https://acenergy.ph/contact-us/">https://acenergy.ph/contact-us/</a></p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>Compliant</p>	<p>The whistleblower may submit a written report directly to the Office of the Compliance Officer, or by email to whistleblower@ayala.com.ph, or through a face-to-face meeting with any of the Disclosure Committee composed of one representative each from the Office of the General Counsel, Strategic Human Resources, Internal Audit, and Group Risk Management and Sustainability.</p>	

		<i>Ref: pg 68, ACEPH 2019 Integrated Report, Whistleblower Policy</i>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p> <p><b><i>All reports are treated in confidence and discussed with the Audit Committee who monitors the resolution and closure of all reports.</i></b></p> <p><i>Ref: pg 68, ACEPH 2019 Integrated Report, Whistleblower Policy</i></p>	

**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p> <p><b>Sustainability in AC Energy Philippines</b>  <i>Ref: pg 42-50 &gt; ACEPH 2019 Integrated Report</i></p> <p><b>Materiality</b>  <i>Ref: pg 73-78 &gt; ACEPH 2019 Integrated Report</i></p> <p><b>Local Communities</b>  <i>Ref: pg 37 &gt; ACEPH 2019 Integrated Report</i></p> <p><b>Helping the Community during COVID-19</b>  <i>Ref: pg. 13 &gt; Minutes of the 2020 Annual Stockholders' Meeting &gt; Item 13. Other Matters</i>  <a href="https://acenergy.ph/wp-content/uploads/2020/04/ACEPH-2020-ASM-Minutes-signed.pdf">https://acenergy.ph/wp-content/uploads/2020/04/ACEPH-2020-ASM-Minutes-signed.pdf</a></p>	
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**Optional: Principle 16**

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p> <p><b>Sustainability in AC Energy</b>  <i>Ref: pg 42-50 &gt; ACEPH 2019 Integrated Report</i></p> <p><b>Environmental and Social Responsibility</b>  <i>Ref: pg 49 &gt; ACEPH 2019 Integrated Report</i></p> <p><b>Environmental Performance Indices</b>  <i>Ref: pg 78 &gt; ACEPH 2019 Integrated Report</i></p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p> <p><b>Community Involvement and Environment- related programs</b>  <i>Ref: pg 37 &gt; ACEPH 2019 Integrated Report &gt; Local Communities</i></p> <p><b>Helping the Community during COVID-19</b>  <i>Ref: pg. 13 &gt; Minutes of the 2020 Annual Stockholders' Meeting &gt; Item 13. Other Matters</i>  <a href="https://acenergy.ph/wp-content/uploads/2020/04/ACEPH-2020-">https://acenergy.ph/wp-content/uploads/2020/04/ACEPH-2020-</a></p>	



		<a href="#">ASM-Minutes-signed.pdf</a>	
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SIGNATURES<sup>1</sup>



**FERNANDO ZOBEL DE AYALA<sup>2</sup>**

Chairman of the Board



**SHERISA P. NUESA<sup>3</sup>**

Lead Independent Director



**JOHN ERIC T. FRANCIA<sup>4</sup>**

President and Chief Executive Officer


**MA. AURORA D. GEOTINA-GARCIA<sup>5</sup>**

Independent Director



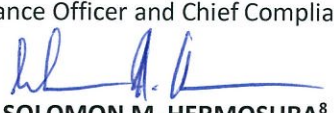
**MARIA CORAZON G. DIZON<sup>6</sup>**

Chief Finance Officer and Chief Compliance Officer



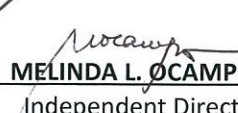
**CONSUELO D. GARCIA<sup>7</sup>**

Independent Director



**SOLOMON M. HERMOSURA<sup>8</sup>**

Corporate Secretary



**MELINDA L. OCAMPO<sup>9</sup>**

Independent Director

<sup>1</sup> Mario Antonio V. Paner was elected as Independent Director on 20 April 2020. Jesus P. Francisco passed away on 14 December 2019.

<sup>2</sup> Fernando Zobel de Ayala was elected as Chairman of the Board on 23 July 2019

<sup>3</sup> Sherisa P. Nuesa was elected as Independent Director on 17 September 2019.

<sup>4</sup> John Eric T. Francia was elected as President effective 15 May 2019.

<sup>5</sup> Ma. Aurora D. Geotina-Garcia was elected as Independent Director on 17 September 2019.

<sup>6</sup> Maria Corazon G. Dizon was elected as Chief Finance Officer effective 15 May 2019 and as Compliance Officer on 1 July 2019.

<sup>7</sup> Consuelo D. Garcia was elected as Independent Director on 17 September 2019.

<sup>8</sup> Solomon M. Hermosura was elected as Corporate Secretary on 1 July 2019.

<sup>9</sup> Melinda L. Ocampo was elected as Independent Director on 17 September 2019.

**SUBSCRIBED AND SWORN** to before me this AUG 27 2020 in Makati City, affiants exhibiting to me their competent evidence of identity, as follows:

<b>NAME – ID NO.</b>	<b>DATE OF ISSUE</b>	<b>PLACE OF ISSUE</b>
Fernando Zobel de Ayala – Passport No. P0349883B	22 January 2019	DFA Manila
John Eric T. Francia – Passport No. P3923362B	21 November 2019	DFA Manila
Maria Corazon G. Dizon – Passport No. P6253635A	2 March 2018	DFA NCR East
Solomon M. Herмосura – Passport No. P3081434B	14 October 2019	DFA NCR East
Sherisa P. Nuesa – Passport No. P8595622A	4 September 2018	DFA Manila
Ma. Aurora D. Geotina-Garcia – SCC No. 40360-B	10 October 2012	Quezon City
Consuelo D. Garcia – Passport No. P4867230A	28 October 2017	DFA NCR South
Melinda L. Ocampo – Driver’s License N20-78000518	11 December 2018	LTO

**WITNESS MY HAND AND SEAL** on the day and at the place first above written.

Doc. No.: 35 ;  
Page No.: 7 ;  
Book No.: X ;  
Series of 2020.



*Jordan Maet T. Chua*  
JORDAN MAET T. CHUA  
Notary Public for the City of Makati  
Commission No. M-67 until December 31, 2023  
Roll No. 63561/08 May 2014  
IC No. 0127535/Makati City/ 07 January 2010  
IBP Lifetime No. 012851  
Certificate No. VI – 0015897 valid until 14 April 2022  
4th Floor, 6750 Office Tower  
Ayala Avenue, Makati City

**ANNEX A**  
**Summary of SEC-Defined Material RPTs**

	<b>Type/Nature of Transaction</b>	<b>Execution Date of Transaction</b>	<b>Date of SEC's Receipt of Advisement Report</b>
1	Deed of Assignment between AC Energy, Inc. (" <b>ACEI</b> ") and ACEPH involving properties owned by ACEI in payment for ACEI's subscription to shares of ACEPH	9 October 2019	11 October 2019
2	Deed of Assignment between ACEI and ACEPH involving ACEI's right to purchase the twenty percent (20%) ownership stake of Axia Power Holdings Philippines, Inc. in South Luzon Thermal Energy Corporation	4 November 2019	7 November 2019



110112019002366



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

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**SEC Registration No.** 0000039274  
**Company Name** PHINMA ENERGY CORPORATION  
**Industry Classification**  
**Company Type** Stock Corporation

**Document Information**

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**Document ID** 110112019002366  
**Document Type** LETTER/MISC  
**Document Code** LTR  
**Period Covered** October 09, 2019  
**No. of Days Late** 0  
**Department** CED/CFD/CRMD/MRD/NTD  
**Remarks** ADVISEMENT REPORT

# COVER SHEET

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P H I N M A E N E R G Y C O R P O R A T I O N  
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(Company's Full Name)

L E V E L 1 1 P H I N M A P L A Z A 3 9 P L A Z A  
D R I V E , R O C K W E L L C E N T E R M A K A T I

(Business Address: No. Street City/Town/Province)

A L A N A S C A L O N \_\_\_\_\_  
Contact Person

7 7 3 0 6 3 0 0 \_\_\_\_\_  
Company Telephone Number

1 2 3 1  
Month Day  
Calendar Year

A D V I S E M E N T  
R E P O R T  
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Month Day  
Annual Meeting

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Secondary License Type, If Applicable

C F D  
Dept. Requiring this Doc.

\_\_\_\_\_  
Amended Articles Number/Section

\_\_\_\_\_  
Total No. of Stockholders

\_\_\_\_\_  
Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

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File Number

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ADVISEMENT REPORT ON  
MATERIAL RELATED PARTY TRANSACTIONS

Reporting PLC: PHINMA ENERGY CORPORATION

SEC Identification Number: 39274

Name of Related Party: AC ENERGY, INC.

Execution Date of Transaction: 9 October 2019

Relationship between the Parties including financial/non-financial interest: The related party is the Reporting PLC's parent company and substantial shareholder

Type/Nature of Transaction and Description of Assets Involved	Terms and Conditions	Rationale for Entering into the Transaction	Total Assets <sup>1</sup> of Reporting PLC	Amount/ Contract Price	Percentage of the Contract Price to the Total Assets of the Reporting PLC	Carrying Amount of Collateral, if any	Approving Authority <sup>2</sup>
Deed of Assignment in favor of the Reporting PLC involving Properties owned by the related party valued at ₱14,658,882,022.56 in payment for the related party's subscription to 6,185,182,288 common shares of the Reporting PLC at P2.37 per share	The assignment of the Properties by the related party to the Reporting PLC is being undertaken as a tax-free exchange  Issuance and Delivery of Stock Certificate will be made within 15 days after the approval by the	The assignment is consistent with the Reporting PLC's growth strategy to acquire certain of AC Energy's operating and development assets in the Philippines. These are high quality assets that will include several of AC Energy's Philippine	₱18,924,695,000	₱14,658,882,022.56 as the value of the Properties that have been assigned	77.46%	None	The Board of Directors:  1. Sherisa P. Nuesa (independent director) 2. Ma. Aurora Geotina-Garcia (independent director) 3. Melinda L. Ocampo

<sup>1</sup> Total assets shall pertain to consolidated assets if the reporting PLC is a parent company.

<sup>2</sup> The information shall include the names of directors present, names of directors who approved the Material Related Party Transaction and the corresponding voting percentage obtained.

	<p>SEC of the increase in authorized capital stock of the Reporting PLC.</p> <p>The listing of the shares with the PSE and compliance with listing shall be the responsibility of the Reporting PLC.</p>	<p>developmental pipeline.</p>					<p>(independent director)</p> <p>4. Consuelo D. Garcia (independent director)</p> <p>5. Jesus P. Francisco (independent director)</p> <p>6. Gerardo C. Ablaza, Jr.</p> <p>7. John Philip S. Orbeta</p> <p>8. Fernando Zobel de Ayala</p> <p>9. Jaime Augusto Zobel de Ayala</p> <p>10. John Eric T. Francia</p>
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**SIGNATURES**

Pursuant to the requirements of the Commission, the company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHINMA ENERGY CORPORATION

(Name of Reporting PLC)



.....

ALAN T. ASCALON  
Assistant Corporate Secretary

AC ENERGY, INC.

(Name of Related Party)



.....

DODJIE D. LAGAZO  
Assistant Corporate Secretary





111072019002034



# SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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SEC Registration No. 0000039274  
Company Name PHINMA ENERGY CORPORATION  
Industry Classification  
Company Type Stock Corporation

Document Information

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Document ID 111072019002034  
Document Type LETTER/MISC  
Document Code LTR  
Period Covered November 07, 2019  
No. of Days Late 0  
Department CED/CFD/CRMD/MRD/NTD  
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F o r m e r l y  
P H I N M A E N E R G Y C O R P O R A T I O N

(Company's Full Name)

4 T H F L O O R , 6 7 5 0 O F F I C E T O W E R  
A Y A L A A V E N U E M A K A T I C I T Y

(Business Address: No. Street City/Town/Province)

A L A N A S C A L O N

Contact Person

7 7 3 0 6 3 0 0

Company Telephone Number

1 2 3 1

Month Day  
Calendar Year

A D V I S E M E N T  
R E P O R T

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I. D.

Document I. D.

Cashier

Cashier

STAMPS

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**ADVISEMENT REPORT ON  
MATERIAL RELATED PARTY TRANSACTIONS**

Reporting PLC: AC ENERGY PHILIPPINES, INC.

SEC Identification Number: 39274

Name of Related Party: AC ENERGY, INC.

Execution Date of Transaction: 4 November 2019

Relationship between the Parties including financial/non-financial interest: The related party is the Reporting PLC's parent company and substantial shareholder

Type/Nature of Transaction and Description of Assets Involved	Terms and Conditions	Rationale for Entering into the Transaction	Total Assets <sup>1</sup> of Reporting PLC	Amount/ Contract Price	Percentage of the Contract Price to the Total Assets of the Reporting PLC	Carrying Amount of Collateral, if any	Approving Authority <sup>2</sup>
Deed of Assignment in favor of the Reporting PLC involving the related party's right to purchase the 20% ownership stake of Axia Power Holdings Philippines, Inc. ("Axia Power") in South Luzon	The Reporting PLC shall accede to and acquire all the rights and obligations of the related party under the Share Purchase Agreement ("SPA") signed by the latter with Axia Power, except for the obligation to deliver the payment security	The assignment is consistent with: (1) the related party's strategy of constituting the Reporting PLC as the former's Philippine growth platform, and (2) the Reporting PLC's turn-around plan.	₱18,924,695,000.00	Aside from the undertakings of the Reporting PLC, including to accede to all the rights and obligations of the related party under the SPA, as described in the column Terms and Conditions, there is no consideration payable by the Reporting Party to the related party. Please note that the purchase price	17.97%	None	The Board of Directors:  1. Sherisa P. Nuesa (independent director) 2. Ma. Aurora Geotina-Garcia (independent director) 3. Melinda L. Ocampo

<sup>1</sup> Total assets shall pertain to consolidated assets if the reporting PLC is a parent company.

<sup>2</sup> The information shall include the names of directors present, names of directors who approved the Material Related Party Transaction and the corresponding voting percentage obtained.

<p>Thermal Energy Corporation</p>	<p>which will remain as the related party's direct obligation.</p> <p>The Reporting PLC shall reimburse the related party for the: (1) PHP340,000,000.00 deposit already paid to Axia Power, and (2) premium paid and to be paid by the related party for the payment security.</p> <p>The Reporting PLC will pay an annual guarantee fee of 25 basis points of the amount secured under the payment security (decreasing secured amount) to the related party in consideration for the related party procuring and making available the payment guarantee to Axia Power.</p> <p>The related party will procure the assignment of the deposit and the performance</p>			<p>payable by the Reporting PLC to Axia Power under the SPA is PHP3,400,000,000.00.</p>			<p>(independent director)</p> <ol style="list-style-type: none"> <li>4. Consuelo D. Garcia (independent director)</li> <li>5. Jesus P. Francisco (independent director)</li> <li>6. Gerardo C. Ablaza, Jr.</li> <li>7. John Philip S. Orbeta</li> <li>8. Fernando Zobel de Ayala</li> <li>9. Jaime Augusto Zobel de Ayala</li> <li>10. John Eric T. Francia</li> </ol>
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	security in favor of the Reporting PLC.						
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**SIGNATURES**

Pursuant to the requirements of the Commission, the company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AC ENERGY PHILIPPINES, INC.

Reporting PLC



ALAN T. ASCALON

Assistant Corporate Secretary

AC ENERGY, INC. 

Related Party



DODJIE D. LAGAZO

Assistant Corporate Secretary

**ANNEX B**  
**2019 Attestation of Internal Audit, Control and Compliance Systems**

## 2019 Attestation of Internal Audit, Control and Compliance Systems


AC Energy Philippines Inc.'s corporate governance system takes into consideration the organizational structure as a whole; led by an effective board and board committees; supported by empowered and accountable management and management committees; and guided by strong core values across all levels with sound policies and effective controls.

- The Board of Directors is responsible in providing governance and overseeing the implementation of adequate internal control mechanisms and risk management process;
- Management has the primary responsibility to design and implement adequate and effective system of internal controls and risk management processes to ensure compliance with laws, rules, and regulations;
- Management is responsible to develop a system to monitor and manage risks;
- SGV & Co., the Corporation's external auditor, is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual work plan and conducts reviews to assess the adequacy of the Corporation's internal controls;
- The Chief Audit Executive reports functionally to the Audit Committee to ensure independence and objectivity allowing Internal Audit to fulfill its responsibilities; and
- Internal Audit activities conform with the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated through an independent Quality Assessment Review conducted every five years.

Based on the above and the assurance activities provided by the Corporation's internal auditors and its external auditors, we attest that AC Energy Philippines Inc.'s system of internal controls, risk management, compliance, and governance processes are designed adequately and continue to operate effectively.



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



**Maria Corazon G. Dizon**  
Treasurer and CFO;  
Compliance Officer; Chief  
Risk Officer



**Henry T. Gomez, Jr.**  
Chief Audit Executive