ACEN

“ACEN shall continue to play a leading role in the energy transition by delivering large and scalable renewable energy projects that move the needle.”

We have made great strategic progress in scaling up our renewables portfolio since we announced our goal of reaching 5 GW of renewables in 2019.

In addition to growing our renewables, we also continue to play a leading role in early coal retirement in the region and help other countries transition to cleaner technology in the fight against climate change.

Our 160 MW Pagudpud Wind, the largest wind farm in the Philippines

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"We aim to provide our shareholders with comprehensive and balanced insight into our strategy, governance and value creation."

Frameworks, Guidelines and Standards

Task Force on Climate-related Financial Disclosures

We are guided by TCFD recommendations on climate-related financial disclosures for climate-related discussions. ACEN's TCFD disclosures are consolidated on pages 66-68 ▸.

SASB Standards

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

Global Reporting Initiative (GRI) Standards

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

<IR Framework>

We adopt the Integrated Reporting Framework to structure the content of this report.

Sustainable Development Goals

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

Coverage of the Report

The disclosures of this report cover entities and operations consolidated in ACEN's financial statement. ACEN references Greenhouse Gas (GHG) Protocol's operational control approach in disclosing greenhouse gas emission data. For the remaining non-financial disclosures, ACEN follows the approach of equity share in facilities where it does not have operational control.

Financial Statements

Our audited financial statements for the period January 1, 2023 to December 31, 2023 has been approved by ACEN's Board of Directors and is pending approval by the shareholders at Annual Stockholders' Meeting on April 24, 2024.
The latest Audited Financial Statements is available on www.acenrenewables.com.

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

Verification and Assurance

We engaged SyCip Gorres Velayo & Co. to perform limited assurance on selected GRI and SASB disclosures in our 2023 Integrated Report. The engagement was conducted in accordance with PSAE 3000 (Revised) and covers selected disclosures on economic, environmental, social and governance aspects of our business.

We engaged Carbon Check (India) Private Limited to verify the greenhouse gas (GHG) removal within our Ilocos Norte Conservation Estate through assisted natural regeneration and other forest regeneration techniques. The assessment used the ISO-14064-2-2019 (E) Standard which covers materiality, stakeholder engagement, performance and management approach for the economic, environmental and social aspects of the business.

Note on Forward-Looking Statements

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

Responsibility Statement

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

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

To our special partners,

190 years ago, Ayala was born out of a purpose – to build businesses that enable people to thrive.

Today, we continue our journey along this path of stewardship and purpose – and we are proud to have found a committed partner in you.

Your trust has enabled us to grow together and make our communal visions possible. We look forward to continuing our journey with you.

Thank you for your friendship and shared sense of a common future.

With my warmest and best wishes always,

Jaime

As Ayala celebrates its 190th anniversary, our chairman Jaime Augusto Zobel de Ayala pens this special letter to our committed partners.

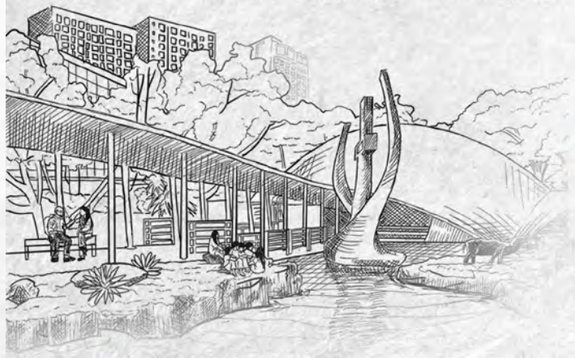
We look forward to the next 190 years with our renewed purpose statement and values, which reflect our shared visions and aspirations as a group.

At the core of everything we do, we build businesses that enable people to thrive.

Ayala

This is our commitment to our stakeholders.
It's one thing to say that we want what's best.

We go beyond to earn the trust of our partners and investors through continuous growth and value-adding to the investments we manage.



Guided by our shared values, we realize our collective promise of a sustainable future for all our stakeholders.

Imagine It Better

We envision a sustainable world and make it a reality. We innovate to find integrated solutions that deliver long-term value. Acting with the future generations in mind helps us stay relevant and respond to the nation's changing needs.

Do What's Right

We intend to do right by everyone through every decision we make. We honor our commitments and are accountable to them. Acting with kindness, empathy, and care, we find the best way forward for us and our stakeholders.

Inspire Excellence

At Ayala, our team members are valued and provided with resources to do their best work. We harness our unique strengths and enable everyone to take the lead. We step forward with commitment and quality in all our endeavors.

Create Value Together

We strive to be the partner of choice. We find synergies that deliver shared wins for us and our stakeholders. By working well together, we are able to build a stronger business and a more prosperous nation for all.

In all this, we thank you for being with us in our commitment to keep making every day possible for the communities we serve.
For today. And *Always.*

2023 at a glance

4 Business highlights

5 Sustainability highlights

6 Geographic footprint

On the Northern tip of the Philippines where mountains meet the sea, the towering wind turbines of ACEN's 160 MW Pagudpud Wind, the largest wind farm in the country, stand majestic to harness renewable energy to power more than 123,000 Filipino homes.

BUSINESS HIGHLIGHTS

"We have made significant progress with the continued ramp-up of our projects, helping provide much needed supply to the Philippines and across the region as we effectively reach our 5 GW target ahead of schedule."

ERIC FRANCIA
President & CEO

Investments in renewables (Capex)

₱55 B

Sustainable financing

Green loans for Australia expansion

AU$352 M

Financing initiatives with ADB

US$107 M

Financing package for the 88 MW Ninh Thuan Wind in Vietnam

₱11 B

Sustainability-linked loan facility for the development of solar projects

Preferred equity

₱25 B

The first perpetual preferred share issuance on the Philippine Stock Exchange

Read more about our green financing initiatives on page 19

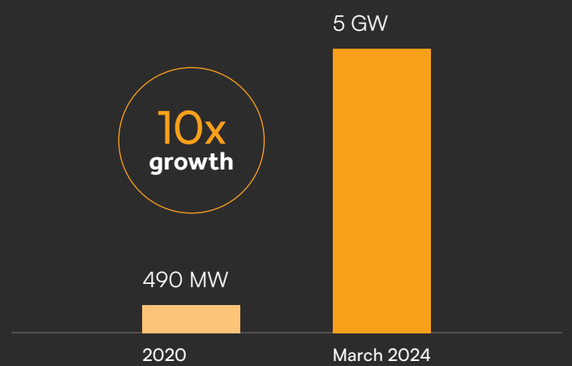
5 GW

Renewable Energy

We have effectively achieved our goal of reaching 5 GW of renewables capacity by 2025, approximately two years ahead of plan.

- **4.7 GW** of attributable renewables capacity in operation and under construction
- **1 GW** signed agreements or won competitive tenders

Renewables growth



We embarked on a bold strategy to turbocharge our growth and assemble 20 GW of renewables capacity by 2030

Total asset value

₱284.9 B

Market capitalization

~₱174 B

Total shareholders' equity

₱173.4 B

Read more about our financial performance on page 13

Attributable output from renewable sources

4,500 GWh

32% increase

Net income

₱7.4 B

Consolidated revenues

₱36.5 B

Attributable EBITDA

₱18.8 B

31% increase

Retail electricity supply (RES) growth

218 MW

54% increase in commercial and industrial customers

New strategic partnerships

- Yindjibarndi Aboriginal Corporation
- Monsoon Wind partners
- Super Energy
- PT Dewata Megaenergi
- Barito Renewables

Read more about our business performance on page 13

SUSTAINABILITY HIGHLIGHTS

"We have accelerated our sustainability progress, integrating ESG practices into every business decision."

ESG RATINGS

Progress compared to baseline score

as of FY 2023

CDP	B
MSCI	BBB
S&P Global	54
SUSTAINALYTICS	29.4

CDP: Climate Change score

Sustainalytics: ACEN garnered a lower ESG risk rating from high risk to medium risk

Environment

Pioneering early coal retirement

At the COP28 in Dubai, we announced our partnership with The Rockefeller Foundation's Coal to Clean Credit Initiative and Monetary Authority of Singapore to pilot the use of Transition Credits for the early retirement of coal plants.

GHG emissions on scope 1

62% reduction

Conservation Estate in Ilocos Norte

~94 KT carbon stored

Since 2014, through our forest protection program, we have ~94 kilotons of carbon stored, equivalent to 345 kilotons of carbon dioxide avoided, covering ~625 hectares of our Conservation Estate in Ilocos Norte.

We partner with UP Los Baños in the development and implementation of the methodology. The assessment of the carbon stock additionality was verified by Carbon Check ISO 14064 - 2 (2019).

Trees planted

~978,000

Across 39 sites in our areas of operation

1 M trees target by 2025

Read more about our environmental initiatives on pages 28 to 37

Social

Just Energy Transition roadmap

At the COP28 in Dubai, ACEN launched its Just Energy Transition roadmap in partnership with global coal-to-clean accelerator.

Human capital

956 employees

Employee engagement score

92%

Percentage of ACEN employees who responded favorably to the nine Sustainable Engagement items in a survey conducted by Willis Towers Watson

Top talent retention rate

96%

Social Progress Index

Implementation of framework to align our programs and measure our progress

Jobs created

~20,450

Community investments

~₱636 M

Read more on how we invest in people on pages 38 to 56

Governance

Integrating sustainability into our operations, we have established supplementary policies in 2023 to strengthen governance on crucial ESG themes:

ESG Policy, Supplier Code of Conduct, Learning and Development Policy and Human Rights Policy

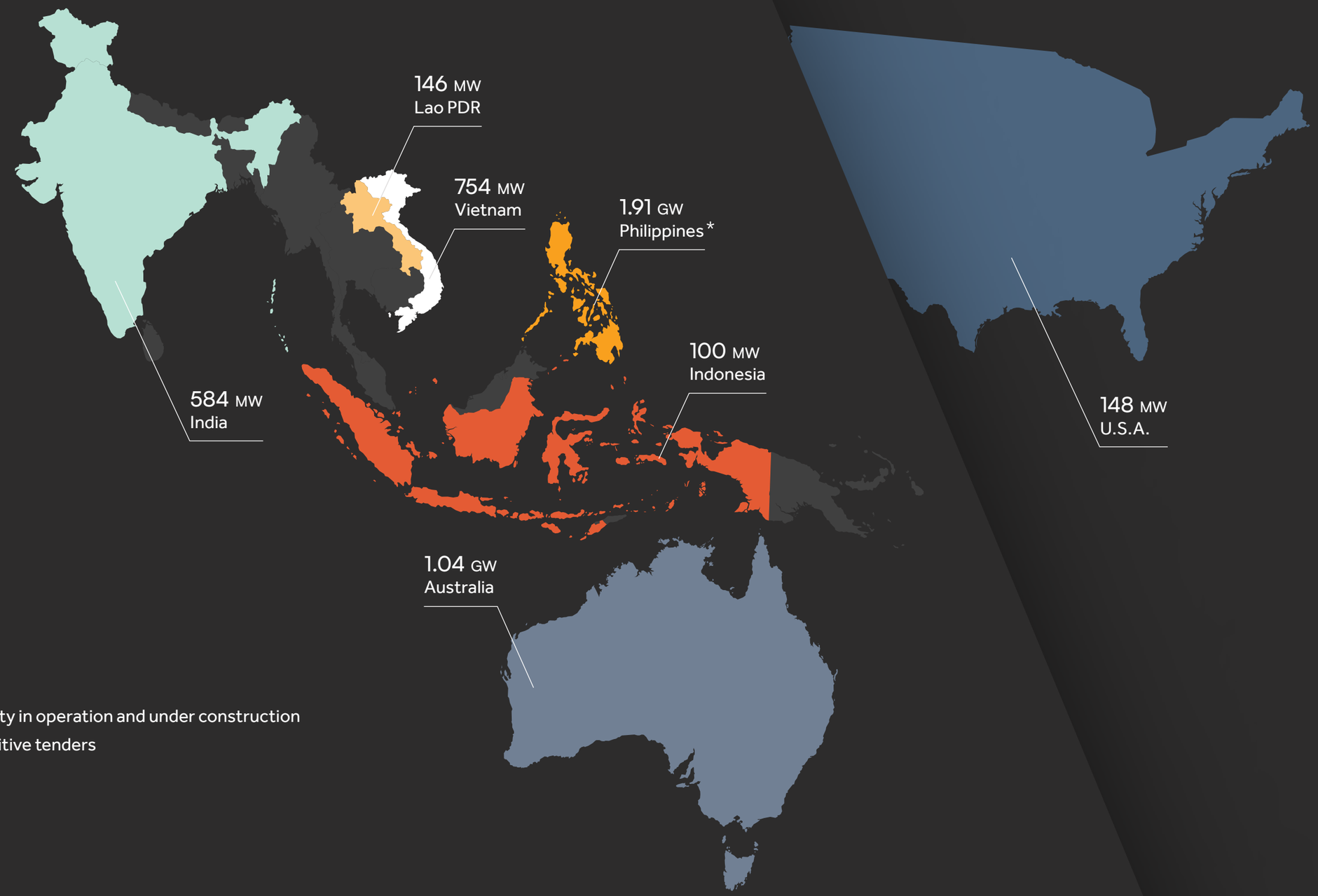
Women in leadership positions

42%

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

Read more about how we embed sustainability in our business on page 57 to 61

GEOGRAPHIC FOOTPRINT



5 GW

Renewable Energy

- 4.7 GW of attributable renewables capacity in operation and under construction
- 1 GW signed agreements or won competitive tenders

PHILIPPINES

Solar	1,407
Wind	388
Geothermal	8
Battery	40

* 1.91 GW includes 68 MW Diesel

AUSTRALIA

Solar	1,041

VIETNAM & LAO PDR

Wind	493
Solar	407

INDIA

Hybrid Solar-Wind	80
Solar	504

INDONESIA

Geothermal	100

- Operating
- Partially operating
- Under construction

Numbers are in MW

How we create value

8 Message from the chairman

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In Australia, we maximize resource efficiency and commit to responsible land use through solar energy generation while providing shelter to about 2,000 grazing merino sheep, with a population count expected to triple in 2024.

"2023 turned out to be another strong year for ACEN. We saw significant growth in financial performance, added over 700 MW of attributable renewables capacity."

DELFIN LAZARO
Chairman

Dear fellow shareholders,

We are pleased to report that 2023 turned out to be another strong year for your company. We saw **significant growth in financial performance** and added over 700 MW of attributable renewables capacity in 2023. With over 4.7 GW as of today, ACEN is now poised to achieve its original 2025 goal of 5 GW of renewables capacity nearly two years ahead of schedule. Progress towards the new 2030 aspiration of 20 GW has thus continued at a steady pace.

"The accelerating shift to a low-carbon future has nurtured several tailwinds for the growth of renewables. Within ACEN, we have a deep development pipeline to take on these opportunities. Equally important, the company has a talented, motivated team to execute and deliver."

I believe that the company is in a strong position to continue its healthy trajectory, and I feel that it is now the right time for me to transition the chairmanship of the board and step down as director.

It has been a privilege to serve on the board. I would like to thank my fellow directors and all ACEN employees for their active engagement, excellent work, and untiring commitment. I am also grateful to our partners, customers, shareholders, and the rest of our stakeholder community for their trust in ACEN.

DELFIN LAZARO
Chairman

"We continue to execute on our renewables expansion across key markets, with 4.7 GW of renewables capacity in operation and under construction. We have signed agreements or won competitive tenders worth over 1 GW. This effectively surpasses our goal of reaching 5 GW of renewables by 2025, almost two years ahead of schedule."

ERIC FRANCIA
President & CEO

Fellow shareholders,

2023 saw some reprieve from the global energy crisis, with fuel prices coming off from historic highs. With that said, energy demand continues to grow, and the imperative to transition from fossil fuels to clean energy remains intact.

The company continues to execute on its renewables expansion across our key markets in the Philippines, Australia, Vietnam, India, Indonesia, Laos and the U.S. ACEN currently has around 4.7 GW of renewables capacity in operations and under construction. In addition, the company has signed agreements or won competitive tenders worth over 1 GW of capacity. This effectively **surpasses the company's goal of reaching 5 GW of renewables by 2025, or almost two years ahead of schedule.**

Attributable output from ACEN's renewable energy plants **increased 32 percent** in 2023 to 4,474 GWh. As a result, attributable EBITDA for the year grew 31 percent to ₱18.8 billion.

Reported net income for 2023 stood at ₱7.4 billion. This represented a decline versus 2022 reported net income of ₱13 billion, which included around ₱8.6 billion in net noncash items. **Taking out all non-cash items, ACEN's profitability increased 150 percent year over year, driven by nearly three-fold increase in core operating earnings.**

The Philippines continues to be our core market, accounting for about 40 percent of our generation portfolio. Our Philippine renewables output increased by 35 percent to 1,145 GWh with the commissioning of new solar and wind farms. Our retail electricity business ACEN RES also grew by 54 percent to 218 MW. The significant increase in capacity resulted in a stronger net seller position for the Philippine business, amidst elevated electricity prices. This resulted in a robust financial performance.

Overseas, Australia is our largest market, comprising around 20 percent of our generation portfolio capacity. We successfully commenced operations of our first project in Australia, the 521 MW New England Solar farm, one of the largest solar farms in Australia. Construction progress is also underway for the 520 MW Stubbo solar farm, which is around halfway to completion.

Our large construction projects in the Philippines, Australia and India faced execution challenges, mostly related to grid connection, extreme weather and right of way issues. However, many of these plants successfully commenced full operations by the end of 2023. In fact, **six new projects worth 1.6 GW have recently started operations** and are expected to deliver close to full year output in 2024.

The first phase of our 160 MW Pagudpud Wind was officially opened in May 2023. The entire project will be completed no later than December 2025 under the Department of Energy's Green Energy Auction Program.

Today, ACEN has **over 3.3 GW of capacity in operations and under commissioning**, and about **1.5 GW of capacity under construction**. We expect to continue our rapid expansion through 2024 as we work towards our aspiration to reach **20 GW of renewables capacity** by 2030.

To support the strong growth trajectory, the company successfully raised **₱25 billion of perpetual preferred shares** in 2023. This included a fixed for life coupon with no step up, the first of its kind in the country. This additional equity further strengthens our balance sheet and allows us to leverage the growth momentum.

Meanwhile, ACEN continues to play a leading role in the energy transition in the region. In addition to scaling up renewables, the company is also pioneering efforts in early coal retirement.

Attributable renewables output

4,500 GWh ↑ 32%

Attributable EBITDA

₱18.8 B ↑ 31%

"ACEN continues to play a leading role in the energy transition in the region. In addition to scaling up renewables, the company is also pioneering efforts in early coal retirement."

At the COP28 Presidency main stage, ACEN president and CEO Eric Francia brought the company's Energy Transition Mechanism deal at the forefront of global climate action, highlighting how Transition Credits can help close the gap in efficiently utilizing the grid and how coal retirement must be done in a just and responsible manner.

At the COP28 in Dubai last December 2023, ACEN, together with the **Rockefeller Foundation's Coal to Clean Credit Initiative** (CCCI) and the **Monetary Authority of Singapore** (MAS), announced an exciting collaboration to implement the world's first coal-to-clean credit pilot project.

The initiative will help road test the new methodology being developed by CCCI, and hopefully jumpstart the market for transition credits. **Transition Credits** are high-integrity carbon credits that are granted to projects that enable the early retirement of coal plants and their replacement with clean energy, while ensuring a just transition.

This initiative complements ACEN's Energy Transition Mechanism for the 246 MW SLTEC coal plant, which targets a retirement date of 2040 or after 25 years of plant operations. The transition credit initiative will potentially **accelerate the transition of coal to cleaner** technology by 10 years or as early as 2030.

If successful, this can be **scaled up and replicated** by other coal fired power plants - not only in the Philippines but across the globe.

Before I end my report, I would like to acknowledge some key transitions in the board.

I would like to thank our chairman Mr. Delfin Lazaro and our director Mr. Rene Almendras, both of whom were former energy secretaries of the Republic. The company was very fortunate to benefit from their wisdom and support.

As leaders who understand the critical importance of energy security, both Del and Rene have been strong advocates of ACEN's aggressive renewables expansion in the Philippines, including our investments in large scale infrastructure to enable giga scale renewable projects that move the needle for the company and the country. Del and Rene have also consistently provided guidance on balancing growth with strong risk management and a robust balance sheet.

On behalf of all my colleagues, we thank Del and Rene for having consistently championed and guided ACEN throughout the years.

We also welcome the opportunity to work with our incoming directors, Mr. Gerardo Ablaza and Mr. Jaime Urquijo. Both Gerry and Jaime are no strangers to the company, having previously been with ACEN board and management, respectively.

I would also like to thank Atty. Mon Hermosura for his exceptional contributions as Corporate Secretary, and welcome his successor, Atty. Franchette Acosta.

In closing, I thank our board of directors for its guidance, our management team and all our employees for their engagement and rigor, our business partners, shareholders, and our many stakeholders for their continued trust and support.

ERIC FRANCIA
President & CEO

BUSINESS PERFORMANCE

The Philippine power sector made significant gains in 2023 as the macro headwinds from the previous year subsided. Spot market prices fell but remained at historically elevated levels, averaging ₱5.86 per KWh for the year, as thermal prices decreased from supply-demand shocks in the previous year. This was partly due to a major gas-fired power plant's shift to LNG from its previous dependence on dwindling Malampaya gas field supply. With the initial shock from the Russia-Ukraine War moderating, supply chains returning to normal, and continued favorable government policy, Philippine renewable energy players continued to ramp up construction of new solar and wind facilities.

Meanwhile, the global energy transition continued at a steady pace. Our core overseas markets continued to demonstrate opportunities for renewables expansion. Australia's goal to attain Net Zero emissions by 2050 and subsequent planned complete phaseout of coal-fired power plants by 2038 has enabled significant potential for new wind, solar and energy storage projects. In Vietnam, an influx of foreign manufacturing investments from multinational companies seeking to diversify their footprint has pressured the country's power systems, especially during dry seasons. Meanwhile, India – now the world's most populous nation – and its state power entities continue to hold frequent auctions to achieve their national 500 GW renewables capacity target by 2030. And across our other markets, the continued strong demand for power continues, particularly for renewables, with countries setting national Net Zero targets and financing for new fossil fuel-based generation becoming increasingly challenging.

2023 Financial performance

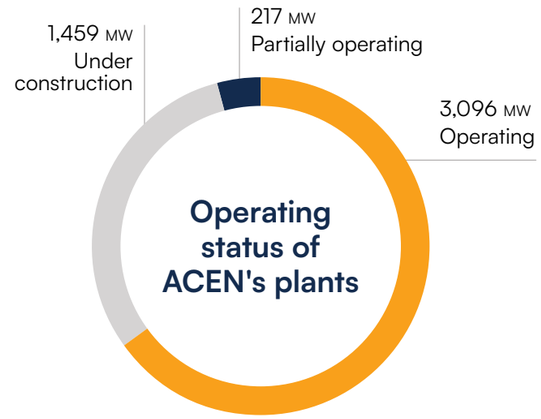
We benefitted sizably from these positive trends in 2023. Consolidated revenues increased 4 percent year-on-year to ₱36.5 billion on the back of higher retail customer tariffs and the ramp-up of New England Solar in Australia and Pagudpud Wind in the Philippines. Including our share of revenues from International and other non-consolidated operating assets, attributable revenues grew 10 percent to ₱52.1 billion.

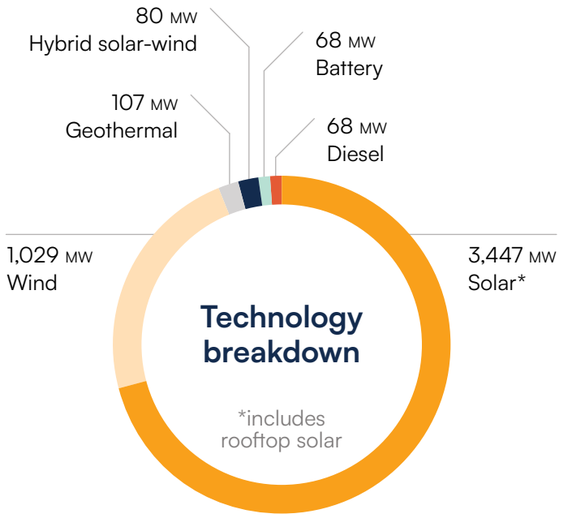
Core operating earnings, which represent our profits from the sale of power, both generation and retail, across our global portfolio, were up 192 percent year-on-year to ₱4.9 billion as new operating capacity came onstream and Philippine operations shifted to a net selling merchant position. This offset higher overhead and development expenses for the period as we continued to ramp up our renewables expansion in the Philippines and Australia.

Core attributable earnings before interest, taxes, depreciation, and amortization (EBITDA), which includes our share of EBITDA from non-consolidated operating projects, and other cash earnings, rose 31 percent to ₱18.8 billion during the year, as value realization gains from the sale of a stake in the Salak and Darajat geothermal plants in Indonesia offset declines in guarantee fees and other pre-operating income items.

Consolidated revenues

₱52.1 B ↑ 9%





Located in Barangays Balaoi and Caunayan across Pagudpud town in Ilocos Norte, ACEN's 160 MW Pagudpud Wind comprises of 32 wind turbine generators, each capable of producing 5 MW of power to optimize production of renewable energy.

Sustained funding to support growth

We continued to maintain a robust balance sheet, closing 2023 with ₱284.9 billion in assets, up 22 percent year-on-year and ₱39.7 billion in cash, up 15 percent from 2022. To support our expansion plans, we completed our maiden preferred equity issuance and secured several green loans, a major project finance deal and our first sustainability-linked loan.

In September, as part of our funding diversification strategy, we issued ₱25 billion in perpetual preferred shares, which were listed on the Philippine Stock Exchange (PSE) in two series, A and B. This was the largest preferred share offering in the country since 2016. Our issuance was met with strong demand from both institutional and retail investors, allowing us to fully exercise our oversubscription option. The offering's series B featured a fixed dividend rate of 8.0 percent per annum with no dividend rate re-setting, making it the first Philippine Peso-denominated fixed-for-life equity instrument listed on the PSE. Proceeds from the issuance are being used for eligible green projects in accordance with the company's Green Equity Framework.

In addition, supported by our own Green Finance Framework, we once again secured several green term loan facilities in 2023. Through ACEN Australia, we signed such a facility with a syndicate led by Bank of China, CTBC Bank and Standard Chartered Bank in January worth AU$277 million, the Australian platform's largest to date, as well as a AU$75 million green term loan with HSBC in December.

We also tapped the Asian Development Bank (ADB), one of the world's largest multilateral financial institutions, to lead two major sustainable financing initiatives. At the start of 2023, an ADB-led consortium provided an innovative US$107 million financing package for our joint venture with the BIM Group for the 88 MW Ninh Thuan Wind farm in South Central Vietnam. Later, in December, together with the Bank of the Philippine Islands (BPI) and ADB, we signed an ₱11 billion sustainability-linked loan facility, which included a partial credit guarantee from the ADB and is tied to key performance metrics.

Expanding our renewables portfolio, in the Philippines and beyond 5 GW

We continued to execute on our 2030 aspiration of attaining 20 GW in attributable renewables capacity. Growth remained balanced between our home market, the Philippines, and other select international markets. We aim to expand operating capacity and maintain an optimized approach to contracting in order to generate sustained profitability, while continuing to add to our pipeline for the years ahead.

We have effectively achieved our goal of reaching 5 GW of renewables capacity by 2025, approximately two years ahead of plan. We have 4.7 GW of renewables capacity in operation and under construction, and we have signed agreements or won competitive tenders worth over 1 GW. Our current portfolio includes 1.9 GW in the Philippines, 1.0 GW in Australia, 0.9 GW in Vietnam and Lao People's Dem. Rep. (PDR), 0.6 GW in India, and 0.1 GW in Indonesia, U.S.A. and other markets.

In May 2023, Philippine President Ferdinand "Bongbong" Marcos Jr. led the inauguration of our 160 MW Pagudpud Wind (Phase 1) in Ilocos Norte.

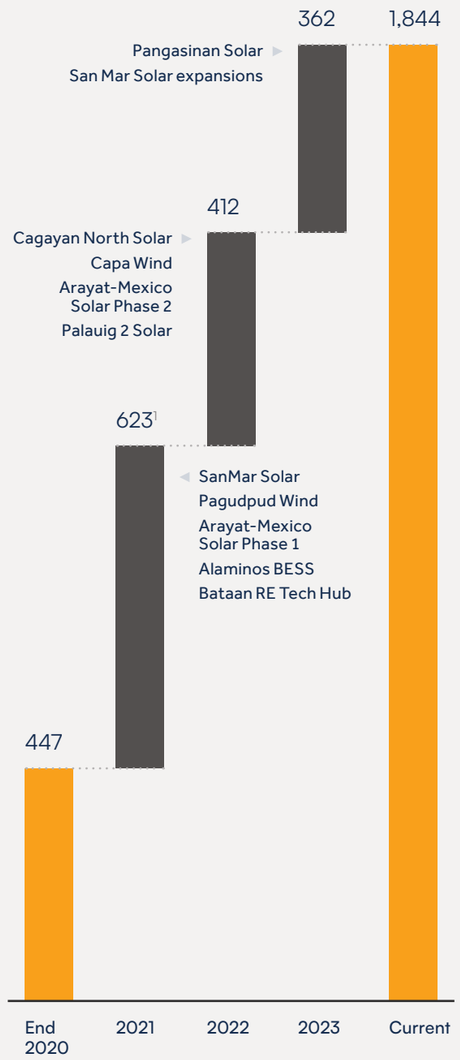
Philippines

In 2023, we inaugurated the first phase of our 160 MW Pagudpud Wind in Ilocos Norte - the largest wind farm in the Philippines. We also began construction on an additional 362 MW of renewables capacity in the Philippines. This consisted of a 300 MW expansion of the now-585 MW SanMar Solar in San Marcelino, Zambales and the 60 MW Pangasinan Solar facility in Sinocalan, Pangasinan. SanMar Solar is the largest solar farm under construction in the Philippines and is built over 500 hectares of unutilized land covered by lahar. On the other hand, the Pangasinan Solar farm is our first in the province and is strategically connected to the 69-kV NGCP San Manuel substation.

In San Marcelino, Zambales, our 585 MW SanMar Solar, which sits on over 500 hectares of idle land covered by lahar, is touted as the largest solar farm in the Philippines to date. Its third phase is expected to finish construction by 2025.

Net addition to ACEN's Philippine renewables capacity

Attributable MW, both operating and under construction



Australia

In February, we completed the acquisition of our Australia development platform, which currently includes the 521 MW first phase of New England Solar, which has since begun partial operations, and 520 MW Stubbo Solar, under construction.

New England Solar has since been energized after its official opening as one of Australia's largest solar projects to be participating in the country's National Electricity Market (NEM), with Phase 1 requiring the installation of close to a million solar panels. This also includes provisions for a prospective 200 MWh battery energy storage system, allowing for round-the-clock renewable energy dispatch. Meanwhile, construction is already underway for Stubbo Solar, of similar scale at 520 MW.

To ensure offtake for these projects, in May, we secured 20-year Long Term Energy Service Agreements (LTESAs) at the New South Wales (NSW) Government's first renewable energy and storage auction. The LTESAs offer rights to a minimum price for generation projects over a 20-year timeframe, which protects developers from unexpectedly low wholesale electricity prices.

Vietnam-Lao PDR

Now our third largest market, the Greater Mekong Region contributed more capacity to the portfolio through two projects built on strategic partnerships—the 600 MW Monsoon Wind and the first phase of our acquisition of SUPER Energy's 837 MW Solar NT platform.

One of Australia's largest solar projects, the first stage of ACEN's 521 MW New England Solar was officially opened in March 2023 by Australia's federal minister for climate change, Hon. Chris Bowen MP.

In April, through our subsidiary, ACEN Renewables International, and alongside an international consortium of six business groups and eight financial institutions*, with the ADB as lead arranger, achieved non-recourse project financing for Monsoon Wind. Monsoon Wind is the first-ever wind power project in Lao PDR and cross-border wind farm in Asia, as electricity generated from the plant will be sold to Vietnam Electricity (EVN). The project will include a 500 kV transmission line in Sekong and Attapeu provinces.

Later in June, we completed the first phase of our acquisition of SUPER Energy's Vietnam solar platform. SUPER currently owns and operates 837 MW of solar projects in Vietnam through Solar NT; We will eventually take up 49 percent ownership of Solar NT through subsequent phases.

Entry into North America

The year also brought our first foray into the fast-growing North American renewables market. In March, through our joint venture with PivotGen and UPC Solar & Wind Investments, we acquired US-based developer GlidePath's portfolio of eight operating wind projects located in northern Texas. Now collectively branded as the 136 MW Stockyard Wind, it will generate ~360 GWh of wind energy per year upon completion of repowering, enough to power ~24,000 households and avoid ~127,000 metric tons of CO_2 emissions.

* Monsoon Wind is a partnership with ACEN, BCPG Public Company Limited, Impact Electrons Siam Limited, Mitsubishi Corporation, SMP Consultation and STP&I Public Company Limited. The project is co-financed by the Asian Development Bank as lead arranger, Asia Infrastructure Investment Bank, Japan International Corporation Agency, the Export-Import Bank of Thailand, Hong Kong Mortgage Corporation Limited, Sumitomo Mitsui Banking Corporation, Kasikornbank and Siam Commercial Bank.

Led by ACEN group chief investment officer Patrice Clausse, we successfully signed a US$107 million financing package from Asian Development Bank for our 88 MW Ninh Thuan Wind farm, a joint venture development with BIM Group in Vietnam.

"Strategic expansion through targeted investments and partnerships will be our north star in 2024 as we continue to capitalize on growth opportunities both within our local markets and on the global stage."

PATRICE CLAUSSE
Group Chief Investment Officer

Growing pipeline towards ACEN 2030

Beyond the current portfolio of operating and under-construction assets, we are incubating a robust development pipeline to fuel achievement of our 2030 strategic goals. Throughout 2023, we made progress in securing grants and permits critical to executing these projects, as well as in exploring new renewable energy technologies that aim to solve industry-wide challenges.

In January, ACEN Australia announced that with the support of the NSW State Government, it has progressed on feasibility studies for the proposed Phoenix Pumped Hydro project. The prospective asset was chosen for WaterNSW's Renewable Energy and Storage Program, as well as AU$7 million in feasibility study funding by EnergyCo. The 800 MW, 12-hour duration storage project is located within NSW's Central-West Orana Renewable Energy Zone and, if found feasible and constructed, will offer energy storage solutions to support several nearby wind and solar assets.

Later, in May, together with our partner, AMI Renewables, we signed a memorandum of understanding with battery solutions provider Honeywell to collaborate on a 7.5 MWh battery energy storage system (BESS) pilot project in Khanh Hoa, Vietnam. Co-funded by a grant from U.S. Mission Vietnam, the project is Vietnam's first grid-connected BESS.

Finally, in August, our subsidiaries signed agreements with the Laguna Lake Development Authority (LLDA) to lease ~800 hectares of Renewable Energy Areas in Laguna Lake, Philippines. This is a pivotal step toward a groundbreaking large-scale floating solar project on Laguna de Bay, the country's largest freshwater lake. The site can potentially contribute ~1 GW and, if constructed, will be our first floating solar farm. With the scarcity of land, floating solar remains a promising alternative to ground-mounted solar.

> "With the worldwide demand for sustainable energy on the rise, we're capitalizing on our key markets to push forward with our energy transition efforts. Maintaining this progress is critical, not just for ACEN's continued success, but also for our collective move towards a more sustainable future."

JOSE MARIA ZABALETA
Group Chief Operating Officer
& Group Chief Development Officer

Forming new strategic partnerships

Throughout 2023, we continued to establish joint ventures with major industry players and global developers. The establishment and nurturing of such partnerships remains one of our key growth strategies. With deepening operating expertise, as well as a strong balance sheet and sound corporate governance practices backed by the Ayala group, we remain a preferred partner in the energy sector.

In March, we agreed with US-based renewable power company, BrightNight, to partner on large-scale hybrid wind-solar and round-the-clock renewable power projects in India. BrightNight brings to the venture its advanced India portfolio, experienced local team, and differentiated capabilities to develop and optimize large-scale, multi-technology hybrid renewables.

Jose Maria Zabaleta, group chief operating officer & chief development officer, in Ilocos Norte, where ACEN's leadership team conducted an offsite planning last year to discuss the company's growth strategies.

In August 2023, we signed a renewable energy contract area utilization agreement with the Laguna Lake Development Authority (LLDA) to develop ~1 GW of floating solar across ~800 hectares of Laguna Lake's water surface.

Later, in July, through our subsidiary, ACEN Investments Australia Pty. Ltd., we established Yindjibarndi Energy Corporation (YEC), a historic partnership with the Yindjibarndi people, traditional owners in the Pilbara, Western Australia (WA). YEC will develop large-scale renewables of up to 3 GW on the ~13,000 km² Yindjibarndi Ngurra in the Pilbara, with an initial goal to build 750 MW of combined wind, solar and battery storage under construction within the next few years worth over AU$1 billion. Subsequent stages will target an additional 2 GW to 3 GW. If completed, the renewable energy produced will surpass the current output of WA's largest coal-fired power station.

In October, YEC signed a memorandum of understanding with Rio Tinto to collaborate on renewables in the Ngurra, covering wind, solar and battery storage. The initial focus is on a prospective solar farm for supplying energy to Rio Tinto, which currently operates four gas-fired power stations in the region.

Finally, in December, together with Barito Renewables and via our respective subsidiaries, we signed an agreement with UPC Renewables Asia Pacific Holdings for the acquisition of three late-stage wind development assets in Indonesia totaling a potential 320 MW. We now own 49 percent of the prospective wind farms, located in South Sulawesi, Sukabumi and Lombok provinces in Indonesia, our first international market. The country remains to be one of our priorities due to its favorable demographics and significant growth headroom, as well as its aspiration to reach Net Zero by 2060.

Representatives from the Yindjibarndi Energy Corporation (YEC), a joint venture company between ACEN and Yindjibarndi Aboriginal Corporation (YAC) in Australia, travelled to the Philippines last year to gain insights into ACEN's large-scale renewable energy developments and sustainability initiatives.

Outlook

We anticipate 2024 to be a strong year for ACEN, with the expected completion and startup of new, at-scale renewable energy plants, growth in demand, and better spot market prices balanced by an optimally contracted portfolio.

In the Philippines, we expect to sustain our net merchant selling position with ~850 MW of capacity coming online during the year. We remain well-positioned to take advantage of spot market peaks as new solar farms begin full operations, with prices remaining sustainably high at midday, when solar generation is strongest. Internationally, over 1 GW of capacity is expected to fully begin commercial operations in 2024, largely in Australia.

As of April 2024, over 60 percent of our portfolio is now fully operational. In the Philippines, these plants include Arayat Mexico Solar Phase 2, Pagudpud Wind and SanMar Solar. Internationally, the first phases of New England Solar and Masaya Solar are already sending electricity to their respective grids. With the completion of these plants, in addition to the 60 MW Pangasinan Solar, 133 MW Cagayan North Solar, and 136 MW Stockyard Wind, which are all scheduled to come online in 2024, we expect to have a more robust operating portfolio entering 2025.

We also see continued portfolio growth beyond 2024. In the Philippines, service contracts have already been secured for our floating solar project on Laguna Lake, while development and construction on GEAP-2 winner Isla Wind, with at least 335 MW in capacity, will proceed over the next few years. In parallel, developing our strong Australia pipeline of ~10 GW in one of the world's most renewable energy resource-rich geographies remains a key growth driver, supported by expansion across the rest of the company's priority markets.

In 2024, we have allocated ~₱70 billion in capital expenditures to fund this expansion, covering development, construction and working capital across our global portfolio of generation and retail businesses. Financing appetite for renewables remains warm, both in the Philippines and internationally. With a strong growth pipeline, steadily increasing operating capacity, and a favorable funding environment, we remain well on track to achieving our goal of 20 GW in renewables capacity by the end of the decade.

2024 Capital expenditure allocation

~₱70 B

"We look forward to 2024 with full commercial operations of newly commissioned plants, a continually growing pipeline and continued progress towards our aspiration to achieve 20 GW in attributable renewables capacity by 2030."

The first and second phases of our 585 MW SanMar Solar already began injecting power to the grid in December 2023 as part of its testing and commissioning program. With the third phase's construction in full swing, SanMar Solar's expansion reinforces our mission to supply more renewable energy to the Philippines' energy grid.

5GW

RENEWABLES

We have effectively achieved our goal of reaching 5GW of renewables capacity by 2025, approximately two years ahead of plan, making us one of the fastest growing renewable energy platforms in the Asia Pacific. The attributable capacity represents 4.7 GW of installed projects and 1 GW of signed agreements or won competitive tenders.

With our strong network of partners and banking relationships, a highly motivated, dynamic and agile team, we are now ready to deliver the next milestone for the company and continue our renewables expansion across key markets in the Philippines, Australia, Vietnam, India, Indonesia, Lao PDR and the U.S.A.

2011-2014

- Maibarara Geothermal 32 MW
- Guimaras Wind 54 MW
- North Luzon Renewables* 81 MW
- NorthWind* 52 MW

2015-2018

- MonteSol* 18 MW
- Salak & Darajat Geothermal* 648 MW
- Sidrap Wind*** 75 MW

2019

Announced 5GW by 2025 Goal

- SaCaSol 45 MW
- IslaSol 80 MW
- Ninh Thuan Solar* 330 MW
- Khanh Hoa Solar* 50 MW
- Dak Lak Solar* 30 MW

2020

- Alaminos Solar 120 MW
- Palauig Solar 1 63 MW
- Ninh Thuan Solar Expansion* 75 MW
- Mui Ne Wind Phase 1* 40 MW

2021

- Mui Ne Wind Phase 2 40 MW
- Lac Hoa Wind 30 MW
- Hoa Dong Wind 30 MW
- Sitara Solar 140 MW
- Ninh Thuan Wind 88 MW
- Quang Binh Wind 252 MW
- Paryapt Solar 70 MW
- NEFIN 79 MW

2022

- ACEN Tech Hub 4 MW
- Arayat-Mexico Solar 1 72 MW

2023

- Alaminos Energy Storage 40 MW
- Arayat-Mexico Solar 2 44 MW
- Pagudpud Wind 160 MW
- Solar NT 1 287 MW
- Chestnut Flats Wind 38 MW

2024-2025

- Capa Wind 70 MW
- Pangasinan Solar 60 MW
- SanMar Solar 385 MW
- Cagayan North Solar 133 MW
- New England Solar 521 MW
- Masaya Solar 420 MW
- Stockyard Wind 136 MW
- Palauig Solar 2 300 MW
- SanMar Solar 200 MW
- Maharashtra Hybrid Solar-Wind 100 MW
- Stubbo Solar 520 MW
- Monsoon Wind 600 MW
- NEFIN 44 MW

2030 — 20GW RE by 2030

- Operating/Installed
- Under construction
- * Part of legacy AC Energy organization that was the subject of asset for share swap in 2020/21.
- ** Divested in 2024

A leader in green financing

Through the strategic deployment of green bond proceeds in funding our renewable energy projects and sustainability initiatives, we commit to driving substantial progress towards global climate goals.

To date, we have successfully raised a total of US$ 1.8 billion through landmark green bonds, becoming one of the country's leading issuers. These fund-raising initiatives boosted our balance sheet and showed sustained investor confidence in ACEN and our growth aspirations.

Climate impacts of our 2023 allocations

Emissions avoided

2.8 million MTCO2e[1]

Equivalent homes powered with renewables

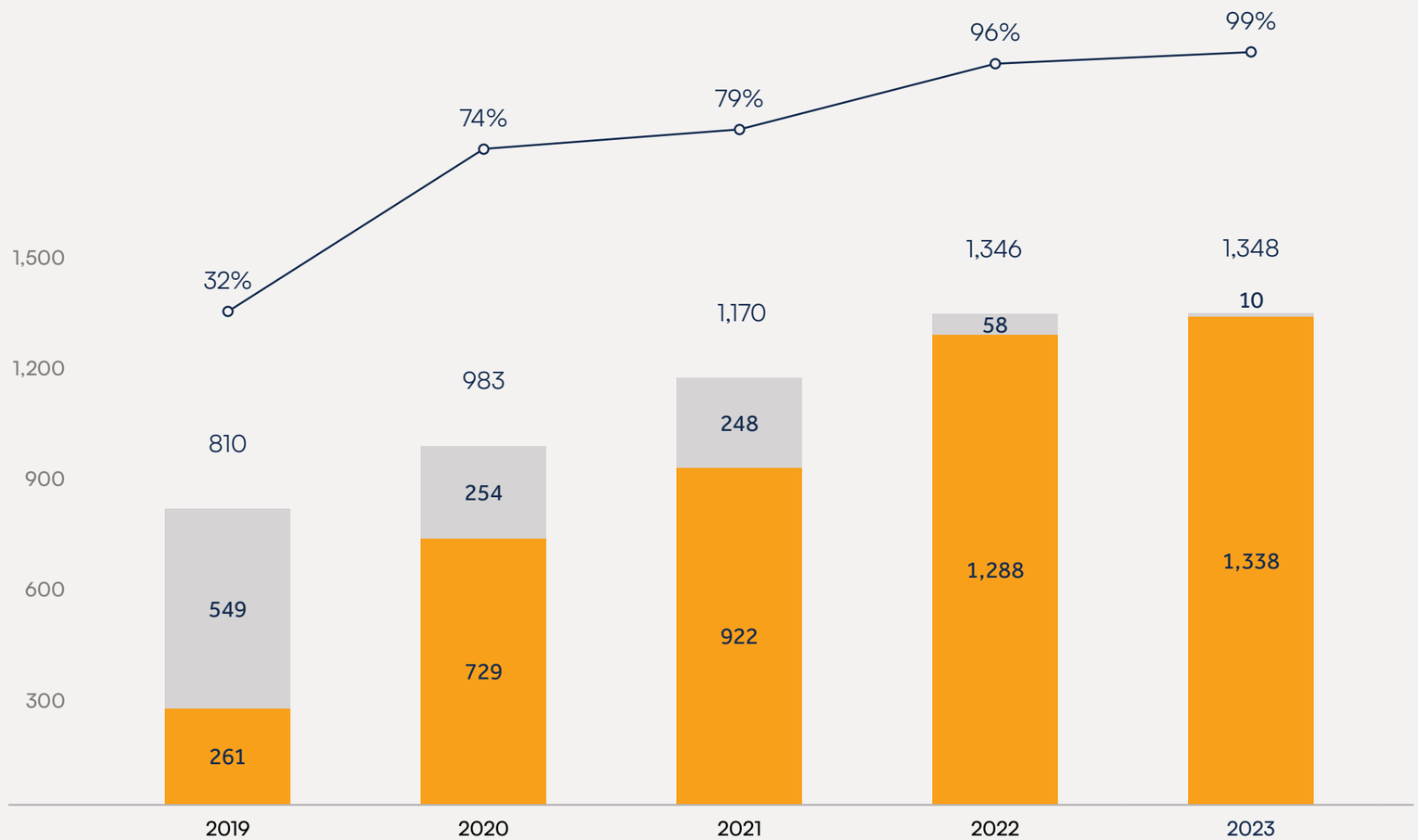
~700,000[2]

Read more about how we are leading green finance in the region ▸

1 Emissions avoided were calculated using the respective combined margin grid emission factors attributed to each project that was allocated with green financing in 2023.
2 This figure was calculated from public data on average electricity consumption per household of respective countries included in the scope.

We are one of the Philippines' leading issuers of green bonds, enabling us to develop our robust renewables pipeline.

Green bonds proceeds allocation (US$ million)



Bond Activity	2019	2020	2021	2022	2023
	+ US$ 410 million issuance (US$ 300 million 5-year bonds due 2024; US$ 110 million 10-year bonds due 2029) + US$ 400 million issuance of Fixed-for-Life bonds	+ US$ 60 million issuance of bonds due 2024 + US$ 300 million issuance of Fixed-for-Life bonds - US$ 187 million bond tender offer	+ Issuance of US$ 400 million Fixed-for-Life bonds - US$ 213 million bond tender offer	+ ~US$ 176 million ₱-equivalent issuance due 2027	

● Total value of green bonds issued ● Total allocated proceeds -o- Allocation growth rate

Our inaugural ₱25-billion perpetual preferred shares offering on the Philippine Stock Exchange (PSE), a first-of-its-kind in the country, marks a significant step in the financial market and enables us to move further ahead in the country's renewables space.

To support our renewables expansion, we have become a leader in the Green bonds market, raising US$1.8 billion to date since our capital markets debut in 2019. We have not only produced a Green Bond Framework, but also a Green Finance Framework for loans and a Green Equity Framework for our most recent preferred equity issuance. These frameworks provide the foundations for our capital markets initiatives to ensure alignment of the use of proceeds with eligible green projects.

We generally match the currency of our funding with that of the use of proceeds and the de facto currency of our offtake market to minimize foreign exchange risk. Thus, in 2023, we secured loans in Philippines pesos as well as U.S. and Australian dollars to fund our international expansion.

To support our growth plans in a sustainable and responsible manner, we completed our maiden preferred equity issuance bilateral green loans, a major project finance deal and our first-ever sustainability-linked loan. These accomplishments further cement our leadership position in global capital markets in terms of sustainable finance.

Historic fixed-for-life perpetual preferred shares

Driven by a strategy to fortify our balance sheet, diversify our sources of funding and broaden our investor base, we listed our first perpetual preferred share issuance on the Philippine Stock Exchange (PSE) in September 2023. The ₱25 billion landmark issuance was issued in two series, with series A carrying a dividend rate of 7.1330 percent per annum, with a rate resetting on the fifth anniversary. Series B, with an 8 percent dividend and no rate resetting, is the first-ever Philippine Peso-denominated fixed-for-life equity instrument listed on the PSE.

The proceeds will be used for renewable energy projects such as solar and wind farms, in accordance with the Company's Green Equity Framework. To ensure disbursement to proper uses, we continued to monitor and report the allocation of the proceeds as required by applicable regulations.

BDO Capital, BPI Capital and China Bank Capital were the joint issue managers and, together with PNB Capital, RCBC Capital Corporation, and SB Capital of the Security Bank Group, were the joint lead underwriters and bookrunners for the offer.

"We are driven by our strategy to fortify our balance sheet, diversify our sources of funding and broaden our investor base."

International green loans

Much of our green loan initiatives throughout 2023 were aimed toward unlocking Australia's significant renewables potential. In January, we secured a syndicated green term loan facility with major international banks worth a total of AU$277 million, the platform's largest green term loan facility to date. In December, we also booked another AU$75 million green term loan with HSBC.

This follows ACEN International's target of achieving AU$600 million in funding for renewable energy projects in Australia and a follow-through to several transactions completed in 2022, which include a AU$100 million green long-term revolver with DBS Bank Australia, a AU$140 million green long-term facility signed with MUFG Sydney Branch, and a AU$75 million green debt facility signed with the Australian government's Clean Energy Finance Corporation (CEFC).

On top of this, we signed a US$100 million green term loan facility with MUFG Bank for the company's international renewables projects in general which forms part of our subsidiary ACEN Renewables International (ACRI)'s term fundraising efforts, which have current approvals in place for up to US$422 million, with forecasted use of the funds to 2025.

Corporate debt

In the Philippines, we booked new corporate debt from some of the country's largest banks as part of our fundraising plan, including a ₱20 billion loan from Land Bank of the Philippines (LANDBANK) and ₱5 billion from Metropolitan Bank & Trust Company (Metrobank). With local financial institutions now actively increasing their capacity to fund renewable energy projects, and some even introducing Net Zero targets, we are now able to take advantage of these promising developments.

Our first sustainability-linked term loan tied to key performance metrics set with Asian Development Bank (ADB) and Bank of the Philippine Islands (BPI) highlights our integrated approach to sustainability and commitment to renewable energy development.

We remain a visionary leader in sustainable investments, closing innovative deals aimed at pursuing the world's collective climate agenda.

ADB initiatives

Finally, 2023 turned out to be a banner year for cooperation between ACEN and the Asian Development Bank (ADB), one of our long-standing financing partners. Fresh off the ADB-inspired Energy Transition Mechanism for the SLTEC coal plant in late 2022, the ADB got involved in two landmark finance deals for ACEN.

In January, ADB was the lead arranger for an innovative US$107 million financing package for our 88 MW Ninh Thuan Wind, located in South Central Vietnam. Project financing was arranged and syndicated by ADB as mandated lead arranger and bookrunner, with the lending group also including the Japan International Cooperation Agency, Hong Kong Mortgage Corporation Limited, Sumitomo Mitsui Banking Corporation, ING Bank and Cathay United Bank. In addition, the ADB also granted the wind farm an additional US$5 million grant from the Goldman Sachs and Bloomberg Philanthropies-backed Climate Innovation and Development Fund. The grant will be used for initiatives to safeguard environmental and social risk.

In December, we signed our first sustainability-linked term loan facility, worth ₱11 billion, with ADB and the Bank of the Philippine Islands. Tied to key performance metrics set with the two banks and certified through second-party opinion provider DNV, the loan highlights the company's integrated approach to sustainability and commitment to renewable energy development. The facility is made up of two loans, ₱5.5 billion from ADB, and another ₱5.5 billion from BPI. The proceeds will fund one of ACEN's solar projects, enabling the generation of at least 450 GWh annually. Sustainability-linked loans incentivize the achievement of sustainable performance goals, in return for a variable or lower interest rate.

Inputs

Financial capital

- Consolidated assets (₱) **284.9 B**
- Market capitalization (₱) **152B**
- Cash (₱) **39.7 B**
- Total shareholder's equity (₱) **173.4 B**
- Consolidated debt-equity ratio (x) **0.23x**

Human capital

- Net addition to headcount **~215**
- Employees **956**
- Total training (hours) **~31,890**
- Investment in employee learning and development (₱) **~14 M**

Industrial and natural capital

- Operating (MW) **~3,100**
- Total attributable capacity **4,772**
  - Renewables **4,704**
  - Thermal **68**
- Under construction (MW)
  - Renewables **~1,760**
  - Thermal **0**
- Renewables pipeline (MW) **16,000**
- Renewables share (%) **99**
- Average wind speed **~6.6 m/s**
- Average solar irradiance **~1,800 kWh/sqm**
- Revenue from renewables (₱) **~22.3B**
- Revenue from thermal plants (₱) **~1.2 B**

Social and relationship capital

- Community investment (₱) **~636 M**
- Strategic partners (no.) **21**

Value creation approach

Our business model

Having evolved to become a major developer, builder, operator and owner of renewable energy assets in the Asia Pacific, we create value by bringing our capabilities and collaborative model to transform the energy landscape with bespoke renewable solutions.

Our growth areas

PHILIPPINES

The Philippines remains as our core market, accounting for about 40 percent of our generation portfolio.

We have one of the largest renewable energy pipelines in the country in various stages of development.

Our retail electricity business builds long-term enterprise contracts. We have the first-mover advantage on the renewables space in the Philippines, our aim is to this help businesses transition from fossil fuels by providing Renewable Energy Solutions.

AUSTRALIA

Australia is our largest market outside of the Philippines, comprising around 20% of our generation portfolio.

Our pipeline grew to >8 GW through the Yindjibarndi Energy and Rio Tinto partnerships.

OTHER MARKETS

We established meaningful presence in Vietnam, India, Indonesia and USA. We are open to opportunities for new markets that will give a compelling entry and rationale for us.

Our expansion strategy and new market entry is typically underpinned by three key strategies:

- We ensure that we have the right partner in the right markets.
- We leverage on our strong banking relationships to enable our projects especially in emerging markets.
- We leverage on our balance sheet to enable large scale renewable projects.

PLANTS OPERATIONS

We harness solar, wind, geothermal resources for renewable power generation while managing the operations and maintenance for our power generation assets to ensure top-level efficiency and availability. We adopt leading practices in HSSE to ensure our plants' optimum performance.

Outputs

Our Philippine renewables output increased by 35 percent to 1,145 GWH with the commissioning of new solar and wind farms.

Seven new projects of about 1,700 MW have started operations and are expected to deliver close to full year output in 2024.

ACEN RES portfolio grew to 218 MW, up 54% YoY, with more commercial and industrial customers and more contracts linked to DU rates.

In March 2023, 521 MW New England Solar Stage 1 successfully commenced operations

In Central-West Orana, NSW, construction of the 520 MW Stubbo Solar farm is underway.

We have eight projects in Vietnam with total attributable capacity of ~780 MW. The Lac Hoa and Hoa Dong wind plants are targeted to be operational by Q4 2023.

In Lao PDR, we are set to develop Monsoon Wind, the largest renewable energy platform for regional connectivity and decarbonization in Southeast Asia.

We are also significantly strengthening our foothold in India with a total of four projects at ~580 MW renewables capacity.

We have stablished a partnership with Barito Renewables to acquire 320 MW of wind assets, forming strategic partnerships with Dewata & Suryagen to enhance ACEN's footprint around Indonesia.

In the U.S.A., we have partnered with PivotGen and UPC Solar & Wind, to repower wind farms and acquire the 136 MW Stockyard Wind and 38 MW Chestnut Flats Wind.

PLANT AVAILABILITY

Philippines		International	
99% Solar	87% Wind	99.5% Solar	95% Wind

Outcomes

Financial capital

- Revenues (₱) **36.2 B**
- Attributable EBITDA (₱) **18.8 B**
- Net income (₱) **7.4 B**
- Dividends paid (₱)
  - To Common **1.6 B**
  - To Preferred **0.5 B**

Human capital

- Net population growth (%) **29**
- Employee engagement score (%) **92**
- Top talent retention rate (%) **96**
- Women in leadership positions (%) **42**
- Lost time injury frequency **0**
- Safe man-hours **~14 M**
- Fatalities **0**

Industrial and natural capital

- New renewables projects in 2023 (MW) **~1,000**
- Total attributable output (GWh) **~4,700**
- Attributable output from Renewable sources (GWh) **~4,500**
- GHG emissions avoided (MT CO2e) **~3.4M**

Social and relationship capital

- Retail Customers (no.) **~330**
- Customer satisfaction index (out of 100) **85**
- Active supplier base (no.) **~760**
- Community programs (no.) **~520**
- Sustainability partners (no.) **120**
- Jobs created (no.) **~20,450**

Our approach to ESG

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At the COP28 in Dubai, around 80,000 delegates and over 140 heads of state gathered as the event marked the conclusion of the first Global Stocktake that will measure progress since the Paris Agreement, with a collective response to keep the 1.5 °C target within reach, while building greater adaptation and resilience to increasing climate shocks.

OUR STRATEGIC SUSTAINABILITY APPROACH

"Sustainability is integral in our business strategy. It is at the core of who we are and what we do. As one of the fastest growing renewable energy platforms in the Asia Pacific, we thrive on creating the most value for both society and our business."

Our sustainability initiatives are built on the strategic pillars of: climate, biodiversity, people and governance. Each pillar is based on our material sustainability impacts, risks, and opportunities.

As we grow our renewables portfolio, we continue to deliver on our climate commitments. The successful implementation of our Energy Transition Mechanism puts us in a position to play a leading role in the energy transition in the region.

We take pride in the partnerships we made in December 2023 with the Rockefeller Foundation's Coal to Clean Credit Initiative and the Monetary Authority of Singapore to implement the world's first coal-to-clean credit pilot project complement our early coal retirement for the 246 MW SLTEC coal plant by 2040.

The transition credit initiative will potentially accelerate the transition of coal to cleaner technology as early as 2030. If successful, this can be scaled up and replicated by other coal fired power plants not only in the Philippines but across the globe.

In embracing our role as a catalyst for sustainable change, we recognize that our journey is one that we cannot do alone. Our collaborative efforts, innovative spirit, and commitment to sustainability are the driving forces in making a positive impact on the environment and society.

Environment

Leading the energy transition in the region

Our approach
We continue to grow our renewables portfolio while delivering our climate ambitions that will provide access to clean, reliable and affordable energy.

Our focus
We aim to become a 100 percent renewable energy company by 2025, and develop, operate and own 20 GW of renewables by 2030.

We target to deliver our commitment for the early retirement of the 246 MW coal plant by 2040 - which we successfully divested in 2022 through the Energy Transition Mechanism.

We aim to deliver our commitment to become a Net Zero GHG emissions company by 2050.

Read more about our environmental initiatives on **page 26**

Aspiring excellence in environmental management

Our approach
We are committed to protecting and conserving biodiversity, maintaining ecosystem services and adequately managing living natural resources throughout the lifecycle of our power plants.

Our focus
We safeguard natural habitats and biodiversity to help address climate impacts.

We continue the implementation of no net loss and mitigation hierarchy in developing our projects.

Read more about how we protect and conserve biodiversity on **page 30**

Social

Investing in our people

Our approach
Our energy transition is a journey with our workforce to ensure a Just Transition that leaves no one behind.

Our focus
We aim to enhance the health, safety and wellbeing of our workforce.

We work to develop a diverse workforce and inclusive workplace culture.

Read more on how we invest in our people and communities on **page 38**

Creating inclusive communities

Our approach
We develop renewable projects to create greater impact and tangible benefits for the communities where we operate.

Our focus
We ensure that our presence will provide opportunities that will benefit our host communities by creating jobs, livelihood and improved access to human basic needs.

Governance

Integrating sustainability into our business operations

Our approach
We continue to grow our renewables portfolio while delivering our climate ambitions that will provide access to clean, reliable and affordable energy.

Our focus
We proactively work to enhance our ESG reporting in order to deliver on our sustainability ambitions.

We continue to collaborate with all our stakeholders and place their interests at the core of our operations.

We align our processes in all the jurisdictions where we operate and ensuring ESG management practices.

We strive for leadership diversity and inclusion to foster a culture of excellence.

We align our disclosures and policies with the difference ESG frameworks and data providers.

Read more about how we place governance at the center of our sustainable business on **page 57**

"Through the integration of our ESG principles into our operations, we are not only redefining the future of energy, but also laying the foundation for a more sustainable tomorrow, where energy not only powers our economies but also safeguards our planet for generations to come."

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

We have the largest wind portfolio in the Philippines at 417 MW, with 317 MW in operation and 100 MW under construction. Almost 90 percent of our wind projects are in Ilocos Norte.

Climate change and the energy transition

We are firmly committed to advancing global climate action, positioning ourselves as one of the leaders in renewable energy across the region. Acknowledging the profound impacts of climate change, we launched our Net Zero roadmap in April 2023 - the first energy company in Southeast Asia to achieve such a critical step toward decarbonization. We will continue to scale up our portfolio of renewable energy, primarily made up of solar and wind technologies, while exploring new technologies such as floating solar, offshore wind and battery storage.

> "We are the first energy company in Southeast Asia to launch a robust Net Zero roadmap."

ACEN's Net Zero progress

Net Zero Target	Unit	2021 Baseline	2023 Progress	2023 Progress	2030 Target	2040 Target
TARGET 1 Own generation scope 1	tCO2e/MWh	0.169	0.06	↓62%	↓73.6%	↓94.5%
TARGET 2 Other scope 1 and 2	tCO2e	7,362	7,809	↑6%	↓42%	↓90%
TARGET 3 Own generation scope 1 and retail scope 3	tCO2e/MWh	0.955	0.81	↓15%	↓73.8%	↓99%
TARGET 4 Other scope 3	tCO2e/MWh	0.191	0.28	↑49%	↓51.6%	↓97%

Following the successful divestment of the South Luzon Thermal Energy Corporation (SLTEC) coal plant through the world's first market-based implementation of Energy Transition Mechanism (ETM), our scope 1 emissions from generation activities has been significantly lower in 2023. We have progressed on our first Net Zero target covering scope 1 emissions from owned generation activities, achieving a 62 percent reduction from our 2021 baseline. This is due to an increase in generated output from renewable sources as well as a 33 percent reduction in diesel consumption on generation-related activities.

As we continue to build more renewable sites, emissions from mobile sources as well as scope 2 emissions have slightly increased from the baseline year. Thus, an absolute reduction on our target 2 (remaining scope 1 and scope 2 emissions) baseline has yet to occur. We acknowledge the role of technology and innovation in reducing our mobile and scope 2 emissions moving forward. While these emissions categories have a miniscule impact on the company's overall emissions inventory, we are exploring options to install or procure renewable energy to directly reduce emissions under target 2.

Our own generation and retail activities continue to be the company's most significant sources of greenhouse gas emissions. As of 2023, we have significantly progressed on our third Net Zero target, covering emissions from own generation and retail activities. We have achieved a 15 percent reduction compared to our baseline in 2021. The main driver of this reduction can be attributed to an increase in net attributable generation from renewable sources.

Lastly, our aggressive renewables expansion activities led to an increase in other scope 3 emissions as our intensity performance on target 4 increased by 49 percent compared to the 2021 baseline. However, 97 percent of the emissions under this category are attributed to upstream emissions from supply chain activities that support our renewables development.

Read more about our Net Zero roadmap completion ▸

PIONEERING EARLY COAL RETIREMENT

While the 2040 coal-fired power plant (CFPP) retirement plan is laudable, it may not be enough to meet our climate goals. We recognize the position of International Energy Agency (IEA), that is, if we are to attain the 1.5 degrees limit, the world would need to reduce coal emissions by 55 percent between 2022 and 2030. This would certainly be challenging for Southeast Asia which has the fourth largest CFPP installations globally, a growing demand for electricity and has among the youngest CFPP fleet with an average age of under 15 years. With that said, this should not be a reason for Southeast Asian companies to do nothing. To this end, we gave ourself the option or the right to reacquire the SLTEC coal plant as early as 2030, in the event that the right mechanism to incentivize accelerated CFPP retirement emerges.

PPCA Powering PastCoal Alliance

At the COP28 in Dubai, ACEN was inducted as a member of the Powering Past Coal Alliance (PPCA), the first and only global coalition of national, sub-national governments, and private businesses striving to transition from unabated coal power generation to cleaner, renewable energy sources.

Read about our **PPCA induction** ▸

Energy Transition Mechanism

Our successful implementation of the world's first market-based Energy Transition Mechanism, which involved the divestment and early retirement of the 246 MW SLTEC coal plant in the Philippines and its transition to cleaner technology by 2040 when the coal plant completes 25 years of operations. This groundbreaking initiative could reduce 15-25 years' worth of emissions (or up to 50 million MTCO2 cumulative emission reduced) given that coal plants typically operate for 40-50 years. ₱7.2 billion of proceeds received by ACEN will be used in its renewable energy investments.

In November 2022, we completed the world's first market-based Energy Transition Mechanism transaction for the divestment and early retirement of the 246 MW SLTEC coal plant in the Philippines.

Read more about our Energy Transition Mechanism ▸

Just Transition

Together with Coal Asset Transition Accelerator (CATA), we are working on the development of a Just Energy Transition roadmap to leverage on the profound impact of energy transition on our communities and workforce.

In Dec 2023 at the COP28 in Dubai, we launched our Just Energy Transition (JET) roadmap developed in partnership with CATA, alongside core partners Climate Smart Ventures (CSV), Carbon Trust, and Rocky Mountain Institute, and is supported by the European Climate Foundation, Growald Climate Fund, and IKEA Foundation. This follows the launch of our Just Transition Framework in 2021.

Read more about the launch of our JET roadmap ▸
Read more about our partnership with CATA ▸

Methodology on Transition Credits

Our pilot project seeks to increase our ambition by accelerating the transition of the SLTEC coal plant to cleaner energy by 2030, 10 years earlier than what is already an aggressive retirement schedule. Proceeds from Transition Credits will help fund:

1. Replacement cash flows and asset write-off from the early CFPP retirement
2. Subsidy to ensure affordability of clean and reliable energy replacement (i.e. integrated renewable and energy storage system or IRESS)
3. The just transition of affected communities and workers, as well as the responsible decommissioning of the CFPP

In Dec 2023 at the COP28 in Dubai, we announced our partnership with The Rockefeller Foundation and Monetary Authority of Singapore to pilot the use of Transition Credits for the early retirement of coal plants.

Read more on our pioneering initiative on Transition Credits ▸
Read the press release ▸

Climate change resilience efforts

Through our **Environment and Social Management System (ESMS)**, we were able identify environmental and social risks for our projects and develop appropriate mitigation plans to address each. In terms of climate change resilience, we have determined which among our operational plants have conducted climate risk assessment on physical risks such as tropical cyclone, flooding, water stress, drought, wildfire, and extreme temperature and implored climate risk adaptation and mitigation measures as part of our environmental assessment studies during the development phase. These studies help determine engineering solutions for the identified major risks to guide optimal construction design, including operational and management plans.

For instance, in our Vietnam wind farms, we have implemented climate-resilient infrastructure design to mitigate impact of extreme weather events such as tropical cyclones and flooding.

In our Australia solar farms, New England Solar and Stubbo Solar, we have installed security fencing around project sites to protect assets from potential fire caused by wildfire. Fire management and emergency plans outline mitigation measures such as monitoring of fuel load, identification of emergency access points and ensuring that available water supply for fire suppression is present within protection zones.

Across our solar farms in the Philippines and India, and in one of our wind farms in Vietnam, rapid emergency repair teams were developed to address immediate issues that pose a threat to the facility caused by climate hazards. In addition to this, emergency procedures and safety plan incorporate climate adaptation strategies to help project teams prepare, respond and recover from natural hazards such as earthquakes, extreme weather conditions, flooding and storm surges.

The 252 MW Quang Binh Wind, a project we co-developed with AMI, significantly contributes to Vietnam's clean energy and climate action targets and is instrumental to our massive renewables expansion in the region.

> "We incorporate climate adaptation strategies to help project teams prepare, respond and recover from potential natural calamities."

Our best practices on climate change resiliency through ESMS

Quang Binh Wind

The project included climate change impact assessment (CICA) in its environment and social (E&S) impact assessment report which details project activities' impact on climate change such as those that have high greenhouse gas (GHG) emissions such as vegetation clearance, operation of heavy equipment and transportation activities and physical impacts of climate change during operations that impact wind energy generation. As a result, mitigation measures were integrated in project design and implementation: structural reinforcements for wind turbine generators for resiliency and improved efficiency, flooding effects considerations of transmission lines and activation of emergency preparedness response plan.

Lac Hoa & Hoa Dong Wind

The E&S impact assessment report of the site included a comprehensive review of climate and meteorology of the area. As a result, mitigation measures for climate risks were identified and implemented: linear drainage system with appropriate location of culverts, lined channels, retention pods and flood control measures.

Learn more about our renewable energy projects in Vietnam ▸

Biodiversity

"Biodiversity is an important cornerstone in our efforts to combat climate change, fostering meaningful and positive impacts with our host communities."

In our wind developments in the Philippines, we have conducted a biodiversity assessment to ensure that our wind turbine generators are strategically placed to avoid impact on forest habitat areas.

Our approach

As we scale up our renewables portfolio, we also continue to aspire for excellence in environmental management. Guided by our Environmental, Social and Governance (ESG) Policy, we are highly sensitive in selecting project sites and are mindful of our own environmental impact. We subscribe to mitigation hierarchy principle set by international conservation organizations and international standards* in developing our sites.

During the pre-development phase, we conduct a rapid desktop assessment to determine biodiversity risks and impact of potential project sites using the Integrated Biodiversity Assessment Tool (IBAT). Generated IBAT reports alongside Biodiversity Assessment Reports are used by project teams as frameworks to ensure that each project applies the mitigation hierarchy approach in site project development and all throughout its life cycle to ensure no net loss and device management measures that focused on achieving net gain are implemented as part of our ESMS.

Embedding mitigation hierarchy principles in project development

Our projects have identified risks towards biodiversity and have integrated biodiversity management plans in their environment and social management plans. Following this approach, we have redesigned and refined the development of four of our wind and solar projects to avoid disrupting rich biodiversity corridors and clearing of significant vegetation in the Philippines, Vietnam and Australia.

In the Philippines, an additional biodiversity assessment was conducted on top of an environment and social impact assessment to ensure non-overlap of our Pagudpud Wind project to a nearby key biodiversity area, Kalbario-Patapat Natural Park. The study allowed project teams to redesign placement of wind turbine generators which avoided over 6,000 trees for the project development.

For our wind projects in Vietnam and Philippines, post-fatality monitoring programs are also being implemented to develop appropriate mitigation measures based on frequency of bird and bat collision to wind turbine generators. These measures include the use of sonar acoustic deterrent white strobe lights, implementation of no-go zones, changing paint colors of wind turbine blades to be less attractive to birds and adjusting surrounding environment to remove other encouraging influences.

Furthermore, three of our Vietnam wind farms' wind turbine generator cut-in speeds were adjusted in locations and periods with the highest frequency of strikes to reduce bat mortality and new artificial habitat for specific bat species were established.

In Australia, we have refined our New England Solar project biodiversity footprint to minimize clearance of native vegetation, avoidance of higher order watercourses and riparian corridors, and environmental constraints identified in the environmental impact statement. This resulted in an avoidance of significant values including woodland areas representative of significant woodland tableland bioregions.

Our biodiversity monitoring team in the Conservation Estate set up camera traps equipped with infrared sensor to detect, record and monitor wildlife.

Most of our solar farm project sites have immaterial risk to biodiversity mainly because the land requirement for solar plants to operate effectively must be on flat terrain with minimal development. Most project sites have implemented similar measures to offset the impact of vegetation loss from land clearing needed for developing projects. These measures include tree-planting and tree-seedling replacement corresponding to the number of trees cut per project to ensure the no net loss.

In our Paryapt Solar in India, despite having moderate risk, we have developed a comprehensive biodiversity management plan. This includes afforestation and biodiversity conservation, systematic data collection system process and periodic reporting system on biodiversity conservation.

* International Union for Conservation of Nature (IUCN) mitigating biodiversity impacts for solar and wind projects and International Finance Corporation (IFC) Performance Standards Number 6 Biodiversity Conservation

In the Philippines, our wind and solar farm projects work with the Department of Environment and Natural Resources (DENR) in conducting tree survey, tree earth-balling and tree inventory activities. We also ensure that apart from replacing tree seedlings for every tree cut, we develop and support local initiatives through beyond-compliance reforestation programs as part of our sustainability efforts for the community.

We collaborate with the DENR in monitoring and documenting activities for our reforestation efforts in our Ilocos Norte Conservation Estate.

In Australia, our Stubbo Solar has conducted a biodiversity assessment to identify risks to native vegetation, threatened ecological communities, and threatened species and their habitat. The project aims to avoid and offset biodiversity impacts by scoping study by implementing biodiversity management strategies to limit potential impacts and enhance habitat in adjacent areas to achieve its biodiversity goal.

Progress highlights

Threatened species protected through established conservation programs

14 species of reptiles, birds and mammals

Progress on 1M trees target by 2025

~978,000 trees planted across 39 sites

Natural habitat areas protected

~2,200 hectares

Read more about our biodiversity efforts ▸

Biodiversity programs

Conservation Estate in Ilocos Norte, Philippines
For our Sea Turtle "Pawikan" Conservation Program, we have continued monitoring and protecting 81 hectares of foreshore area in Bangui, Ilocos Norte all throughout nesting and hatching season of three IUCN Red list of threatened species: Olive ridley sea turtle, Green sea turtle and Hawksbill sea turtle. Coastal areas in the municipalities of Pagupud, particularly in the villages of Caparispisan and Balaoi, are closely monitored by partner-community organizations and trained locals to rescue pawikan caught in fishing nets (by-catch) and sightings of pawikan nests that need to be transferred in the local hatchery. The strong support of the community in our efforts is a result of our pawikan conservation trainings and local pawikan gonservation group watch. In April 2023, we were able to organize a ceremonial pawikan hatchling release together with our local partners such as the DENR, Community Environment and Natural Resources Office Bangui (CENRO Bangui), Philippine Coast Guard, Philippine National Police, Bureau of Fire Protection and officials from the local government of Bangui.

Our Pawikan Conservation Program in Ilocos Norte is a collaborative effort between ACEN, our host communities and different local government agencies.

Our best practices in biodiversity through ESMS

New England Solar

The project has outstanding management plans to address identified environmental risks. Refinements to the development footprint were made to reduce the risks of pollution and impacts on biodiversity and habitats. To ensure the implementation of management plans, a compliance management was developed which laid out the monitoring, timing, targets, and responsible party for mitigation and management actions. A biodiversity management plan was prepared despite no areas of geological significance or outstanding biodiversity declared by the Minister in the study area. Residual impacts of the projects are also considered for offsetting through biodiversity credits.

Stubbo Solar

The selection of Stubbo site for the solar project development was based on ensuring that mitigation hierarchy is applied to avoid and minimize project impact on biodiversity. The project's design was also optimized to reduce land clearing and ancillary facilities were placed in areas with little to no biodiversity value. Outside of land clearing operations, the project's risk to biodiversity was deemed to be minimal. Nonetheless, a Biodiversity Management Plan (BMP) outlining management protocols for each identified risk at both operational and construction stages, comprehensive monitoring plans and rehabilitation and revegetation of disturbed areas.

Read more about our renewable energy developments in Australia ▸

For the impact of our wind turbine generators to avifauna, we have installed a bat deterrent system and have continued to monitor bird and bat mortality all throughout the year, which form part of our conservation efforts with the help of conservation consultants.

We have also strengthened our biodiversity conservation efforts by organizing our pilot Sustainability Program Information, Education & Communication (IEC) Campaign in four public schools. The collaborative session with students was filled with meaningful discussions on environmental conservation in the area. One session of the campaign also involved local children painting murals and sculpture made from indigenous and recyclable materials as means to support local pawikan conservation efforts.

Part of our Information, Education and Communication (IEC) campaign is to promote biodiversity conservation among the youth through art.

Additionally, we have worked with Philippine Native Plant Conservation Society, Inc. (PNPSCI) to hold a symposium on Philippine native plants conservation. The event gathered approximately 200 botanists and experts in the country who discussed new technologies in plant conservation through different plenary sessions. Other organizations that participated in the symposium include the Millenium Seed Bank Trust UK and the Arboretum Network (ArbNet) USA, Botanic Gardens Conservation International (BGCI), Southeast Asia Botanic Gardens alliance (SEABG) and Northwestern University Ecological Park & Botanic Gardens (NUEBG).

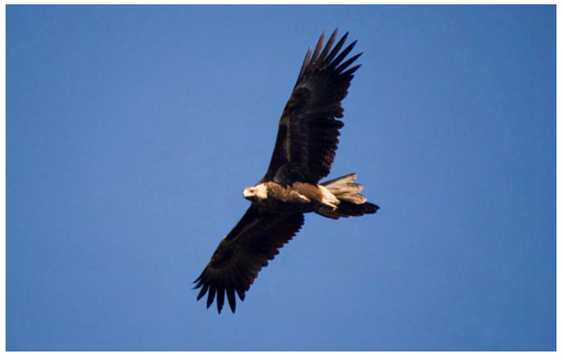
Raptor Refuge Program in Tasmania, Australia

In Australia, our Raptor Conservation Program, in partnership with Forest Practices Authority, Trustee for the Pennicott, Wilderness Journeys Nature Conservation Trust, Environmental Protection Authority, University of Canterbury, Christchurch NZ, Epuron Projects PTY LTD (Acquired by Ark Energy in 2023, Woolnorth Renewables and University of Tasmania (UTAS), aims to minimize the impact of wind turbines and disturbance from forestry activity on Tasmanian wedge-tailed eagles (*Aquila audax fleayi*).

The four-year project administered by University of Tasmania aims to develop models to predict flight behavior and risk for collisions with wind turbine generators and energy infrastructure, measure effects of forestry activity on species breeding, rigorously estimate size and distribution of the species population, and synthesize data from AIMS 1-3 and other sources to build spatially explicit demographic models to define conservation priorities to improve ecological understanding towards effective conservation management.

Conservation efforts in Mt. Halimun Park, Indonesia

In Indonesia, we continue to work closely with the administration of Mount Halimun Salak National Park, where our Salak & Darajat Geothermal project, a partnership with Star Energy Geothermal, is co-located. Our collaboration with the national park is geared toward monitoring flora and fauna health, increasing wildlife population, improvement of habitats through tree planting and establishment of wildlife corridors, conduct of conservation education programs and community-based ecotourism in nearby villages.



Our conservation initiatives in Australia aim to minimize the impact of wind developments on the endangered Tasmanian wedge-tailed eagle.

Meanwhile, our Eye on the Forest program with Conservation International since 2014 has contributed to an increase in biodiversity net gain at the 400-square-kilometer national park. Researchers from the Mount Halimun Salak National Park Office recorded and identified more than 11 Javan leopards in the Salak area, while the Ministry of Environment and Forestry said that a population of Javan eagles and its eggs have also been discovered in the area.

Furthermore, in 2023, through the project's Green Corridor Initiative (GCI), Salak & Darajat Geothermal's operational area was chosen as the location for the release of a 6-year-old Javan leopard named "Wahyu." The GCI, alongside other stakeholders including the West Java Natural Resources Conservation Center (BBKSDA) and the Gunung Halimun Salak National Park (TNGHS), with support from the Cikananga Integrated Conservation Foundation, Sintas Indonesia Foundation, Javan Leopard Conservation Forum, Fansfornature, Orang Utan Help, Wanicare, Gembira Loka Zoo and Bakti Barito Foundation, has successfully protected endangered species over the past decade Javan gibbon, Javan leopard and Javan hawk-eagle.

Nature-based solutions

Recognizing the importance of protecting natural ecosystems in limiting the global temperature below 1.5°C, we have worked with SouthPole and the University of the Philippines Los Baños College of Forestry and Natural Resources (UPLB CFNR) for our GHG inventory scope 1, 2 and 3 baseline and to reassess the carbon stock of our Conservation Estate, respectively.

We're also collaborating with the University of the Philippines Marine Science Institute (UP MSI) to determine potential blue carbon sites near our areas of operations in Ilocos Norte.

Since 2014, our efforts in forestland protection and implementation of environmental programs in our Conservation Estate have resulted in the preservation of ~94 kilotons of carbon, equivalent to ~345 kilotons carbon dioxide as assessed by UPLB CFNR.

Conservation Estate in Ilocos Norte

~94 KT carbon stored

~345 KTCO2e

Carbon CHECK

These efforts resulted in increased forest cover and enhancement of carbon stock, adding ~21 kilotons of carbon, equivalent to ~78 kilotons of carbon dioxide sequestered since we conducted our carbon stock baseline assessment in 2018 as assessed under ISO 14064-2 (2019)E through verifier and validator, Carbon Check. This outcome is a result of our continued collaboration with the community in protecting and managing natural habitats while providing green jobs and livelihood.

At the time, a total of ~7 kilotons of carbon were stored within ~188 ha portion of the Conservation Estate, equivalent to ~24 kilotons of carbon dioxide. These numbers are expected to grow as we expand our carbon stock project through forest protection and restoration efforts in Pagudpud Wind and Capa Wind.

Moreover, we have protected ~2,200 hectares of natural habitat areas and planted ~978, 000 trees across 39 sites. This represents a 98 percent completion of our target to plant one million trees by 2025.

Read more about our Conservation Estate in Ilocos Norte ▸

Read more about our Net Zero roadmap ▸

Our reforestation efforts in our Conservation Estate in Ilocos Norte is a collaborative effort between different stakeholders.

Resource efficiency

"We continue to look for opportunities to lower our environmental footprint through the reduction and recirculation of resources."

100%

IMS certification

ISO 14001:2015 Environmental Management System (EMS) in ACEN's Philippine plant operations

Environment management system & procedures

Our ESG Policy serves as our pillar in developing and operating our plants which guides us on how we integrate sustainability in our decision-making, strategy, capital allocation, operations, governance and culture.

Alongside our Health, Safety, Security and Environment (HSSE) policy, we commit to the efficient use of our resources, implementing systems and initiatives to monitor emissions and energy use, reduce waste generation and water usage, as well as apply a circular approach throughout the lifecycle of materials we use. For example, our North Luzon Renewables (NLR) and NorthWind (NW) projects have implemented baselining of greenhouse gas emissions, waste generation and water usage through installation of water meters, subject to regular calibration for precise measurements. Continuous monitoring and trend analysis were performed on the collected data and will serve as basis for the reduction projects in the following years.

As of 2023, 100 percent of ACEN's Plant Operations in the Philippines have achieved the coveted Integrated Management System (IMS) certification on Environmental Management System (EMS) ISO 14001:2015. This certification provides a framework to help organizations identify, manage, monitor and improve their environmental performance in a systematic manner, as verified by DQS Certification Philippines, Inc. It also enables us to have more efficient and streamlined processes, enhance compliance, improve risk management, increase stakeholder confidence, have more sustainable practices, and induce continuous improvement.

During the early development phase of our 120 MW Alaminos Solar in Laguna, Philippines, we integrated a plastic recycling facility to collect plastic waste and upcycle them into eco-bricks, which were used in building the solar plant facilities.

Part of our plant operations' quality management procedures is to ensure plant employees receive proper training on the implementation of the EMS as it is subject to external compliance audits. Regular environmental impact audits are conducted annually across all our operational sites that are ISO-certified. These audits take into consideration the management of waste and water.

Waste management

Our plants implement waste management initiatives customized to their operations, all of which are ultimately aligned to our commitment to sustainably manage and utilize natural resources in line with country regulatory policies and with reference to international standards*.

* IFC Standard 3 Resource Efficiency and Pollution Prevention (2012)

In developing project environmental and social management plans, we integrate efforts to minimize, reduce and reuse waste throughout the life cycle of our projects. We also ensure that appropriate onsite materials recovery facilities are present in each project site and appropriate waste management procedures per country of operation are implemented.

In the Philippines, we are the first renewable energy company to implement an integrated circular approach in our solar developments. With a strong focus on sustainability, we continue to engage multiple stakeholders across various phases of our value chain from the plant's development stage to its commercial operations. This helps us reframe workstreams on plant waste management and integrate our circularity framework into Engineering, Procurement and Construction (EPC) contracts.

Scaling up our circularity approach

We have improved our circularity efforts through Green Antz Builders, Inc. (Green Antz) by collecting plastic waste packaging from solar panels and the community and upcycling them into eco-bricks to be used as construction materials to build key facilities in our ongoing solar and wind developments.

Since piloting the circularity approach in Alaminos Solar in 2019, we have successfully replicated it in three other solar farms, namely Palauig Solar 1, SanMar Solar and Pangasinan Solar. In total, close to 52,000 kg of plastic waste from these four solar farms have been converted into ~380, 000 eco-bricks*, equivalent weight of 38 compact size cars.

Approximately ~73,000 of these eco-products have been integrated into the construction of substation parameter walls and control buildings inside our solar and wind projects in Laguna, Zambales, Pangasinan and Ilocos Norte. Such efforts helped prevent more plastic waste from going into landfills.

The project sites that were successful in diverting plastic waste from landfills shall receive waste diversion certificates from our circularity partner, Green Antz, which shall form part of Self-Monitoring Reports (SMRs) and Compliance Monitoring Reports (CMRs) on waste management submitted to DENR.

In Paryapt Solar in India and Ninh Thuan Wind in Vietnam, we apply a waste hierarchy approach to reduce amount of waste generation through design, use of approved suppliers for materials, contract arrangements and sustainable inventory management.

Integrating circularity in our home market

From development to operations, our circularity strategy is integrated into five of our renewable energy projects in the Philippines.

Read more about how we're championing ESG in our sustainability roadmap ▸
Read more about how we're aspiring for environmental management excellence through our ESG Policy ▸

Alaminos Solar

The project implemented a circular approach involving collecting plastic waste from the packaging of solar panels and from the community and recycling it to produce eco-products such as eco-bricks. The circular approach resulted in diverting plastic waste equivalent to ~32,500 kg into ~12, 800 eco-bricks.

Management plans for non-hazardous and hazardous waste target recovering and/or recycling of waste generated. Provision of disposal area, segregation of debris according to recyclable and non-recyclables, hauling of debris/discarded/recyclable items by duly licensed traders.

Pagudpud Wind

The project implemented a circularity approach where sites collected plastic wastes equivalent to ~730 kg from the packaging from the neighborhood, and converted these into 16,200 pcs of eco-bricks which were used as construction materials.

Waste management practices for non-hazardous waste include the implementation of recovery, reuse, and recycling of waste materials. As for hazardous waste, proper arrangements shall be made with a hazardous waste Treatment, Storage and Disposal (TSD) Facility in a timely manner.

Palauig Solar 1

The project implemented a circularity approach where sites collected plastic wastes equivalent to ~1,550 kg from the packaging of solar panels and from the neighborhood, and converted these into ~11,500 pcs of eco-bricks which were used as construction materials.

Palauig Solar 1 is implementing a recovery, re-use, and recycling approach to its waste management of solid wastes materials from building structures.

Pangasinan Solar

The project implemented a circularity approach where sites collected plastic wastes equivalent to 3,100 kg from the packaging of solar panels and from the neighborhood, and converted these into ~12,700 pcs of eco-bricks which were used as construction materials.

SanMar Solar

SanMar Solar implemented a circularity approach where sites collected plastic wastes equivalent to ~13,700 kg from the packaging of solar panels and from the neighborhood, and converted these into 20,000 pcs of eco-bricks which were used as construction materials.

The project has provision of color-coded trash bins and will hire a contractor to collect waste and dispose in an LGU-accredited waste disposal facility.

In Australia, our Stubbo Solar is implementing a reduce-reuse-approach to its waste management through avoidance of resource consumption and reusing the vegetation waste from clearing activities, surplus spoil from excavation and earthworks, excess materials or retired equipment and excess building materials such as safety fencing and barriers when appropriate.

Meanwhile, in terms of administrative operations, a paper usage reduction program is being implemented within some of our plant sites, including Ingrid Power and Paryapt Solar. Both NLR and NorthWind also shifted toward a paperless monitoring initiative through the gradual adoption of cloud-based forms to replace traditional paper forms. This transition saved approximately 26 reams of paper and reduced the Pollution Control Officer's workload by around 50 man-hours through elimination of data encoding. In Alaminos Solar, a waste segregation system has been implemented as well as waste reduction initiatives, one of which would be the distribution of reusable drinking water bottles to minimize the use of polyethylene terephthalate (PET) bottles.

See annex **pages 100-101** for waste generation, and disposal figures ▸

Water management

To address the water footprint of our corporate and suppliers' sites, we use water efficiently by transitioning from freshwater to alternative sources, discharging used water responsibly, and pursuing water stewardship to keep watersheds healthy. For water-related and other material issues, we implement a uniform stakeholder engagement process in the development and operations of our sites.

See annex **page 100** for water withdrawal, consumption and intensity figures ▸

In our Philippine solar plants, rainwater harvesting systems have been installed to serve as an alternative water source for activities such as PV module cleaning and house load needs. MonteSol and SacaSol have worked to reduce their water impact even further by utilizing automated cleaning machines. In addition to the rainwater harvesting systems, Palauig Solar 1 also implements a waste conservation program wherein employees are informed on responsible water use.

In Ilocos Norte, NLR and NorthWind initiated baseline monitoring of water usage through the installation of water meters across the facility. This data will be our basis for targeted water reduction efforts in the coming years.

Our thermal plants in La Union, Subic and Bulacan have employed various water-saving projects to maximize water usage. La Union Thermal has a fabricated water basin aimed to collect water drained from engine-cooling during maintenance activities. The collected water is recycled back into the engine-cooling system, effectively reducing water consumption. On the other hand, Subic Thermal has enhanced its machinery to prevent any water leakage and overflow. A "Save the Water Bodies" project has also been initiated across the Subic and Bulacan Thermal wherein employees participate in activities such as coastal and mangrove clean-ups.

In Indonesia, Salak & Darajat Geothermal, through our partner Star Energy Geothermal, optimizes water use by replacing surface water with condensate water for production and maintenance activities.

Aside from water treatment and cooling before discharge, we also conduct periodic testing for harmful substances to properly maintain the marine ecosystem. The risk of water scarcity is mitigated by our development strategy which focuses on the development of renewable energy of which technologies are generally not dependent on the availability of water for their main operation. Furthermore, since our portfolio, comprised primarily of renewable energy, does not require water intensive activities, the company is not exposed to water-related risks on regulatory changes and pricing structure.

Energy consumption

Our commitment to resource efficiency entails responsible energy consumption across our plants.

Leading the best practices from our Philippine solar farms, Palauig Solar 1 has several initiatives to manage energy consumption. This includes installation of solar panels as roofing for its control building's parking space to reduce house-load consumption and the replacement of old and inefficient lighting systems with new technology. The plant also set up different signages on energy efficiency and conservation measures. To avoid the use of gasoline-powered grass cutters, Palauig Solar 1 also implemented sheep grazing as a method for weed control. In terms of transportation, the plant also records export/import energy and vehicle trips to maximize trips and monitor minimal usage of facility lights. Finally, the plant constantly checks and cleans ACU air filters to maintain its efficiency and decrease energy wastage.

In Alaminos Solar, we employ a strict implementation of turning off machinery and equipment when not in use as well as the installation of energy efficiency signages. Up North in NLR and NorthWind, energy efficiency measures include adopting a setpoint of 24°C in offices, as recommended by Energy Auditors, resulting in a 6 percent reduction in energy consumption for every degree Celsius. Operational efficiency enhancements involve the implementation of a high wind ride-through activation for SGRE Turbines last 2022, increasing the cut-out wind speed from 25 m/s to 32 m/s, optimizing energy generation.

In our thermal plants, energy-saving programs have been implemented through the installation of energy efficient lighting and policies that promote responsible energy consumption. Furthermore, proactive maintenance measures such as the replacement of pistons and liners have led to optimized engine performance and reduced hydrocarbon emissions.

Our 63 MW Palauig Solar 1's energy consumption initiatives are an example of how we are championing resource efficiency in our operations.

End-of-life management

Part of our commitment to managing our key environmental impacts throughout the lifecycle of our projects is to ensure that we adhere to best-in-class standards on waste management. This applies to business ethics, labor practices, employee health & safety, water & waste management, materials sourcing, efficiency, product design and lifecycle management.

In developing new projects, we ensure that our Engineering Procurement and Construction (EPC) contractors adhere to our ESG policy and management system. As part of the selection and monitoring process, our EPC contractors comply with applicable standards provided by International Electrotechnical Commission (IEC) standards and ISO standards.

Furthermore, for solar projects, our EPC contractors provide appropriate waste management methodologies for the disposal of PV panels, recommend accredited treatments, storage and disposal facilities within areas of operation including cost estimates needed for each waste management procedure. At the operational phase, we incorporate end-of-life plans in compliance with national regulations.

For wind projects, we continuously explore strategies to extend the useful life of existing wind farms. In the U.S.A., through UPC Power Solutions LLC, our joint venture with PivotGen and UPC Solar & Wind Investments which acquired the 136 MW Stockyard Wind in Texas, we are extending the useful life of existing wind farms through preventative maintenance and repowering.

"As we scale up our renewable capacity, we explore partnerships and technologies in developing a comprehensive solar and wind end-of-life management plan. This will allow end-of-life plans to be tailor-made to address the structural specifications, stakeholder concerns and environmental conditions of the project site."

Read more about our efforts to promote resource efficiency in our operations ▸

Read more about how we're championing circularity across our plants ▸

In Texas, U.S.A., our joint venture with PivotGen and UPC Solar & Wind Investments aims to extend the efficiencies of existing wind farms, increasing their output while lowering the cost of operation.

Social

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

In San Marcelino, Zambales, home to our 585 MW SanMar Solar project, we heavily invested in community infrastructure amidst barren, lahar-laden lands, including this 330 meter bridge, significantly improving accessibility and reducing travel time for indigenous communities seeking to reach the town proper.

Our people

"Finding and keeping the right talent working together to achieve our aspirations is a pivotal force in the energy transition, and our goal for the year is to build a workforce that is not only skilled but also adaptable to the transformative energy landscape."

JP ORBETA
Group Chief Human Resources and Administrative Officer & Group Chief Risk Officer

Our employees play a crucial role in driving our company ambitions. Beyond our targets, we strive to attract, develop and nurture a diverse renewable energy workforce across Asia Pacific.

At ACEN, we believe that the heart of the organization is our people, and a highly motivated workforce is what will propel us forward to our 2030 aspiration. That's why we continuously enhance our competitiveness in the market by putting our people first, ensuring their sustained career growth and creating a safe and supportive environment where they can thrive as professionals.

We also foster a dynamic and inclusive culture where everyone is treated with fairness and respect. We engage with our employees by providing them topnotch programs and benefits that nurture the development of the entire organization as we remain bullish in our renewables buildout.

Growth and development

As we grow global in scale as a renewables company, we strive to create a healthy culture of development to bring out the best in our people. We heavily invest in our people's growth and learning to unleash their full potential, which in turn, drives the company's continued success. In 2023, we invested over ~₱14 million in training and development programs to support the professional growth of our employees.

Guided by our Learning and Development Policy, we promote a structured approach to developing our talent through a healthy mix of education, exposure and experience. A broad set of core, governance and targeted learning programs are made available to all ACEN employees. For learning and development opportunities within the development plans of our employees, our educational leave and loan program is made available for eligible employees as additional support for further studies.

ACEN executives from different business units joined the Ayala LEAP to strengthen their leadership skills as the organization continues to grow.

Ayala LEAP
The Ayala Leadership Acceleration Program (LEAP) equips our management team to maneuver the organization in a swift and agile manner to keep up with the demands of the dynamic energy sector that it navigates. This includes executive educational programs and function-specific programs, coaching and feedback mechanisms. We have an ongoing partnership with Zenger Folkman to conduct a 360-feedback leadership development program for ACEN's executives. Furthermore, we have an ongoing management development program in collaboration with an international business school to equip participants with business acumen and leadership skills.

ACEN Cadetship Program
Now on its second year, our five-month-long Cadetship Program, organized by our plant operations-human resources team, has extensively trained nine cadet engineers under the technical and leadership learning programs. Mentored by ACEN leaders, participants for this program are rigorously selected fresh graduates and licensed civil, electrical and mechanical engineers who are provided with on-site operations experience to sharpen their technical skills, develop their competencies and expose themselves to the different aspects of the energy industry. The program is seen as an opportunity for recruitment, employee succession and talent development within our growing organization.

LinkedIn Learning
Our Human Resources team's partnership with LinkedIn Learning allows our employees to get exclusive access to LinkedIn courses about relevant topics where they can get certifications afterwards. A weekly newsletter highlighting a particular course offered on the platform is also sent via email to the entire company. This enables learning as a consistent habit in the everyday lives of our people.

In Australia, the ACEN All Hands annual event provides an avenue for team members who joined in 2023 to learn more about the business and meet colleagues from around the country.

ACEN Mentorship Program

In 2023, we launched our first company-wide mentoring program, where senior management leaders were given an avenue to impart valuable knowledge on a mentor-mentee basis. The pilot phase proved successful with a total of 21 executives volunteering as mentors and 33 team members registering as mentees, resulting in a 100 percent match rate. The key competencies prioritized for development through the program include strategic thinking, business acumen and problem-solving.

Individual development plan

Managing and assessing the performance of our employees are also an integral part of motivating and engaging our workforce. Through this, we create a space for us to set clear, tangible targets for each team member and to help them understand how they contribute to the company's shared goals. To ensure the personal and professional growth of our employees, we conduct an annual rigorous performance assessment which starts from goal-setting, talent review using our nine-box grid and individual development plan (IDP), and the performance review proper.

Mental Health Awareness Month

We commit to promoting the mental wellness of our employees through our multi-faceted 'Empowering Minds' initiative, which features informative webinars, morale-boosting stand-up comedy sessions and personalized self-care packages tailored for our employees. Through this program, we aim not only to raise awareness but also cultivate a culture of compassion and proactive mental health care within our organization.

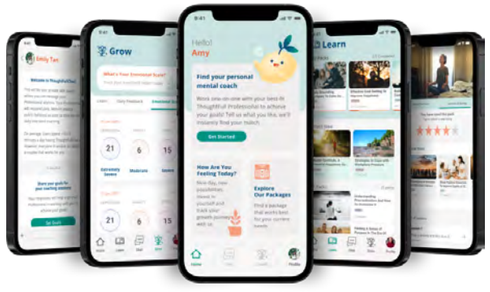
Throughout the Mental Health Awareness month in October 2023, we conducted a series of webinars and initiatives, including a stand-up comedy program, aimed at improving the mental well-being of our employees.

ThoughtFull mental well-being app

We ensure that the mental health of our employees is taken care of despite the evolving job demands. To enhance employee well-being and productivity, we've partnered with ThoughtFull mobile app to roll out mental health support tailored to our workforce's individual needs. Through ThoughtFull, our employees have access to 1-on-1 coaching with a mental health professional and can avail up to four private online video consultations, including round-the-clock crisis support from trained psychological first aiders.

In 2023, our collaboration with the ThoughtFull team included the implementation of two webinars: "Optimizing Your Energy," which focuses on enhancing mental energy levels to boost willpower, motivation, and productivity, and "Supporting Your Team's Mental Health," which equips our leaders with psychological first aid knowledge to provide timely support for their team members.

Additionally, participants benefited from an "A-Z Guide on Mental Health," learning practical strategies in navigating challenging emotions to promote personal and team well-being. We also introduced new features such as a guided breathing tool, daily reflections and ThoughtFull journeys to further support our employees' wellness.



Through the ThoughtFull app, our employees receive round-the-clock mental health support from trained psychological first aiders.

Pia Bidaure, 25, from ACEN's SacaSol in Negros Occidental, Philippines is a world-rank archer and SEA Games Gold medalist, and is among the promising athletes who are part of Atletang Ayala program.

Atletang Ayala

Through the Ayala group's Atletang Ayala program, we provide funding support to emerging Filipino athletes in their run-up to major international sports events, including the Olympics. Among the athletes in this program is ACEN's Pia Bidaure, a world-rank archer and SEA Games Gold medalist.

Pia is part of the eight pioneer-athletes under the program who are provided with salaries and benefits while training for their respective competitions and at the same time, being productive members of our workforce. We also help supplement their funding needs through crowd-sourcing initiatives.

The Atletang Ayala program offers a yearly contract that can be renewed annually until the 2024 Olympics, contingent on the attainment of clear performance measures.

Ayala Group Sports Reconnect
The Ayala Group Sports Reconnect is a groupwide initiative designed to facilitate employee reconnection through friendly sports competitions, emphasizing teamwork, sportsmanship and physical well-being.

We proudly fielded our own badminton team, comprising members from the ACEN headquarters, ACES and our plants, who enthusiastically participated in the tournament. Additionally, our employees grabbed the opportunity to engage in a StreetDance workshop to forge new and diverse connections with colleagues within the Ayala group.

WAAwesome Musikachill
To celebrate Ayala Corporation's 189th anniversary, we collaborated with other Ayala companies to organize the WAAwesome Musikachill, the first-ever WeAreAyala groupwide event in Manila. The event saw Ayala group employees coming together to enjoy live performances and indulge in complimentary street food and beer, sparking a sense of camaraderie with our peers within the Ayala community after the pandemic lockdowns.

We impressively achieved an 84 percent participation rate for the ACEN headquarters and our shared-services subsidiary, ACES, with our plant employees across the Philippines tuning in online to stream the festivities through their respective WeAareAyala Business Club chapters.

Our growing ACEN Australia team gathered in Hobart, Tasmania in November 2023 to discuss their goals for 2024 and how they can harmoniously work together to achieve these over the coming year.

Through the Ayala Group Sports Reconnect program, we encourage our employees to join sports activities such as badminton tournaments to build sportsmanship and camaraderie.

ACEN People Committee
The ACEN People Committee, comprised of representatives from different business units, serves as HR's ally in driving employee engagement. Through their teamwork, we make sure that the programs and activities for our employees are conceptualized in a way that champions our ABCD company values – aspire, believe, collaborate, deliver. They are the ambassadors of the ACEN culture who represent employees' voices on critical organization agenda, including diversity, equality, inclusivity and well-being.

Assessing our engagement score

In order to assess employee sentiments real-time, we launched a quarterly pulse survey to evaluate the company's efforts in relation to employee attraction, development, engagement, well-being and retention.

Ayala Corporation conducted a group-wide engagement survey in 2023 wherein ACEN participated in. 92 percent of ACEN's employees responded favorable to the Sustainable Engagement items, which entails that employees are greatly satisfied with the work environment and culture within the company.

We also help foster work-life balance through special interest groups that cater to various personal interests of our employees, allowing them to pursue hobbies and passions outside of work. Our year-long employee engagement calendar includes activities such as online concerts, sports tournaments, employee volunteerism programs, personalized mental health and well-being support, and virtual team building events. Online counseling and psychological well-being hotline channels are also made available for ACEN employees.

Combining work and play, we continue to keep our employees energized through different engagement activities like sports, fostering a fun work environment for everyone in the organization.

Compensation and benefits

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

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

Aside from standard compensation packages, we offer employees wellness benefits that subsidize activities that promote physical or mental wellbeing. Work-life balance is further encouraged with sufficient vacation and sick leaves, and other forms of paid time off. Furthermore, we offer variable pay in the form of a performance bonus each year. Aligned with the company's performance appraisal system, the bonus allows for opportunities to reward individual contributions throughout the year.

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

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

In partnership with Etiqa, ACEN employees are provided health insurance for their medical needs. Health-related benefits are extended to immediate family members, including mental health and wellness programs. Single employees, meanwhile, can make their medical benefits transferable to the next of their kin. COVID-19 vaccination coverage was also extended to employee dependents.

In terms of retirement, we offer a multi-employer retirement plan to ensure the long-term financial welfare of our employees, as well as financial support programs to meet more immediate needs.

Integrating sustainability at the workplace

We believe that advancing our renewables agenda entails the creation of a shared space where we can collaborate and deliver our goals while embodying sustainability as the core of our business. That's why at the ACEN headquarters, environmental stewardship and functionality intersect in the overall design process to boost employee health and well-being, save on energy consumption and reduce waste.

Take for example the greeneries we use within the office: our air purifying plants from Netherlands-based Air So Pure have been carefully chosen and strategically positioned in key areas of the headquarters. These plants have scientifically proven air purifying health benefits, converting toxins and CO2 into oxygen in a very efficient way.

The ACEN headquarters, like the rest of the Ayala Triangle Gardens Tower 2, a Leadership in Energy and Environmental Design (LEED) Gold-Certified building, uses an Energy Recovery Ventilation (ERV) circulation system which exchanges stale, polluted indoor air with fresh, clean outdoor air without wasting energy.

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

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

Read about how we have transformed our headquarters into the home of the future of energy ▸

Health and safety

"We place the health and safety of our workforce at the forefront of our business."

As we set the timeline for our renewables agenda, we also place the health and safety of our employees on top of our business agenda. Our Health, Safety, Security and Environment (HSSE) Policy continues to strengthen the company's safety performance through its guiding Key Result Areas (KRAs).

Our chief risk officer oversees this policy and represents Health and Safety at the executive level. Performance parameters on safety include contractors required to undergo a prequalification process aligned with ACEN's safety rules, policies and workplace procedures.

Our HSSE team also has set time-specific, quantitative targets to reduce health and safety incidents. These targets are set against industry standards. The 2023 target for Total Recordable Cases (TRCs) is a 25 percent reduction from 2022 to 2023. As for Lost Time Injury (LTI) and Externally Reportable Incidents (ERI), the consistent targets for these are zero.

In Visayas, Philippines, we celebrated an outstanding safety milestone after achieving a cumulative six million safe man-hours without lost time incident across all our renewable energy projects in Negros Island and Guimaras, namely: SacaSol, IslaSol, MonteSol and Guimaras Wind. It was a monumental breakthrough to signify how we value the safety of our employees and plant contractors in our daily operations as we execute the energy transition.

ACEN's 2023 HSSE performance

	2022	2023
Total Recordable Cases Frequency Rate (TRCF) [a] TRCF = TRC*1M/Total Man-hours	1.14	0.89 22% reduction
Total Man-hours	19,249,258	22,552,798
Total Recordable Cases (TRC)	22	20
Externally Reported Incidents (ERI) - Fatality	0	0
Externally Reported Incidents (ERI) - Permanent Total Disability	0	0
Externally Reported Incidents (ERI) - Permanent Partial Disability	0	0
Lost Time Injury (LTI)	3	0
Fatality rate [a]	0%	0%

a. Total Recordable Cases Frequency Rate and Fatality Rate were computed based on the 1,000,000-hour basis

Hazard identification and risk assessment
We adhere to the highest level of standards in terms of labor practices, including employee health and safety. We employ practices based on IFC Performance Standards and comply with local laws and regulations pertaining to labor and human rights.

A risk management process is currently being implemented to identify, assess and prioritize health and safety risks at the plant operations level to minimize probability or impact of potential incidents. The risk assessment is carried out for potential new operations and existing projects.

Employee-related health and safety involvement

We implement an Incident Management System (IMS), which covers all our personnel, contractors, subcontractors, and other parties involved in ACEN's operations. The IMS integrates ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety Management System). Having the IMS certification is beneficial for a more streamlined process, enhanced compliance, improved risk management approach, increased stakeholder confidence, more sustainable practices and a culture of continual improvement.

Most of all, the IMS displays our commitment to excellence in quality, environmental stewardship and occupational health and safety. The Emergency Response Coordinator ensures the effectiveness of this system. Safety trainings are also conducted monthly across our operating sites.

We also adopt the Incident Command System to align with industry standards and facilitate smooth coordination with external parties, including government agencies that utilize the same system during emergency response/incident management. We deploy incident commanders to ensure incident safety on-site and to communicate relevant information to stakeholders. Incident Management Teams on-site implement necessary response procedures for incidents and emergencies.

The teams were required to take courses on the IMS 100, IMS 200 and IMS 300, covering topics such as the IMS overview, its application to the company, its leadership and management system, as well as ensuring effectiveness of the implementation of the IMS.

Throughout the fiscal year, our HSSE team conducted various training sessions in the ACEN headquarters for pertinent topics such as first aid, security planning for security providers, and comprehensive ergonomics in relation to identifying, assessing and mitigating different ergonomic hazards in the workplace and at home. Health and safety reorientations are also held yearly for all employees.

Health and safety certification
All of our operational sites in the Philippines are certified under ISO 45001:2018 (Occupational Health and Safety), which provides a flexible framework that can be tailored to suit the specific needs and risks of the organization. The objectives are to prevent work-related injuries, illnesses and fatalities, as well as to improve occupational health and safety performance through proactive management and continual improvement. This includes measures to ensure compliance with legal requirements, promote worker participation and consultation, and provide resources and training to support a safe working environment. Internal audit procedures are conducted to evaluate the performance and procedures of these sites in reference to the ISO certification.

Read more about how we prioritize the health and safety of our people ▸

Sustainability programs

We are committed to protecting and improving the lives of communities where we conduct our business, including indigenous and vulnerable populations that are affected by our operations.

As we develop and operate projects, we engage with our host communities and local government units throughout the lifecycle of our power plants. By establishing grievance mechanism procedures during the early development phase, we ensure that we consult with, obtain consent from and keep our communities updated on the project status based on these criteria: stakeholder engagement, grievance redress mechanism and social programs.

Before the development phase, we conduct rapid assessments to determine if involuntary resettlement or economic displacement will occur because of the project. In the case of physical displacement, we provide compensation, through either property resettlement or cash, and full replacement cost for land and other assets lost.

One of our key material topics is human and labor rights, particularly in areas of health and safety, involuntary resettlement and indigenous peoples. Our ESG policy emphasizes protecting and improving communities, including indigenous and vulnerable populations, that are affected by our operations.

Our best practices for local community engagement through ESMS

New England Solar

This project features a grievance redress system with straightforward procedures and a public feedback mechanism via a dedicated website and telephone hotline. We emphasize local employment and facilitate social programs through our Community Benefit Sharing Incentives Program for education, sports, startups, and specialized STEM education.

Stubbo Solar

Incorporating a comprehensive Complaints Management Procedure, this project ensures transparent processes for complaint lodging, and resolution within 30 days and additional days for more complex issues, as defined in the Procedure. Furthermore, the design of solar panels has been innovatively modified to accommodate sheep grazing, a direct response to the agricultural community's feedback.

Ninh Thuan Wind

The project's grievance desk is set up for efficient complaint handling, aiming for resolutions within 30 days, with allowances for more complex issues. Our Gender Action Plan (GAP) has led to the hiring of women in 20 percent of technical and management roles and the implementation of a gender-inclusive procurement policy alongside rigorous anti-sexual harassment training.

Read more about these developments ▸

Our Palauig Solar 1 in Zambales is among our five solar farms across the Philippines that implement the "Solar Gulayan" agrivoltaics program, which combines solar power and agriculture to improve local food security while generating renewable energy.

Part of our environment and social assessment through ESMS is determining occupational health and safety risks and mitigation plans to ensure that we abide by national regulations and international labor standards.

During the development stage, we create meaningful environmental and social programs tailored to the needs of our communities. For our areas of operations near ancestral domains or indigenous land, we ensure that we involve indigenous peoples (IPs) as part of our social assessment and stakeholder engagement process throughout the lifecycle of our projects. We also develop livelihood programs based on existing industries and skills of communities we work with and create corresponding eligibility and entitlement criteria to ensure impactful implementation.

We recognize diversity and inclusivity as effective means to uphold human rights. In areas where we operate, our projects continuously work with a network of organizations to ensure that we create safe spaces and opportunities for all.

Our best practices for human and labor rights through ESMS

Mui Ne Wind

A Land Restoration Plan (LRP) addressed previous land acquisition issues, creating livelihood programs for households affected by our project.

Quang Binh Wind

Implementing a Land Acquisition Audit (LAA) and LRP, this project supported the livelihood restoration of impacted households, providing compensation and assistance in job transitions and life stabilization recruitment assistance.

Pagudpud Wind

Collaboration with Yapayao Tribe through the National Commission on Indigenous Peoples (NCIP) has created programs that uphold culture and heritage, scholarships and farming equipment to support livelihood.

Read more about these developments ▸

Our social framework for our community programs

Beyond maintaining good relationships with our host communities, we develop sustainability programs tailored to facilitate the area's socio-economic progress. By collaborating with local agencies, state agencies, research organizations, and conservation groups, we establish programs anchored on three sustainability pillars: biodiversity, social programs and resource efficiency. These are aligned with ACEN's material issues to ensure that all our efforts are sustainable and contribute to the overall well-being of the communities where we operate.

To enhance the impact of our sustainability efforts, we've formed a strategic partnership with RiShift, a consultancy firm known for helping organizations embed sustainability into their core business strategies. This collaboration aims to assess how effectively our initiatives meet the social and environmental needs of the communities we serve by using the Social Progress Index (SPI) as a tool. We have started to take a comprehensive look at well-being that goes beyond traditional economic measures, focusing instead on how well societies are doing in providing for their citizens' basic human needs, improving the quality of life and enabling individuals to achieve their potential*.

This approach shifts our focus from merely tracking our activities to evaluating the real-world outcomes of our sustainability efforts, ensuring that we're making a meaningful difference in people's lives and the health of our planet. Typically used at a per-country level, the SPI outlines three dimensions and 12 indicators to measure social progress and what matters to the communities most. The SPI also aligns with global development indicators such as Sustainable Development Goals (SDGs), World Bank Metrics and International Finance Corporation Performance Standards.

Sustainability program pillars

Biodiversity

Forest protection

- Nature-based solutions: Green carbon (**page 33** ▸)
- Conservation Estate in Ilocos Norte (**pages 32 & 48** ▸)
- Wildlife conservation (**pages 30 to 32** ▸)
- 1 million trees target by 2025 (**page 33** ▸)

Marine protection

- Nature-based solutions: Blue carbon (**page 33** ▸)
- Pawikan Conservation (**pages 31 & 48** ▸)

SDGs: 8, 13, 14, 15

Resource efficiency

- Circularity at plant sites (**page 35** ▸)
- Agrivoltaics (**page 49** ▸)
- Solar grazing (**page 49** ▸)
- Community Eco Hub (**page 50** ▸)

SDGs: 8, 11, 12, 13

Social programs

- Community infrastructure (**page 51** ▸)
  - Renewable energy advocacy program (solar street lights and rooftop solar)
- Education (**page 52** ▸)
- Livelihood creation (**page 53** ▸)
- Empowering Indigenous People (**page 54** ▸)
- Health and wellness (**page 55** ▸)
- Climate change and emergency preparedness, mitigation and adaptation (**page 56** ▸)

SDGs: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 17

Social Progress Index (SPI)

Basic Human Needs

- Nutrition and Basic Medical Care
- Water and Sanitation
- Shelter
- Personal Safety

Does a country provide for its people's most essential needs?

Foundations of Well-being

- Access to Basic Knowledge
- Access to Information and Communication
- Health and Wellness
- Environmental Quality

Are the building blocks in place for individuals and communities to enhance and sustain well-being?

Opportunity

- Personal Rights
- Personal Freedom and Choice
- Inclusion
- Access to Advanced Education

Is there opportunity for all individuals to reach their full potential?

* Source: Harvard Business School Institute for Strategy & Competitiveness, Social Progress Index

ACEN sustainability pillars' alignment to SPI and SDGs

The Social Progress Index (SPI) is a critical tool in guiding our decision-making and optimizing resource distribution, ensuring that our strategies and actions are finely tuned to the needs of the communities we support. Within our sustainability initiatives, we adapt the SPI framework to ACEN's unique operational context, ensuring that our efforts are measured against both global standards and local realities.

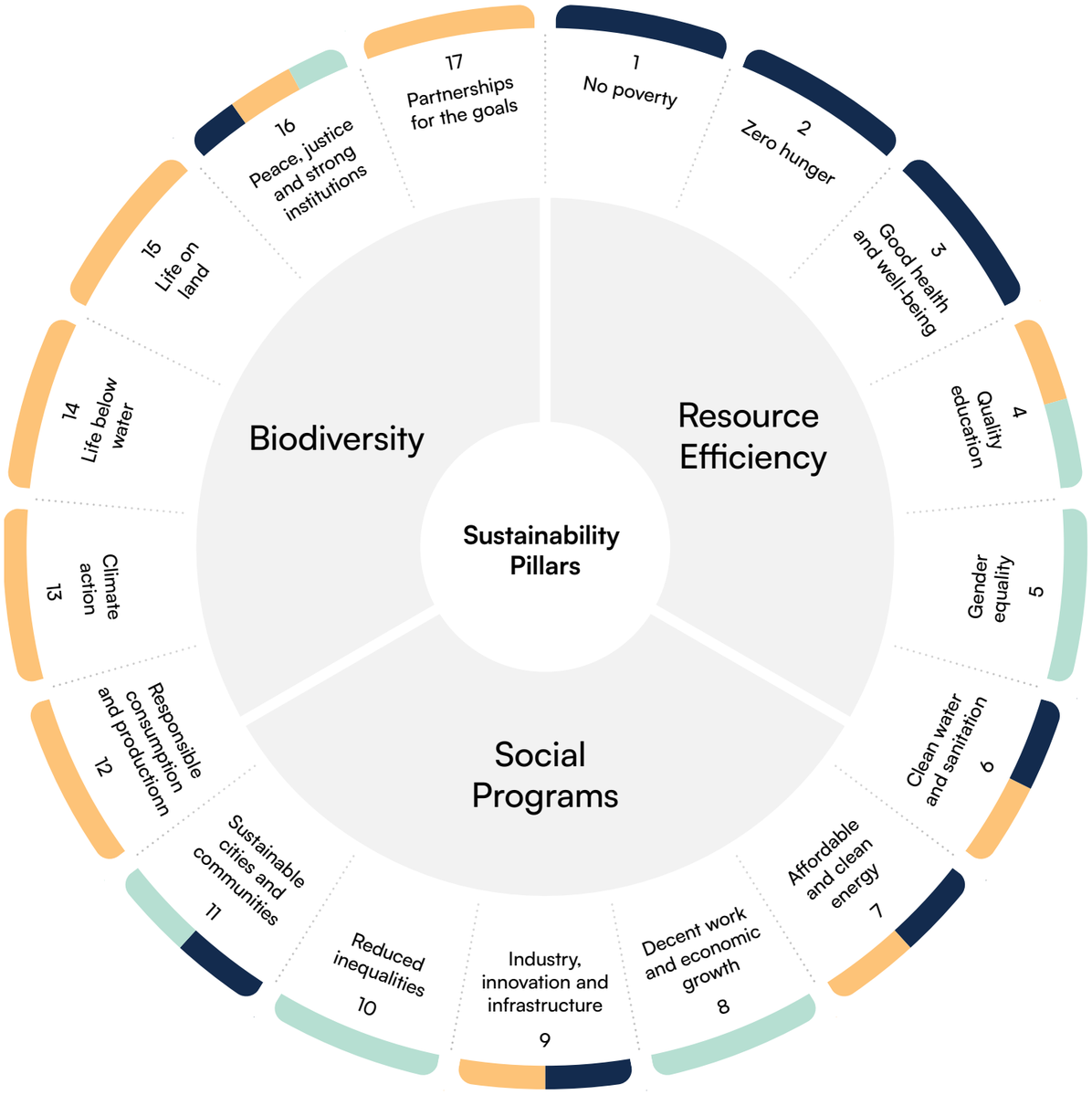
Here's how we incorporate the SPI into our work:

- **Mapping and baseline establishment:** We begin by mapping our existing sustainability initiatives against the SPI's dimensions and indicators. This exercise helps us understand how our efforts correlate with the broader goals of social progress and establishes a baseline from which we can measure future impact.
- **Preparation for impact assessment:** We recognize the importance of meaningful impact measurement and lay the groundwork for comprehensive evaluations. By aligning our programs with the SPI framework, we are setting clear benchmarks that will enable us to assess the real-world effects of our initiatives on community well-being and environmental sustainability in the future.
- **Dynamic evaluation and adaptation:** Our initial assessment of initiatives is the starting point. We employ a dynamic and iterative evaluation process that allows us to continuously improve the effectiveness and communication of our programs.

ACEN's social impact wheel

Our sustainability pillars are aligned with both the Social Progress Index (SPI) and the Sustainable Development Goals (SDGs), demonstrating our commitment to global priorities. By utilizing these frameworks as metrics, we ensure alignment with international standards and leverage the complementary nature of the SPI and the SDGs to guide and measure the positive impact of our initiatives on both the environment and society*.

- **Basic Human Needs**
- **Foundations of Well-being**
- **Opportunity**



* Source: Deloitte (2017) The Social Progress Index Complements the Sustainable Development Goals

Biodiversity

"We understand that rich and diverse ecosystems provide essential impact to the health and livelihood of our workforce and communities."

Our sustainability programs underpin our strong commitment to promoting environment and biodiversity conservation in the areas where we operate. Through targeted initiatives and proactive measures, we strive to contribute positively to biodiversity conservation and ensure long-term health and resilience of natural ecosystems.

Alignment to SPI:
Basic Human Needs, Foundations of Well-being

Contribution to SDGs:
3, 4, 8, 10, 13, 14, 15, 16

Conservation Estate in Ilocos Norte: A model of sustainable integration

Our pioneering Conservation Estate in Ilocos Norte continues to be a compelling microcosm that encapsulates how technology and biodiversity can thrive in a natural environment. Initially a 700-hectare forest protection effort, this project has now expanded to 1,300 hectares dedicated to ecological restoration and community empowerment, addressing the adverse effects of unsustainable agricultural practices and illegal logging. Our collaboration with local communities has been key in developing sustainable livelihoods, reinforcing our commitment to biodiversity and community development.

Strategic approach and SPI aligment
Our strategy has four cornerstone programs: reforestation, agroforestry/community agriculture, biodiversity protection, and circular economy practices. Each program contributes to the 'Basic Human Needs' and 'Foundations of Well-being' dimensions of the Social Progress Index (SPI), ensuring a positive impact on environmental quality and community well-being.

- **Reforestation and agroforestry:** Through the sustainable practices in our Conservation Estate, we are contributing to improving land and water quality, aligning with the SPI's environmental quality indicators. This effort has not only restored degraded landscapes but also provided more than 600 community members with sustainable livelihood opportunities since 2014 with sustainable livelihood opportunities, contributing to the SPI indicator of access to basic knowledge through educational initiatives on sustainable farming.
- **Biodiversity protection:** Our conservation efforts have protected 146 species, enhancing local biodiversity and ecosystem resilience. This aligns with the SPI's ecosystem sustainability by preserving natural habitats that are crucial for medicinal resources and disease regulation.
- **Circular economy practices:** The introduction of circular initiatives, such as the eco-brick classroom, minimizes waste and promotes resource efficiency, directly contributing to the SPI's environmental quality indicator.

This mangrove fly catcher is among the species of birds that we protect in our Ilocos Norte Conservation Estate.

Moving forward

As we look to the future, our focus will extend beyond traditional conservation efforts to include initiatives that enhance access to information and contribute to the health and nutrition of our communities. By continuing to align our biodiversity efforts with the SPI, we aim to not only preserve natural habitats but also enrich the lives of the communities we serve, ensuring a sustainable and vibrant future for all.

To know more about our biodiversity conservation programs, go to **pages 30 - 33 & 48**

Biodiversity

Flora	
Seedlings produced	**Over 1 million**
Trees planted	**~555, 800**
No. of threatened native flora species planted	**10**
Fauna	
Fauna species	**146**
Threatened fauna species protected	**11**
Sea turtles nests recorded and protected	**40**
Sea turtles rescued	**47**
Sea turtle hatchlings released	**~2,180**
Habitat	
Forestland protected	**~1,300 ha**
Areas developed for agroforestry	**~13 ha**
Carbon stock*	**~94 kilotons of carbon**
Carbon dioxide equivalent	**~345 kilotons**

Social program

Green jobs generated	**Over 600**
Farmers trained and provided assistance on agroforestry development	**Close to 2,000**
Farming families involved in community seedling production	**Over 3,000**

Resource efficiency

Ilocos Norte Community Eco Hub	
Partner-barangays	**39**
Establishments	**9**
Partner schools and organizations educated on circularity	**32**

* Value covers a portion within the initial ~625 hectares Conservation Estate

Resource efficiency

At ACEN, our commitment to sustainability extends through every aspect of our operations, particularly in how we manage and utilize resources. From developing resource efficiency programs at the construction and operational phases of our plants to developing programs that create shared value with our communities, we continue to challenge boundaries.

Alignment to SPI:
Basic Human Needs, Foundations of Well-being, Opportunity

Contribution to SDGs:
1, 2, 7, 8, 9, 12, 13, 15

Agrivoltaics: A synergistic approach to clean energy and food security

Our agrivoltaics program in the Philippines exemplifies our approach to resource efficiency, utilizing land for both solar energy generation and agricultural production. This innovative farming system addresses the dual imperative of transitioning to clean energy while bolstering food supply.

Our agrivoltaics initiative represents a harmonious blend of renewable energy generation and agricultural productivity. It maximizes the use of land to benefit both the environment and the local economy. This innovative system leverages the dual use of land for solar photovoltaic installations and agricultural cultivation, addressing the dual challenges of clean energy transition and food security.

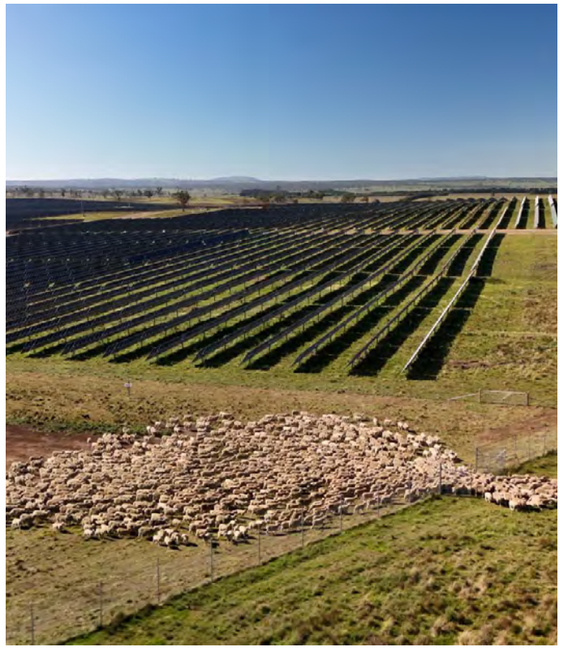
Strategic approach and SPI alignment
The strategic placement of crops beneath solar panels and the revitalization of idle spaces within our generation facilities optimize land use. This symbiosis between agriculture and solar energy not only enhances the efficiency of our solar panels by reducing their heat but also provides crops with much-needed shade, thereby reducing water consumption and improving agricultural yields.

- **Land and water optimization:** Our agrivoltaics program across our solar farms in the Philippines directly impacts land and water quality by promoting sustainable land use and water management practices. This aligns with the SPI's 'Environmental Quality' indicator, showcasing our efforts to maintain healthy ecosystems.

- **Economic and social impact:** By introducing agrivoltaics and engaging with local farming organizations like Alaminos Laguna Consumers Cooperative (ALACCO), Zambales Millennial Farmers and Producers Association and Kalipunan Ng Liping Pilipina (KALIPI), we've not only increased agricultural productivity but also bolstered local food supplies, directly contributing to the SPI's 'Basic Human Needs' through improved nutrition and food security. The generation of over 12,000 kilograms of crops since 2022 and the enhancement of 75 farmers' livelihoods are clear metrics of our program's success.

- **Community engagement and knowledge sharing:** The Solar Gulayan program, in partnership with local cooperatives and institutions, fosters community engagement and economic activity, contributing to the SPI's 'Access to Basic Knowledge' by educating community members on sustainable farming practices and renewable energy benefits.

Moving forward
As we advance, we focus on scaling up the agrivoltaics program, integrating cutting-edge agricultural techniques to boost efficiency and production. By enhancing support for post-processing and market linkage, we aim to further empower our partner cooperatives and farmers, ensuring the continued growth of this sustainable model.



Our New England Solar farm in Australia not only harnesses clean energy but also provides a haven for thousands of merino sheep.

Solar grazing: Where sheep and solar panels co-exist

Our broader resource efficiency initiatives, including solar grazing, underscore our commitment to sustainable development, driving positive change for both society and environment. Solar grazing, employing sheep as natural grasscutters, is a cost-efficient way to manage vegetation growth beneath solar panels, reducing the need for machinery and harmful herbicides. It also fosters biodiversity by creating habitats for various plant and animal species, contributing to the overall ecological health of the area.

Strategic approach and SPI alignment

Philippine initiatives
- **Land optimization:** The dual-purpose land use of our solar farm in Palauig, Zambales for solar grazing and agrivoltaics offers a blueprint for resource efficiency. This contributes to 'environmental quality' by reducing GHG emissions in avoiding use of grass-cutting equipment for solar farm maintenance.

Global initiatives
- **Solar grazing in Australia:** Our New England Solar is home to more than 2,000 merino sheep co-existing with our solar panels, improving local conditions through shade and moisture and hence leading to better pasture. This practice further enhances 'Environmental Quality' by imploring sustainable measures in operations and maintenance while providing supporting local livelihood which contributes to the community's 'Basic Human Needs'.

Moving forward
Looking ahead, we will scale up sheep and cattle farming within our Philippine and Australia solar facilities. We will continue to seek ways to maximize resource efficiency as the world grapples with the dual challenges of climate change and sustainable land use while creating a positive impact on the surrounding communities.

Extending circularity to our communities

Our commitment to circularity transcends the boundaries of our project sites, reaching into the heart of the communities we serve. Through the establishment of Community Eco Hubs, we not only address waste management challenges but also enhance the environmental quality and overall health of our partner communities, aligning our efforts with the 'Environmental Quality' and 'Health and Wellness' indicators of the Social Progress Index (SPI).

Alignment to SPI:
Basic Human Needs, Foundations of Well-being

Contribution to SDGs:
3, 8, 9, 11, 12, 13, 14, 15, 17

Strategic approach and SPI alignment

- **Waste management and environmental stewardship:** In Ilocos Norte, we've empowered communities with tools like plastic shredders and provided eco-casts to schools, promoting sustainable waste management and instilling a culture of environmental responsibility. The construction of an eco-classroom from eco-bricks produced at our Ilocos Norte Eco Hub exemplifies the practical application of circular principles, enhancing the learning environment while addressing infrastructural needs, aligning with the SPI's indicator of 'Environmental Quality'.
- **Repurposing construction waste:** Our SanMar Solar project exemplifies innovation in waste repurposing, transforming solar panel packaging and construction materials into functional items for local schools and facilities. This initiative not only reduces waste but also supports community infrastructure, aligning with the SPI's 'Foundations of Well-being'.
- **International efforts in waste management:** Expanding our circularity efforts globally, we've contributed to developing waste management facilities in Indonesia, enhancing local capacities for waste segregation and recycling. This outreach contributes to SPI's indicator of 'Environmental Quality'.

Moving forward

As we continue to grow and develop new renewable energy projects, our dedication to a circular waste management approach remains. We are exploring opportunities to broaden the scope of our circularity initiatives beyond plastic waste, incorporating other materials such as wooden pallets. By weaving circularity principles into every facet of our operations and collaborating with stakeholders across the spectrum, we aim to amplify our positive environmental impact, foster green job creation, and champion climate-resilient strategies.

This evolution of our circularity approach demonstrates our holistic commitment to environmental management and social progress. We strive to not only mitigate our environmental footprint but also enrich the communities we are privileged to serve.

In July 2023, we began constructing the Alaminos Community Eco Hub adjacent to our Alaminos Solar farm in Laguna, Philippines to scale up our waste management approach. Our second project with Green Antz, the Alaminos Community Eco Hub, with the support of the local government of Alaminos, Laguna, will serve as a recycling facility to convert the community's plastic waste into eco-bricks as part of the company's strengthened circularity framework. The eco-products will then be used in our plant facilities and other community infrastructure.

In photo (from L-R): Michael Zotomayor, former lead for Luzon solar plant operations; Lord Lee Van Burgos, lead for Philippine plant operations; Irene Maranan, SVP & head for corporate communications and sustainability; Glenn Flores, Alaminos mayor; Miguel de Jesus, chief operating officer for Philippine operations; Rommel Benig, Green Antz president & CEO

Social programs

"Our social programs are integral to our holistic approach towards creating a positive impact on society and fostering sustainability development."

President and CEO Eric Francia met the student-beneficiaries of the school building that we donated in Palauig, Zambales during the turnover ceremony.

Our social investments go beyond mere infrastructure development; they encompass comprehensive programs aimed at fostering the socio-economic progress of our host communities. By closely collaborating with local government units, state agencies, indigenous peoples and conservation groups, we establish initiatives designed to serve as catalysts for positive change.

Through livelihood creation, large-scale infrastructure enhancements, heightened awareness of community health and safety, disaster response readiness and innovative waste management strategies, we strive to generate tangible, enduring impact on the communities we serve.

We believe that by taking into consideration the needs and aspirations of our host communities, we not only strengthen our relationships but also cultivate a mutually beneficial environment where sustainability flourishes.

Community infrastructure

As we go full speed in our renewables expansion, we not only assess our environmental impact but also evaluate our potential social impact. In the early development stage, we proactively identify opportunities for building infrastructure that not only facilitates project construction and operations but also benefits our host communities.

Alignment to SPI:
Basic Human Needs, Foundations of Well-being, Opportunity

Contribution to SDGs:
7, 9, 11, 13, 17

Aside from developing the 585 MW SanMar Solar, we also built large-scale infrastructure in San Marcelino, Zambales. This includes a 14-kilometer power transmission line, almost six kilometers of access road and two concrete bridges, significantly reducing travel time and improving accessibility for the IP communities who used to walk three to five hours by foot or motorcycle when going to the San Marcelino town proper to sell their goods.

Strategic approach and SPI alignment

Philippines initiatives

- **Robust community investments:** In San Marcelino, Zambales, we transformed idle, lahar-covered land into the region's largest solar farm with an investment of ~₱400 million in roads and bridges. This greatly benefits the local Ayta community by improving access and reducing travel time by one to two hours. This initiative supports the SPI indicators for 'Access to Basic Needs' by improving indigenous peoples' access to basic services through infrastructure.
- **Donation of educational facilities:** In Palauig, Zambales, we constructed two buildings with 14 classrooms, directly contributing to the SPI's 'Access to Basic Knowledge' by enhancing educational infrastructure.
- **The Renewable Energy Advocacy Program (REAP):** Across our Philippine projects promotes the SPI's 'Access to Information' by educating communities on renewable energy benefits and implementing projects like solar street lighting and solar-powered school roofs.
- **Lighting up communities in Visayas:** Installing a 1-KW solar system at a remote school in La Carlota City, Negros Occidental improves community access to electricity, aligning with the SPI's 'Access to Basic Services'.

Global contributions

- **Installation of EV charging stations:** In Australia, our Social Investment Program renovated community facilities and installed electric vehicle charging stations, promoting the SPI's 'Environmental Quality' by supporting use of automotive that emit less GHG emissions.
- **Improvement of local roads:** In Indonesia, our collaboration with Lainungan Village Enterprises (BUMDES) in Sidrap improved local roads, enhancing 'Access to Basic Human Needs' for over 700 households by improving community mobility.
- **Building community projects:** In Vietnam and Lao PDR, our support for community facility renovations and construction projects, such as Dak Cheung Temple, aligns with the SPI's 'Foundations of Well-being' by fostering social cohesion and cultural preservation.

Moving forward

As a responsible renewables player, we are committed to continuing our engagement with host communities to develop mutually beneficial infrastructure projects. By integrating community needs into our project planning, we aim to lead the renewables revolution while fostering inclusive and sustainable development as aligned with the Ayala commitment to nation-building, ensuring our infrastructure initiatives align with and support the social progress.

Education

We believe in the potential of the next generation in breaking cycles of poverty and inequality through proper access to education. Our investments in education empower and support not just students but also teachers in our host communities in creating a safe and inclusive learning environment for them to thrive and effectively contribute to sustainable development.

Alignment to SPI:
Foundations of Well-being, Opportunity

Contribution to SDGs:
4, 5, 8, 10, 17

Strategic approach and SPI alignment

Philippines initiatives

- **Infrastructure development and scholarships:** The development of educational infrastructure and classroom buildings in Palauig, Zambales directly enhances the SPI's 'Access to Basic Knowledge'. Scholarships by Maibarara Geothermal and North Luzon Renewables (NLR), with 13 out of 22 college scholars already graduated, align with the SPI's 'Access to Advanced Education,' facilitating higher education pursuits.

- **Learning laboratories and kiosks:** Establishing learning laboratories and kiosk centers, notably by the NLR wind farm and ACEN Tech Hub, serve as pivotal resource hubs, bolstering 'Access to Basic Knowledge' through accessible educational materials and opportunities.

- **Renewable energy advocacy:** Initiatives like the Renewable Energy Advocacy Program (REAP), educating students on renewable energy, advance 'Access to Information', fostering a generation knowledgeable about sustainability.

We are helping address classroom shortage in the Philippines with our donation of two school buildings in Palauig, Zambales.

- **Support for Mano Amiga:** ACEN headquarters employees' collective contributions to Mano Amiga, supporting tuition for 17 gifted students from underprivileged backgrounds, underscore our commitment to 'Access to Basic Knowledge', ensuring talented youths receive quality education.

Global contributions

- **Australia's educational and well-being initiatives:** Programs supporting youth education and well-being in Australia, such as career guidance in Coolah and Boys to the Bush collaborations, align with 'Foundations of Well-being', nurturing comprehensive child development.

- **Inclusive education in Indonesia:** Our support for diverse educational activities in Sidrap, including the Scout Competition and resources for Parepare School for Special Needs, enhances 'Foundations of Well-being', promoting inclusive education and character building.

- **Vietnam and Lao PDR projects:** Assistance to families, school supplies provision and playground developments in Vietnam, alongside educational infrastructure support in Lao PDR, strengthen 'Access to Basic Knowledge' and 'Foundations of Well-being', creating enriching learning environments.

- **Educational support in Lao PDR:** Monsoon Wind's contributions to schools, including nutritional programs and educational aids, address 'Health and Wellness' and 'Access to Basic Knowledge', supporting both physical health and educational needs.

- **Learning initiatives in India:** Efforts in India, from distributing educational materials to supporting extracurricular activities, contribute to 'Access to Basic Knowledge', encouraging student engagement and learning.

Moving forward

We are dedicated to further strengthening our education programs by incorporating holistic approaches that integrate climate action and sustainability. Our aim is to enhance our outreach activities to schools by advocating the integration of climate change and sustainability education in local schools. We will continue to collaborate with educators, local governments and community organizations to develop innovative programs that foster environmental literacy, promote renewable energy awareness and inspire action towards a greener and more sustainable future.

Through our Monsoon Wind farm in Lao PDR, we were able to champion the wellness of students living near our project site.

Livelihood creation

We recognize that a thriving community is integral to the success of our operations, and we strive to create shared value by investing in local livelihood opportunities. As aligned with our core values, we have established programs aimed at expanding economic opportunities for our local communities. These initiatives go beyond mere charity; they are designed to build capacity, enhance skills and create pathways to economic self-sufficiency.

Alignment to SPI:
Basic Human Needs, Foundations of Well-being, Opportunity

Contribution to SDGs:
1, 5, 8, 10, 17

We create green jobs in the development of our renewable energy projects and infrastructure, generating a ripple effect that opens doors for local communities to engage with various businesses such as resorts, hotels, dormitories, restaurants, food stalls, and related industries in our supply chain. Throughout our operations, we remain committed to bolstering local suppliers and implementing initiatives that support small-to-medium enterprises within our areas of operation, ensuring the sustained creation of mutual value.

Strategic approach and SPI alignment

Philippines initiatives

- **Employment and business support:** The construction phases of our projects boost local employment and business opportunities, directly aligning with the SPI's 'Personal Freedom & Choice' dimension. This economic stimulation extends to supporting local industries such as hospitality, transportation and supply chain services.
- **Solar Gulayan and agroforestry programs:** These initiatives leverage project lands for agricultural purposes, providing food security and income for local communities and farmer groups, contributing to the SPI's 'Nutrition and Basic Medical Care'.
- **Skills development partnerships:** Collaborations with Technical Education and Skills Development Authority (TESDA) in San Marcelino, Zambales for scaffolding training and other skill-building programs enhance local workforce capabilities, supporting the SPI's 'Access to Advanced Education'.
- **Eco-tourism and community engagement:** Initiatives like Solarlympics in Palauig, Zambales and the Tanod Watch program in Guimaras highlight our efforts to promote tourism and community safety, respectively, enhancing the SPI's 'Foundations of Well-being' and 'Personal Safety'.

In Indonesia, we collaborate with local farmers to engage in beekeeping activities aimed at restoring and conserving forests.

Global contributions

- **Indonesia's tourism and agricultural support:** The development of a Tourism Center at Sidrap Wind and support for coffee farmers and agrotourism projects in Salak and Darajat Geothermal exemplify our commitment to economic, environmental and cultural sustainability, aligning with the SPI's 'Foundations of Well-being' and 'Nutrition and Basic Medical Care'.
- **Community-based projects in Australia:** Our engagement with local businesses through events and prioritization of SM in project procurement activities like New England Solar fosters economic growth and supports circular economy outcomes, contributing to the SPI's 'Employment' and 'Access to Basic Services'.

Ensuring inclusivity and sustainability

In addition to the highlighted initiatives, we also focus on inclusivity and sustainability in our livelihood creation efforts:

- **Support for fisherfolk:** Initiatives like the distribution of fishing gear in Laguna and the construction of fiberglass boats in Quezon demonstrate our commitment to sustainable livelihoods for local fisherfolk, enhancing the SPI's 'Nutrition and Basic Medical Care'.
- **Educational and skills training:** Our efforts extend to educational support, such as scholarships and training programs, which not only build skills relevant to our industry but also empower individuals to pursue diverse economic opportunities, aligning with the SPI's 'Access to Basic Knowledge' and 'Access to Advanced Education'.

In San Marcelino, Zambales, we were able to create over 3,600 green jobs, prioritizing locals from Barangays Santa Fe, San Rafael and Aglao, providing an opportunity for indigenous peoples to actively participate in the country's energy transition journey.

Moving forward

We are dedicated to expanding our livelihood creation initiatives to include upskilling and promoting social entrepreneurship. Beyond providing income opportunities, we aim to equip community members with essential skills and support establishing social businesses. Through these efforts, we seek to empower individuals and foster economic self-sufficiency, creating a lasting positive impact on our host communities.

Empowering indigenous peoples

We are committed to protecting and empowering indigenous peoples across our markets. Our aim is to develop programs that ensure they have access to quality education, healthcare, economic opportunities while preserving their cultural heritage. Throughout our operations, we put importance in the integration of indigenous knowledge and traditional practices, with the goal of promoting resilience and inclusivity and cultivate meaningful collaborations.

Alignment to SPI:
Basic Human Needs, Foundations of Well-being, Opportunity

Contribution to SDGs:
1, 4, 5, 8, 10 16, 17

Strategic approach and SPI alignment

Philippine initiatives:

- **Preserving culture and creating livelihood opportunities:** Our efforts to support the Yapayao Tribe in Ilocos Norte to construct their tribal hall and create green livelihood through agroforestry and agriculture contribute to SPI's 'Personal Rights', 'Environmental Qualty', and 'Nutrition & Basic Medical Care'.

- **Improving access to basic services:** The donation of oxygen, water tanks, solar lamps, water pumps, medical equipment and motorcycle for transportation across our host communities in Zambales enhances the SPI's 'Nutrition & Basic Medical Care' and 'Water and Sanitation'.

- **Creation of an indigenous political system:** Our assistance to the Ayta community in San Marcelino, Zambales on the development of an Indigenous Peoples Structure/Indigenous Peoples Organization (IPS/IPO), which establishes an indigenous political system among their group, aligns with the SPI's 'Opportunity'.

Global contributions

- **Cultural awareness program in Australia:** Our New England Solar's efforts in promoting cultural preservation and awareness foster deeper appreciation on indigenous heritage. Through our strong collaboration with Registered Aboriginal Parties (RAPs) in pre-development stages, creation of aboriginal heritage management plan and monthly cultural awareness sessions led by First Nations group, we enhance the SPI's 'Access to Information and Communications', 'Personal Rights', 'Personal Freedom & Choice' and 'Inclusiveness'.

Moving forward

We will continue to enhance our initiatives for indigenous peoples across multiple domains, encompassing infrastructure, healthcare, livelihood and training. Working closely with community leaders, we will customize programs to meet their distinct needs and aspirations, thereby providing significant assistance for the well-being and cultural preservation of indigenous populations. Our objective is to establish an enduring relationship in the communities we engage with.

Indigenous peoples in San Marcelino, Zambales perform a traditional dance during a Padugo (blood spilling) ritual ceremony symbolizing the community's blessing to our 585 MW SanMar Solar project.

Health and wellness

We place utmost importance on improving the health and well-being of our communities. By forging strategic alliances with local organizations, our goal is to establish a diverse array of health and wellness programs to cater different segments of the population, including school children, youth, senior citizens, women and other community members.

Alignment to SPI:
Basic Human Needs, Foundations of Well-being

Contribution to SDGs:
2, 3

Strategic approach and SPI alignment

Philippine initiatives

- **Improving health access:** Our medical missions and bloodletting initiatives in collaboration with local government units, local organizations, Philippine Red Cross and Generika, across our plants in Luzon and Visayas, our supplemental feeding program and donation of supplies, medicines, medical equipment and COVID-19 packages in Zambales, and HIV awareness campaigns in Laguna contribute to the SPI's 'Nutrition & Basic Medical Care', 'Health & Wellness' and 'Access to Information and Communication'.

- **Championing sports-related activities:** Our annual wellness and sports events, like the Bike with the Wind and Run with the Wind in Ilocos Norte, Solarlympics in Zambales, that support tourism and community health contribute to SPI's the 'Health & Wellness.

Global initiatives

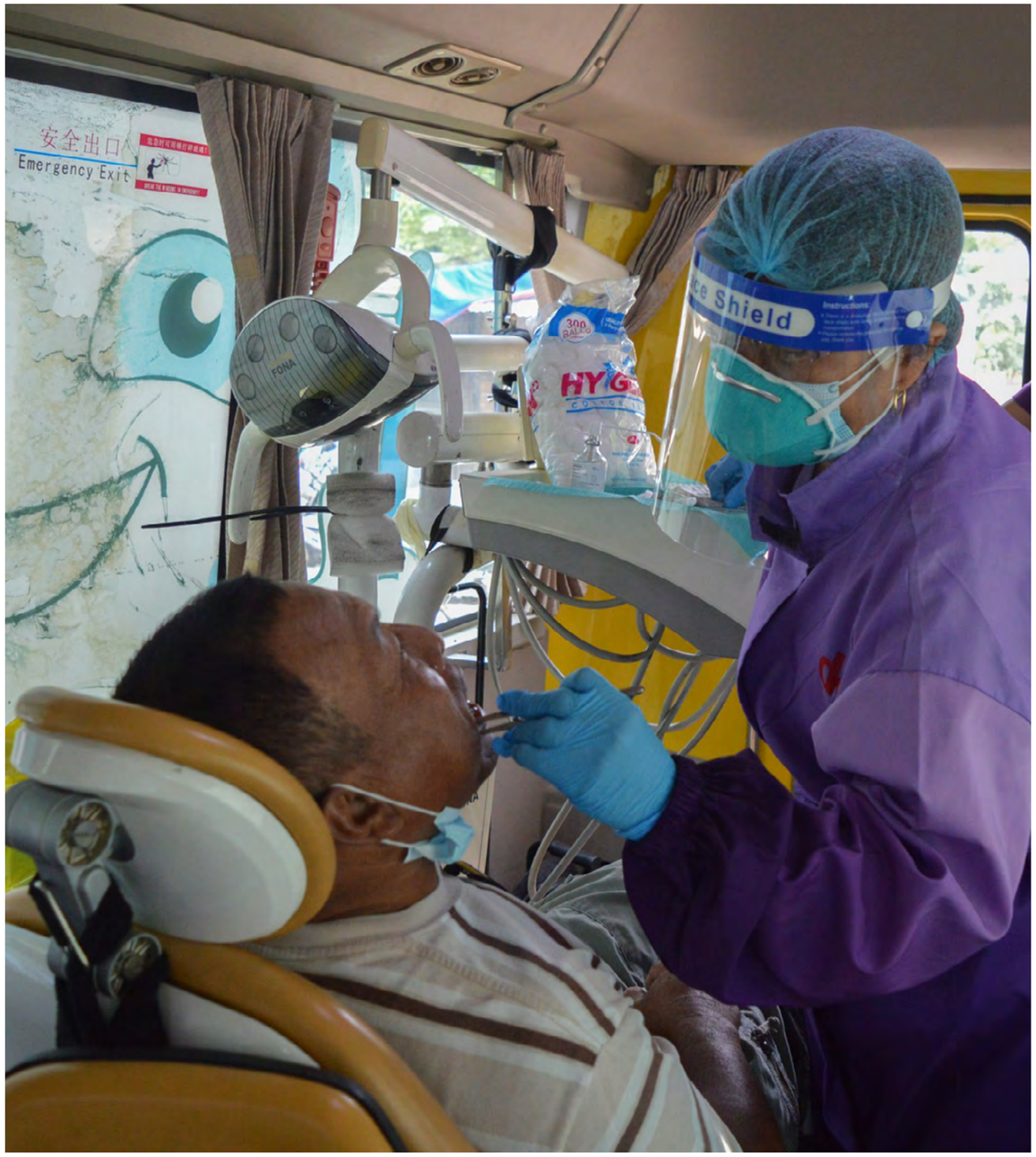
- **Breast cancer awareness and community-led initiatives in Australia:** Our efforts to support well-being of all members of the community including the elderly, and our awareness campaign on breast cancer increase the SPI's 'Foundations of Well-being'. We also contribute to the SPI's 'Health & Wellness' for our funding of community-led activities and festivities aimed at promoting wellness for the youth, elderly and all members of the community.,

- **Health awareness programs in Indonesia:** Our activities aimed at reducing stunting in our host communities, blood donation drives and donation of equipment to local health centers enrich the SPI's 'Nutrition & Basic Medical Care'. Meanwhile, the construction and improvement of existing open spaces and playground facilities for children in schools and local communities boost the SPI's 'Personal Safety' and 'Health & Wellness'.

- **Health assistance initiatives in Vietnam and Lao PDR:** Contributions made to assist emergency health cases, maintenance of equipment in local hospitals, distribution of sports equipment and construction of a playground, and organizing sports events for the youth, enhance the SPI's 'Nutrition & Basic Medical Care' and 'Health & Wellness'.

Moving forward

We will remain steadfast in implementing programs aimed at improving health and sanitation practices and promoting hygiene education within the communities we serve. These initiatives will play a crucial role in preventing the spread of diseases and fostering overall well-being within the communities we serve, especially in a post-pandemic world.



More than 500 individuals from San Carlos City, Negros Occidental benefitted from SacaSol's health caravan, which benchmarks its synergy with other stakeholders in creating social programs for its host communities.

Climate change and emergency preparedness, mitigation and adaptation

The Philippines, our home market, is among the high risk countries in terms of climate change. That's why we always place paramount importance on disaster preparedness and environmental conservation. Our efforts on environmental conservation are supported by initiatives on skills and capacity-building for our host communities to make them resilient to climate change and prepare them for other emergencies.

Alignment to SPI:
Basic Human Needs, Foundations of Well-being

Contribution to SDGs:
11, 13, 17

Strategic approach and SPI alignment

Philippine initiatives

- **Safety awareness and skills training programs:** Across Luzon and Visayas, our efforts to strengthen the disaster response capabilities of our host communities before, during and after natural disasters and emergencies, including the distribution of equipment and relief aid increase during calamities, strengthen the SPI's 'Personal Safety', 'Nutrition & Basic Medical Care' and 'Access to Information & Communications'. These efforts are in collaboration with local governments, local schools, protection services like the Philippine National Police, Bureau of Fire Protection, Philippine Coast Guard, Philippine Army, local disaster risk reduction and management councils, and the Ayala group's disaster council.

Global initiatives

- **Strengthening watershed management in Australia:** Our support to improve watershed health in Mudgee through our Social Investment Program aligns with the SPI's 'Environmental Quality'.

- **Natural disaster prevention in Vietnam:** We have provided funding support through the government's Natural Disaster Management to support communities during natural disasters in Dai Phong, donated firefighting equipment in Than Linh District, distributed fires extinguishers to women in Thien Nghiel Commune, extended financial support to build charity houses in Ninh Son District and renovate houses in Dai Phong and provided materials for local traffic & safety in Khan Hoa and Dak Lak . These efforts contribute to SPI's 'Basic Human Needs' and 'Personal Safety'.

Moving forward

We will continue to fortify our collaborations with stakeholders and local partners to devise and execute initiatives that strengthen disaster preparedness measures and build community resilience. Through investments in education, training and necessary equipment, our goal is to empower both individuals and families to adeptly address emergencies and champion environmental conservation efforts.

In the wake of Super Typhoon Egay and Typhoon Falcon, we rapidly joined forces with Ayala Foundation to spearhead an urgent relief operation for the affected families in Ilocos Norte.

> "We equip our host communities with knowledge on disaster preparedness and environmental conservation to make them resilient to climate change."

We place governance at the center of our sustainable agenda.

The second phase of ACEN's 160 MW Pagudpud Wind in Ilocos Norte, Philippines is set to be completed by Q4 2025. Once finished, the project can help avoid up to 344,600 MT of carbon emissions annually.

In our organization

Board-level Sustainability Committee

- Responsible for the oversight and regular review of the company's sustainability strategy and issues as well as climate-related risks and opportunities

Executive-level ESG Committee

- Advises on ESG-related matters in policymaking and monitors our performance on key ESG and climate-related metrics
- Facilitates capacity-building and ESG awareness campaigns on ESG for our senior leaders

Risk and Health & Safety Committee

- Provides an oversight function towards operational safety and sustainability-related risks

Corporate-level Sustainability Team

- Performs sustainability and climate oversight functions
- Project-level Development Leads proactively works with Sustainability team to mitigate the physical effects of climate change in the planning and design of new projects
- Operating plants, plant managers, HSSE leads, and pollution control officers work closely with the Sustainability team to address any environmental issues and manage physical risks of climate change

42%

Women in leadership positions

Diversity in leadership

Our Board is composed of qualified and dedicated directors with a diverse range of experience, experience and backgrounds. Diversity encompasses various factors including business experience, age, gender and ethnicity. Nominees are chosen based on merit.

Among our 11 Board members, 27 percent are women, while 36 percent are independent directors. As of December 31, 2023, more than 91 percent of the Board is composed of non-executive and/or independent directors. Independent directors do not have any interest or relationship with the company that may hinder their independence, or which could reasonably be perceived to interfere with the exercise of their independent judgment while carrying out their responsibilities as directors.

"We continue to ensure appropriate representation of women in leadership positions to the greatest extent possible."

In our policies

More than overseeing sustainability and climate issues, we hold sound governance and ethical conduct across all facets of our business. Our interactions with stakeholders, counterparties and communities are guided by a profound respect for human rights. As part of our dedication to integrating sustainability into our operations, we have established supplementary policies in 2023 to strengthen governance on crucial ESG themes.

Policy Highlights

- ESG Policy
- Supplier Code of Conduct
- Learning and Development Policy
- Human Rights Policy

Visit our website for the full policies www.acenrenewables.com

To ensure that our principles of good governance and business ethics are cascaded across the organization, we launched governance programs that are embedded in the learning and development of each employee. All our employees are required to undergo an educational program on our Code of Conduct, which covers various principles on business ethics outlined below. Our employees underwent rigorous training materials covering the different aspects of the Code of Conduct which were followed by online quizzes. Additionally, we conduct training on cybersecurity and data privacy across all ACEN employees.

ACEN's Code of Conduct includes guidelines on the following:

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

In 2023, we reported

Zero incidents

of corruption and no breaches of the Code of Conduct

Environment and Social Management System

At ACEN, we have deepened our commitment to sustainable development and continue to find areas where we can address environmental and social issues.

We implement our Environment and Social Management System (ESMS) to manage environment and social (E&S) risks and impacts throughout the life cycle of our projects. ESMS guides project teams in identifying, mitigating and managing risks referencing to prescribed international standards. Apart from this, adherence of project sites to ESMS also addresses investment criteria of green financial institutions and investors, necessary for renewables expansion.

We were the only energy company in the Philippines that received four Golden Arrows from the Institute of Corporate Directors at the 2023 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards.

The ESMS process

PHASE 1

Assess environment and social (E&S) risks

Step 1. General E&S risk identification

Step 2. Risk prioritization

Step 3. Stakeholder engagement and mapping

Step 4. Emergency scenarios assessment

PHASE 2

Manage E&S risks

Step 5. Formulate E&S action plan for priority risks

Step 6. Formulate stakeholder engagement plan

Step 7. Develop stakeholder communication platform

Step 8. Formulate emergency preparedness plans

PHASE 3

Approval of E&S action plans

Step 9. Secure approval of E&S action plans

Step 10. Issue notice to proceed

PHASE 4 & 5

Implementation, monitoring & reporting

Step 11. Ensure compliance with national regulatory requirements and internal monitoring of E&S action plan implementation

Step 12. Conduct a semi-annual review on the progress and compliance of all E&S action plans and stakeholder engagement plans

Our ESMS performance assessment
To assess the ESMS performance of our new and majority-owned projects, we have engaged Climate Smart Ventures, Pte. Ltd. (CSV) to review 22 of our project sites across the Philippines, Vietnam, India and Australia. The projects were evaluated against five material topics, namely Climate Change, Biodiversity, Circularity, Local Communities and Human & Labor Rights.

The identified material topics were based on our internally identified key challenges and issues faced by each project with consideration to sector-specific realities. Each project was reviewed to determine strategies implemented to address concerns on each material topic through identification of risks, impacts and development of corresponding risk mitigation and management plans.

These material topics were further investigated based on specific elements and were referenced against international standards. Furthermore, the period covered for the assessment cuts across from pre-development, construction and operational stages referencing to relevant activities undertaken for compliance and beyond compliance measures.

The assessment was able to identify efforts of our projects into integrating each element in our environment and management plans, our best practices and ways where we can strengthen our environment and social safeguards.

The results of the performance assessment enabled us to understand how projects align with our ESMS process including challenges specific to each site, technology and country of operation. As we look into best practices and challenges for each material issue, we are better equipped to streamline our processes and work into unique conditions of each project.

> "In sharpening our focus on sustainability through our ESMS performance assessments, we have optimized our approach to environmental stewardship and social responsibility."

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

ESMS material topics

Climate change

Climate risk assessment

Physical risks:
- Tropical cyclone
- Flooding
- Water stress
- Drought
- Wildfire
- Extreme temperature

Climate adaptation
- Measures to reduce the negative effects of climate change

International standards
ACEN TCFD Report

Climate change risks are considered in the assessment phase of the ESMS in order to embed climate-resilient features in our plant design.

To know more how we integrate climate change adaptation and mitigation measures, refer to **page 29** ▸

Biodiversity

Biodiversity goal
- No net loss
- Net gain

Mitigation hierarchy
- Avoid
- Minimize
- Restore
- Offset

International standards
Mitigating Biodiversity Impacts Associated with Solar and Wind Energy Development for solar and wind projects

The ESMS incorporates biodiversity commitments from our Environmental, Social and Governance Policy, referencing IFC Performance Standard 6 as well as mitigation hierarchy principles.

To know more how we integrate biodiversity measures in our areas of operation, refer to **pages 30 - 33 & 48** ▸

Circularity

Approaches
- Reduce and reuse
- Repair and refurbish
- Repurpose and recycle

International standards
UNEP Circularity Platform

Waste management is tackled under the environmental assessments conducted through the ESMS to identify opportunities to manage impacts on waste.

To know more how we integrate circularity in ensuring resource efficiency, refer to **pages 35 & 50**

Local communities

Stakeholder engagement
- Implement measures to consult with and obtain consent
- Provide regular updates on the status of the project to affected communities

Grievance redress mechanism
- Clear procedures such as receiving platform, screening process, resolution, monitoring & reporting

Social programs
- Addresses identified needs of the Community
- Aligned with our Sustainability Program Pillars
  - Biodiversity
  - Resource efficiency
  - Social programs

International standards
IFC Performance Standards
& ADB Safeguards

The ESMS outlines procedures for engaging with local communities across the life cycle of each project. Stakeholder engagement and mapping is embedded in the ESMS process to inform appropriate programs and responses that address community concerns and interests.

To know more how we communicate, work with and ensure we create shared value with local communities, refer to **pages 45, 48 - 56 & 63**

Human & labor rights

Health and safety
- Project level
- Community level

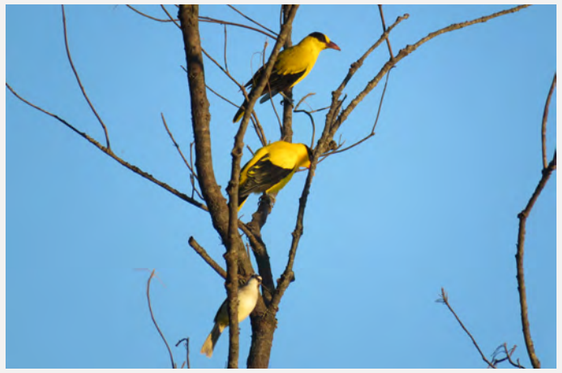
Involuntary resettlement
- **Level 1:** Compliance with regulatory requirements
- **Level 2:** Additional revenues and services through benefit-sharing schemes
- **Level 3:** Develop and implement an involuntary resettlement action plan

Indigenous people
- **Level 1:** Compliance with regulatory requirements
- **Level 2:** Social initiatives targeted to IP community
- **Level 3:** Develop and implement an indigenous people's plan

International standards
IFC Performance Standards
& ADB Safeguards

The ESMS integrates labor and community risks across all environmental and social assessments conducted in each site.

To know more how we integrate human & labor rights in developing projects, refer to **pages 43 - 45 & 54**



We strive to minimize our impact on biodiversity across our solar and wind developments.

We champion resource efficiency through our circularity efforts - an example of which is our Ilocos Norte Eco Hub.

We ensure that human and labor rights are protected as we continue to build more projects and expand our renewables presence.

"It is not just about enlarging our footprint; it's about creating lasting value and forging a path towards a more sustainable and profitable future for our stakeholders and the communities we serve."

JONATHAN BACK
Group Chief Finance Officer
& Group Chief Strategy Officer

Investors and creditors

Value proposition
- Maximize value for holders of equity and debt
- Increase the market's understanding of our business and corporate developments
- Enable fairer valuation of the company's shares

Importance of the relationship
They sharpen our focus on sustainability and help shape our renewables expansion.

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

Retail customers

Value proposition
To provide opportunities to jumpstart the customers' energy transition journey and facilitate their green switch.

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

How we engage
- Provide an excellent customer experience (CX) throughout the customer journey, from canvassing, signing up, switching, billing and collection and renewal.
- Proactive discussions with customers to understand their power requirements for customized customer solutions
- Dedicated Renewable Energy Solutions (RES) website and social media properties that are kept up to date to disseminate information and answer frequently asked questions
- Organized interactive online and onsite seminars and conferences
- Participation in industry conferences
- Plant tours

Partners and suppliers

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

Importance of the relationship
They provide us with competitive advantage in accelerating our renewables expansion globally.

How we engage
- Actively seeking collaboration opportunities
- Alignment to ESG Policy
- Close coordination and continuous dialogue; exchanging best practices
- Ensure proper acknowledgement and adherence of suppliers to Supplier Code of Conduct
- Implementing HSE assessments during supplier onboarding and accreditation
- Utilizing supplier feedback forms for business units to monitor supplier performance on service quality

Government and regulators

Value proposition
To be a steadfast partner in policy formulation and adherence

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

How we engage
- Compliance with government regulations and adoption of leading practices in corporate governance
- Participation in public consultations for key policies and legislations
- Cooperation and participation in regulatory audits
- Regular coordination and communication with regulators

Employees

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

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

How we engage
- Comprehensive and integrated learning and development plan: trainings, workshops, online courses, extended education, and conferences
- Mentorship and coaching program, mental and physical health wellness programs, rewards program
- Dedicated HR business partners for each business and functional unit
- All-inclusive performance management system
- Recognition systems
- Regular company-wide engagement activities and events
- Special interest groups
- Quarterly townhalls
- Creation of People Committee
- Implementation of Health, Safety and Environment Manual for all occupational health and safety activities at plant operations

Community

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

Importance of the relationship
They are our partners in making projects tangible, successful and sustainable.

How we engage
- Designated Stakeholder Management Officer for each project including at the corporate level
- Regular and continuous engagement with communities in line with ESMS
- Institutional development initiatives with local governments
- Development of sustainability programs that generate green jobs, uphold community welfare and increased access to education and healthcare
- Utilization of grievance mechanism procedures during development and operational phases

Media and other stakeholders

Value proposition
To provide information about corporate developments and management perspective to the broader public and to collaborate and drive positive impact to the environment and society

Importance of the relationship
They act as catalyst for us to communicate our vision and initiatives while allowing avenues to accelerate the energy transition through partnerships.

How we engage
- Regular participation in industry conferences and speaking engagements
- Collaboration with partners in climate change and the energy transition
- Dedicated Communications team
- Media briefings

ACEN's enterprise risk management framework

We strive to enhance our internal governance framework to align with the evolving business landscape and meet the expectations of our regulators, shareholders, business partners, customers, suppliers, employees and other stakeholders.

In 2022, we appointed a chief risk officer and established a team on both operational and financial risks - the health, safety, security, environmental, risk, & insurance team. In addition, we launched our **Enterprise Risk Management (ERM) Policy** that incorporates risk management approaches from ISO31000:2019 (Risk Management – Guidelines) and the COSO (Committee of Sponsoring Organizations). The ERM Policy contains the following:

- ERM Policy Statement
- Risk Appetite Statement
- Risk Universe
- Risk Management Process
- Risk Ownership Guidelines
- Risk Assessment Matrices
- Alternatives for Risk Mitigation Measures

With the ERM policy in place, we further improved the company's risk management practices in 2023.

Strategic risks

We deployed a combination of a bottom-up and top-down approach for the review of the company's strategic risks, or risks that could significantly impact our strategies and business directions. These risks were discussed by senior management and were later approved by the Board Risk Management and Related Party Transactions Committee.

During the WTW Asian Power and Energy Conference, ACEN group chief risk officer JP Orbeta explained how the insurance industry played a key role in the company's landmark Energy Transition Mechanism (ETM) deal.

2022 Top risks	2023 Strategic risks	Definition	Owner
Organizational risk	EXTERNAL **Grid availability risk**	Risk of loss or opportunity loss due to unavailability or inefficiency of power transmission and dispatch infrastructure.	Sech Zabaleta
Scalability of processes and systems	EXTERNAL **Regulatory risk**	Risk of loss or opportunity loss due to either (a) the implementation of unfavorable regulations, or (b) delay or poor implementation of regulations that can support the company's growth.	Miguel de Jesus
Growth and market risk	EXTERNAL **Financial markets risk**	Risk of loss or opportunity loss due to significant changes in the global financial market such as, but not limited to, fund availability, interest rates, foreign exchange, commodity prices, or inflation.	Jonathan Back
Operational risk	EXTERNAL **Supply chain disruption risk**	Risk of loss or opportunity loss due to delays, shortages, or interruptions in the delivery of goods and services that meets the company's requirements (i.e. quality, timeline, budget). This includes the availability of qualified third party.	Sech Zabaleta
Regulatory and political risk	INTERNAL **People risk**	The inability to attract, develop, and keep key talent that are vital to the company's achievement of its goals. This includes having inadequate measures for talent retention and succession management.	JP Orbeta
	INTERNAL **Change management risk – policies, standards, and procedures**	The inability to revise, adapt or streamline the company's policies, procedures, and standards that will support the company's growth ambitions. This includes the communication and consistent implementation of these policies, procedures and standards throughout the company.	Atty. Dodjie Lagazo

For each of the Strategic Risks, Risk Owners from the senior management level were assigned to mitigate, manage, monitor and report.

Operational risks
Enhanced reporting frequency of operating assets is now in place, particularly from the operational assets, development projects and functional departments. Operating assets have been required by the BRMRPT Committee to update their risk registers on a quarterly basis. Project teams handling development projects are required to include the risks and mitigation measures during milestone approvals. Functional departments are required to update their risk registers on an annual basis as part of their planning and budgeting process.

Insurance management
In 2023, we launched an initiative called "Project Auxo" with the aim of refining our insurance portfolio. By mid-2023, we already had more than 70 policies across the globe, providing insurance coverage for approximately US$5 billion of our assets and revenues. Recognizing the importance of avoiding a chaotic and excessive costs for our insurance portfolio, management prioritized strategies to ensure comprehensive coverage of insurable risk exposures.

Cybersecurity risk
While we embrace and utilize various Information Technology (IT) tools to become more efficient and stay relevant to our internal and external stakeholders, we also recognize that cyber threats are real. If not mitigated, these cyber threats could lead to business interruption, security threats to our personnel and clientele, financial damages, and reputational harm.

On January 8, 2023, the Board of Directors approved the Information Security Policy which also covers our major subsidiaries throughout the world. The Information Security Policy is aligned with ISO 27001 / 27002 and is our first step towards our ISO certification journey. The said policy strengthened the ongoing activities and investments being done to ensure that our IT environment is secure, particularly with respect to the confidentiality, integrity, and availably of information and information systems.

"Our governance framework is constantly evolving to align with global best practice of transparency, integrity and accountability."

Staying ahead in cybersecurity innovation, we tapped IBM and PT&T's IT expertise to further safeguard our cybersecurity infrastructure. In photo (from L-R): Mico Cornejo, ACES general manager and vice president; Miguel de Jesus, ACEN chief operating officer for Philippine Operations; Christine Llanto-Ravelo, IBM Philippines principal software sales manager; James Velasquez, PT&T president and CEO

To ensure that the Information Security Policy is complied with and that the threat of cybersecurity is managed, the chief risk officer, John Philip Orbeta, was assigned to lead the charge. He is supported by an internal team of three led by Albert Palero, Head of Information Security.

As a large number of cybersecurity incidents that occur in the world can be traced to a company's workforce, particularly through malware, phishing, and social hacking, we regularly conducts mandatory cybersecurity awareness training. Our employees are required to undergo online training on a quarterly basis. In 2023, the completion rate for cybersecurity awareness trainings was at ~90 percent.

We also employ third party information security tools such as online monitoring, firewall, software and patch management, virus management, and vulnerability assessments to strengthen the company's capability to respond to cyber threats.

In 2022, we also conducted two (2) Vulnerability Assessment and Penetration Testing (VAPT) and one (1) third party audit covering the ACEN IT Suite. In all of these third party reviews, the results were more than satisfactory with the auditors determining that our current security measures were either within industry standards or above them.

As a work in progress, our team is now developing our IT Disaster Recovery Plan and aligning it with our Incident Management System and Business Continuity Plans. In parallel, we are also conducting financial risk modeling exercises to determine the business case for a Cyber Insurance Policy.

We consider cybersecurity risk as a major risk to continuously watch out for but given all the activities related to the management of information security threats, the residual risk was deemed manageable and, thus, not included in our Top Risks.

Read more about our efforts in enhancing our cybersecurity ▸

OUR TASK FORCE ON CLIMATE-RELATED DISCLOSURES (TCFD) REPORT

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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Our ESG Committee provides management oversight on climate governance and supports the Board on policy and decision-making processes around ESG issues.

Governance

Board oversight on climate governance

The board plays an integral role in our climate agenda, including the increasing integration of climate-related issues into our broader corporate strategy. In particular, the board reviews and approves major strategic decisions proposed by senior management around energy transition, decarbonization strategy, portfolio of top risks including climate, and medium and long-term climate targets. Further, the board reviews and approves management's specific responsibilities against ESG targets, including the development of science-based metrics and targets towards our Net Zero goal by 2050.

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

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

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

Management oversight on climate governance

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

To facilitate the flow of strategic and operational information among key decision-makers, we created in 2022 the ESG Committee at the executive level to review, monitor, and to aid senior management and the Board on policymaking and decision-making processes around ESG issues.

The Committee is composed of the functional heads of governance and compliance, sustainability, investor relations, and headed by the chief risk, human resources and administrative officer. In addition, we created the Risk and Health and Safety Committee to provide oversight on operational safety and sustainability risks.

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

Know more about how our Sustainability Organizational Structure works ▸

The COP28 in Dubai provided a global platform for us to trumpet our high-level sustainability commitments, including our landmark Energy Transition Mechanism deal and pilot Transition Credits scheme, to help shape climate action.

Strategy

Climate action is naturally ingrained into our long-term strategy—and not just adjacent to it. This enables us to play a leading role in the energy sector's transformation towards a low-carbon economy. In 2023, we included sustainability as part of our corporate key result areas which are regularly monitored and reported to the Board of Directors.

Climate-related risks

We engaged Aon and The Climate Service (TCS) for the enhancement of our climate analytics, particularly quantifying the impact of into climate-related risks, specifically modelling RCP 4.5 and RCP 8.5 scenarios until 2030, to 40 of the company's existing sites. RCP 4.5 "Low Emissions" scenario implies coordinated action to limit greenhouse gas emissions to achieve a global temperature warming limit of approximately 2 degrees Celsius. RCP 8.5 "High Emissions" scenario assumes that no major global effort to limit greenhouse gas emissions will go into effect. In this scenario, it is estimated that end-of-century increases in global mean surface temperature will be in the range of 4.2 to 5.4 °C.

For both the analyses for climate-related physical risks and climate-related transition risks, the Modelled Average Annual Loss (MAAL) which determined the possible amount of less after considering the investments made on existing risk mitigation measures.

Climate-related physical risks

Extreme temperatures have been identified as the most significant physical risks. As global temperatures affect wind patterns and heat indices, our renewable energy projects may experience revenue reduction and property damages. We continue to look into modelling these extreme temperature scenarios and how to best mitigate against these.

As renewable energy projects tend to be situated in large land masses, and with wind farms usually situated in coastal areas, flooding becomes a major risk. To mitigate the risks, key equipment are situated in higher or raised areas while the rest of the power generation assets are built to become more resilient in the case of flooding.

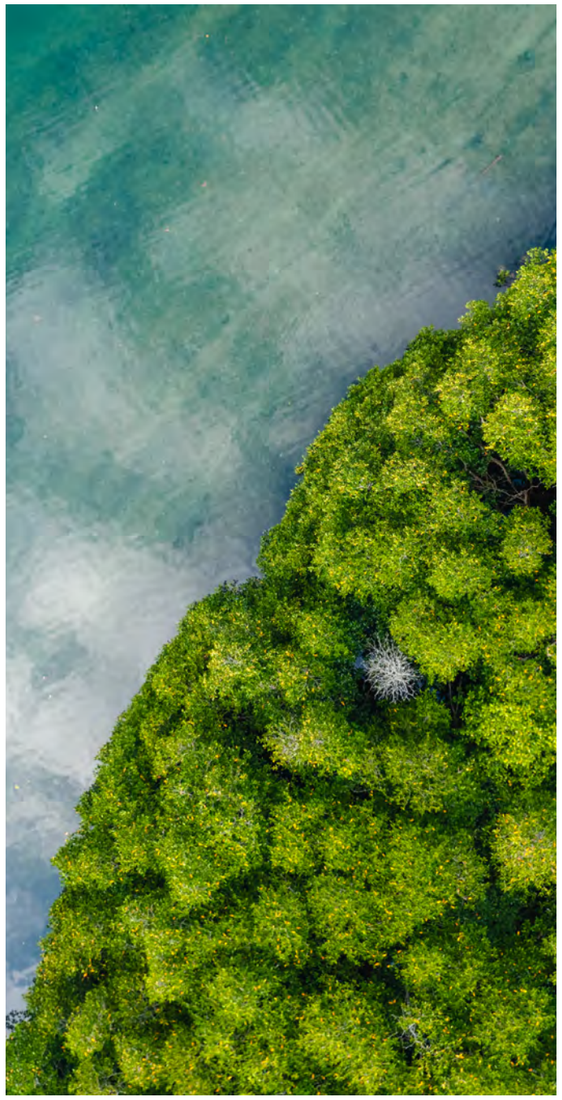
in millions	RCP 4.5		RCP 8.5	
Hazard	**% Risk**	**MAAL (in USD)**	**% Risk**	**MAAL (in USD)**
Temperature extremes	0.2983%	15.17	0.3450%	17.55
Coastal flooding	0.1874%	9.53	0.2073%	10.54
Fluvial flooding	0.1323%	6.73	0.1943%	9.88
Wildfire	0.0656%	3.34	0.0516%	2.62
Water stress	0.0260%	1.32	0.0260%	1.32
Tropical cyclone	-0.0173%	- 0.76	-0.0173%	-0.88

Climate-related transition risks

As climate change affects the wind patterns, heat indices and the global supply chain, there is an expected loss of value from the investment, development, maintenance, upgrade or insurance of renewable energy technologies. This risk is expected to be gradual, affecting our business model more than the physical assets themselves.

in millions	RCP 4.5		RCP 8.5	
Hazard	**% Risk**	**MAAL (in USD)**	**% Risk**	**MAAL (in USD)**
Technology	0.0908%	4.62	0.1091%	5.55
Reputation	0.0637%	3.24	0.0763%	3.88
Market	0.0511%	2.60	0.0611%	3.11
Litigation	0.0153%	0.78	0.0183%	0.93

A similar climate analytics study will be conducted in the coming years, following a three-year cycle. This is in recognition that our asset portfolio will be growing in the future and the underlying assumptions for RCP 4.5 and RCP 8.5 scenarios would have also changed.



Through our 54 MW Guimaras Wind in Western Visayas, we are collaborating with the local government to rehabilitate over 90 hectares of fish sanctuary to serve as a breeding ground for marine life.

Risk management

Climate-related risks are considered in our Enterprise Risk Management process, with climate-related physical and transition risks part of our risk universe and risk dictionary. Identifying climate-related risks is embedded in our project development and operational cycles.

Natural catastrophe analysis

Part of our project development process is an assessment of the risks around topography, weather patterns, hydrological studies, seismological studies, volcanic activities and water levels. These assessments inform mitigation measures that are implemented across the construction and operation phases.

For operating assets, we regularly review the risk of natural catastrophe to our projects sites, leveraging available tools such as the NATHAN tool from Swiss Re, a leading global insurance providers. See an example of a **natural catastrophe report** using the abovementioned tool.

Metrics and targets

Greenhouse gas emissions

Having established our near-term and long-term greenhouse gas (GHG) emissions reduction targets as part of our Net Zero roadmap in last year's report, we have monitored our progress for 2023 covering scope 1, 2 and 3 GHG emissions.

Across this report, we have disclosed metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

TCFD recommendation	Disclosure
Metrics used by ACEN to assess climate-related risks and opportunities in line with its strategy and risk management process	• ACEN's Value Creating Business Model (**page 22** ▸) • Exposure to physical and transition risks (**pages 27-29**, **67** ▸)
Scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks	GHG emissions breakdown (**page 100** ▸)
Targets used by the organization to manage climate-related risks and opportunities and performance against targets	ACEN's Net Zero progress (**page 27** ▸)

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

Read more about our Net Zero roadmap ▸

Governance in ACEN

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In August 2023, Ayala Corporation executives Jaime Augusto Zobel de Ayala and Cezar Consing joined our President and CEO Eric Francia and Group Chief Development Officer Sech Zabaleta for a visit at our New England Solar farm in Australia, our largest market overseas.

BOARD OF DIRECTORS

Delfin Lazaro
Chairman

Date of Appointment	September 2022
Length of Service	> 1 year
Committees	Executive (C)

MR. LAZARO is the Chairman of ACEN and has been a Director of the Company since September 2022. He holds the following positions in publicly listed companies: Chairman of Integrated Micro-Electronics and a Director of Ayala Corporation and Globe Telecom. His other significant positions include: Chairman of Atlas Fertilizer & Chemicals Inc., Chairman and president of A.C.S.T. Business Holdings, Inc. and AYC Holdings Ltd.; Co-Vice Chairman and President of Asiacom Philippines, Inc.; Director of AC Energy and Infrastructure Corporation ("ACEIC"), AC Industrial Technology Holdings, Inc., AC International Finance, Ltd., Purefoods International Limited and Probe Productions, Inc. He is an independent adviser to the Board of Directors of Ayala Land, Inc. ("ALI") and a member of the BPI Advisory Council.

Mr. Lazaro earned his MBA (with Distinction) at Harvard Graduate School of Business. He graduated with a B.S. Metallurgical Engineering degree from the University of the Philippines.

Cezar Consing
Vice Chairman

Date of Appointment	September 2022
Length of Service	> 1 year
Committees	Executive, Personnel and Compensation

MR. CONSING is the Vice Chairman of ACEN and has been a Director of the Company since April 2021. He holds the following positions in publicly listed companies: President and Chief Executive Officer of Ayala Corporation (AC) and Vice Chairman of Ayala Land, Inc, Globe Telecom, and BPI. He has been a member of the Ayala Group Management Committee since April 2013. He is the Chairman of the Philippine dealing System Holdings and the College of St. Benilde. Concurrently, he holds the following positions in the Ayala Group: Chairman of AC Logistics Holdings Corporation, AC Infrastructure Holdings Corporation, AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., and AC Mobility Holdings Incorporated; Vice Chairman of ACEIC and Ayala Healthcare Holdings, Inc.; and Director of Asiacom Philippines, Inc. and ACEN International, Inc. Mr. Consing is currently the Vice Chairman of BPI's Executive Committee, and a member of BPI's Nomination Committee. He is a Board Trustee of the Philippine-American Education Foundation and the Manila Golf Club Foundation. He is a Board of Director of Filgifts.com. He has been a member of the Trilateral Commission since 2014.

Mr. Consing was a Senior Managing Director of Ayala Corporation and the President and CEO of BPI from 2013 to 2021. In the latter capacity, he served as the Chairman of BPI's thrift bank, investment bank, UK-registered bank, microfinance bank, property, and casualty insurance joint venture and leasing and rental joint venture; and Board of Director of its management company and its life insurance joint venture. He served as Chairman and President of the Bankers Association of the Philippines from 2019-2021, and president of Bancnet, Inc. from 2017-2021. He was a Director of the Singapore-listed Yoma Strategic Holdings Ltd., and the Myanmar-listed First Myanmar Investment Public Company Limited. Mr Consing has served as an Independent Board Director of four publicly-listed companies in Asia: Jolibee Food Corporation (2010-2021), CIMB Group Holdings (2006-2013), First Gen Corporation (2005-2013), and National Reinsurance Corporation (2014-2019), where he also served as Chairman (2018-2019). He has served as a Board Director of the Singapore-based SQREEM Technologies, the Hongkong-based Asian Youth Orchestra, the US-Philippines Society, and Endeavor Philippines.

Mr. Consing earned his master's degree in Applied Economics from the University of Michigan in 1980. He graduated with an A.B. Economics degree (Accelerated Program) from De La Salle University in 1979, graduating magna cum laude.

Eric Francia
Director

Date of Appointment	May 2019
Length of Service	5 years
Committees	Executive

MR. FRANCIA is the President and CEO of ACEN and serves on its Board of Directors. He is also a Senior Managing Director and member of the Management Committee of Ayala Corporation. Under his leadership, Ayala established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms in the region, with ~4,700 MW of attributable renewables capacity across Asia Pacific.

Mr. Francia has also led pioneering initiatives in early coal retirement, including the successful completion of the world's first market-based Energy Transition Mechanism (ETM).

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

Legend:
(C) - Committee Chairperson

Jose Rene Gregory Almendras

Director

Date of Appointment	July 2019
Length of Service	5 years
Committees	Sustainability (C)

MR. ALMENDRAS is a Director of ACEN. He concurrently serves as Senior Managing Director and Group Head of Public Affairs of Ayala Corporation. He also holds the following positions within the Ayala Group: Chairman of Entrego Fulfillment Solutions, Inc., MCX Project Company, Inc., and MCX Tollway Inc.; Chairman, Chief Executive Officer and President of Air 21 Holdings, Inc., Waste & Resource Management, Inc., and Integrated Waste Management, Inc.; Chairman of A-Movement Corporation, Airfreight 2100, Inc. Air 2100, Inc., U-Freight Philippines, Inc., U-Ocean, Inc., LGC Logistics, Inc., and Cargohaus, Inc.; Vice Chairman of Airfreight 2100, Inc. and Cargohaus, Inc.; Director of AA Infrastructure Projects Corporation, AC Energy and Infrastructure Corporation, AC Infrastructure Holdings Corporation, AF Payments Inc., Light Rail Manila Holdings, Inc., and Mobility Access Philippines Ventures Inc.; and Executive Vice President of Asiacom Philippines, Inc. He served as President and Chief Executive Officer of MWCI from September 1, 2019 to June 4, 2021.

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

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

Jaime Alfonso Zobel de Ayala

Director

Date of Appointment	September 2022
Length of Service	> 1 year
Committees	Executive

MR. ZOBEL DE AYALA is a Director of ACEN. He is Director of publicly-listed companies Globe and AyalaLand Logistics Holdings Corp. He is the co-CEO of AC Industrials, the industrial technologies arm of the Ayala Group which manages a portfolio of companies in the manufacturing and mobility industries. He specifically oversees AC Motors (since rebranded to AC Mobility) as its CEO, managing a mobility portfolio comprised of automotive distribution, dealerships, aftermarket services, and electric vehicle infrastructure businesses. He is also a member of the Board of Directors of AC Industrials, Isuzu Philippines, Yoma Strategic Holdings Ltd Singapore (YSH), BPI Capital Corporation, among others. Prior to his roles in AC Industrials and AC Mobility, he was the co-Head of the Strategic Development Group and Head of Business Development and Digital Ventures of Ayala Corporation. Before joining the Ayala Group, he was an Analyst at Goldman Sachs Singapore under the Macro Sales Desk (Securities Division).

Mr. Zobel de Ayala holds a master's degree in Business Administration from Columbia Business School, New York. He graduated from Harvard University with a Primary Concentration in Government.

Nicole Goh Phaik Khim

Director

Date of Appointment	March 2021
Length of Service	3 years
Committees	» Audit » Board Risk Management & Related Party Transactions

MS. GOH is a Director of ACEN. She is Head, Asia ex-China at GIC Infrastructure. She has coverage responsibility for the Asia-Pacific region with prior experience investing in the US and Europe. GIC was established in 1981 as a private company, wholly-owned by the Government of Singapore, to manage the foreign reserves of Singapore. It is one of the world's largest global investors, with well over US$100 billion of assets in more than 40 countries worldwide. Ms. Goh has been a member of GIC's infrastructure practice since 2008.

Ms. Goh has a master's degree in Management Science & Engineering from Stanford University and a bachelor's degree in Mathematics with Statistics for Finance from Imperial College London.

Dean Travers

Director

Date of Appointment	April 2022
Length of Service	2 years
Committees	N/A

MR. TRAVERS is a Director of ACEN. He has occupied senior executive roles in the energy sector for more than 25 years and is experienced in multi-disciplinary projects covering global markets, mergers and acquisitions, deal structuring and project development. He has been active in Europe, North America, Asia and Australia leading teams developing conventional and renewable energy projects for ENGIE, a global electricity utility and energy service company. Prior to leaving ENGIE in 2019, he occupied positions of Senior Vice President for Business Development in Indonesia and General Manager for ENGIE Renewables Australia, which was responsible for the development of 2 GW of wind and solar projects. He is currently active in the clean energy and climate tech sectors in Australia and Indonesia. He is a Director of New Energy Nexus Ventures Pte, the Southeast Asian Venture Manager of New Energy Nexus, the world's largest ecosystem of cleantech accelerators and funds.

Mr. Travers, GAICD, has a PhD in Electrical Engineering, bachelor degrees in Engineering and Science from University of NSW.

Garry Lester
Independent Director

Date of Appointment	April 2023
Length of Service	1 year
Committees	» Audit (C) » Board Risk Management & Related Party Transactions » Corporate governance & Nomination

MR. LESTER is an Independent Director of ACEN. He was formerly Managing Director with leading independent investment banking firm Evercore Inc. and held senior executive positions with J.P. Morgan & Co, The Rohatyn Group, and KPMG. He has advised on numerous landmark public and private market M&A transactions, private and public equity and debt investments and financings across a broad spectrum of industries including: power generation, renewable technologies, forestry products, natural gas distribution, engineering/infrastructure consulting services, petroleum refining and distribution, industrial products, consumer products, medical products, real estate, banking and investment management, among others.

Mr. Lester previously served as Non-executive Director on various boards of banking, financial and investment companies during his career and has been licensed by relevant Securities, Futures and Investment Ordinances as a professional Corporate Adviser and Investment Manager in multiple jurisdictions including: U.S.A., Australia, Hong Kong and Singapore.

Mr. Lester is a Chartered Accountant Fellow with Chartered Accountants Australia and New Zealand. He holds a first class honors, master's degree for Financial Management, and a bachelor's degree in Commerce, both from the University of Queensland.

Melinda Ocampo
Independent Director

Date of Appointment	September 2019
Length of Service	5 years
Committees	» Board Risk Management & Related Party Transactions (C) » Audit » Corporate governance & Nomination

MS. OCAMPO is an Independent Director of ACEN. She has also been an Independent Director of publicly-listed company ENEX Energy Corp. since April 2022. She is currently a consultant to the Ricardo Energy and Environment Consulting Firm, a United Kingdom-based company, for a project entitled, "The Philippines Grid Diagnostic and Roadmap for Smart Grid Development." Said project is under the funding support of the United Nations Office for Project Services, with the main task of establishing and developing governance issues to implement the project. Ms. Ocampo served as President of the Philippine Electricity Market Corporation (PEMC), a nonstock, non-profit private organization that governs the country's wholesale electricity spot market, from 27 March 2009 until 31 July 2017. Her experience includes developing energy policies and programs as Undersecretary of the Department of Energy from May 2005 to December 2007. She was also involved in electric utility system regulation, planning and technical feasibility of electric power generation, transmission and distribution systems including granting of electric franchises to both electric cooperatives and private distribution utilities. She has extensive knowledge of energy regulation including petroleum and electricity pricing and competition rules and has provided consulting services to legislators on electricity pricing, particularly on the power purchased adjustments. She was also a consultant in the World Bank's project on Electric Cooperatives system loss reduction program and to the USAID under the Asia Foundation in its project to introduce the open access and competition in the coverage of Philippine Economic Zone (PEZA). She was a board member (February 1996 to June 1998) and Chairman (August 1998 to August 2001) of the Energy Regulatory Board (now Energy Regulatory Commission). She served as a Division Chief (October 1979 to November 1988) and a director (December 1988 to February 1996) of the National Electrification Administration.

Ms. Ocampo is a certified public accountant. She earned her master's degree from the University of the Philippines, Diliman, and holds bachelor's degree Commerce, major in Accounting from the Republic Central Colleges in Angeles City, Pampanga.

Jesse Ang
Independent Director

Date of Appointment	April 2023
Length of Service	1 year
Committees	» Executive » Personnel & Compensation (C) » Corporate governance & Nomination (C)

MR. ANG is an Independent Director of ACEN. Concurrently, he is also an Independent Director of BPI Capital Corporation, BPI Asset Management and Trust Company, BPI AIA Life Assurance Corporation, BPI/MS Insurance Corporation, and BPI International Finance Limited (based in Hong Kong). He was formerly an independent director of BPI Securities Corporation (August 2022 - February 2023); part of the Philippine office of the International Finance Corporation (2000-2018) of which he was Head (Resident Representative) from 2007-2015; CFO of the Philippine International Air Terminals Company (1998-2000); Director for Global Structured Finance, New York City branch of Australia New Zealand Bank (1994-1998); Vice President for Trade and Commodity Finance, New York City branch of Generale Bank (1988-1994); Assistant Vice President in the Asia Division, Irving Trust Company in New York City (1985-1988); Budget Analyst for the Philippine National Oil Company (1982-1983); and lecturer at the Department of Industrial Engineering of the University of the Philippines - Diliman (1981-1982).

Mr. Ang earned his master's degree in Business Administration (with Distinction) from the Wharton School of Business, University of Pennsylvania. He graduated with a bachelor's degree in Industrial Engineering from the University of the Philippines, graduating summa cum laude.

Maria Lourdes Heras-de Leon
Independent Director

Date of Appointment	April 2023
Length of Service	1 year
Committees	» Personnel & Compensation » Sustainability

MS. HERAS-DE LEON is an Independent Director of ACEN. She previously served as Managing Director and member of the management committee of Ayala Corporation and president of Ayala Foundation. She was also Vice President for policy, government and public affairs of Chevron Geothermal Philippines Holdings where she led corporate affairs for Chevron's geothermal and natural gas interests and activities in the Philippines.

Ms. Heras-de Leon has held various leadership positions in Greater Houston Partnership and First City National Bank of Texas. She was a former trustee of Assumption Antipolo, Museo de La Salle, Word Wildlife Fund-Philippines, and Asia Society Philippines. She also served on the Advisory Board of Texas Children's Hospital and Asia Society Texas.

Ms. Heras-de Leon holds a master's degree in Business Administration from the Thunderbird School of Global Management and a bachelor's degree in Asian Studies from the University of British Columbia.

LEADERSHIP TEAM

Eric Francia
President & CEO

ERIC FRANCIA is the President and CEO of ACEN Corporation and serves on its board of directors. He is also a Senior Managing Director and member of the Management Committee of Ayala Corporation. Under his leadership, Ayala established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms in the region, with ~4,800 MW of attributable renewables capacity across Asia Pacific.

Eric has also led pioneering initiatives in early coal retirement, including the successful completion of the world's first market-based Energy Transition Mechanism (ETM).

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

Jose Maria Zabaleta
Group Chief Operating Officer & Chief Development Officer

SECH ZABALETA is the Group Chief Operating Officer and Chief Development Officer of ACEN. He is a member of ACEN's Strategy Committee, Investment Committee and Executive Management Committee. He is Executive Chairman of ACEN Australia, and Chairman and/or President of ACEN's Philippine development and land companies. Sech is also the Chief Development Officer of ACEIC.

Sech has over 20 years of experience in renewable energy. Prior to joining ACEN, he was Co-Founder and Chief Executive Officer of Bronzeoak Clean Energy, a pioneer and leader in clean technology energy development in the Philippines. Bronzeoak's energy businesses were integrated into ACEN in early 2017.

Sech holds a BS Management Honors degree from the Ateneo de Manila University and a Master's in Business Administration degree from the Fuqua School of Business, Duke University, USA. He has experience from the Philippines, Hong Kong, the UK, the US and Australia.

Jonathan Back
Group Chief Finance Officer & Group Chief Strategy Officer

JONATHAN BACK is the Group Chief Finance Officer and Group Strategy Officer of ACEN. He is a lawyer and banker with over 25 years of experience in the legal, investment banking, and private investment sectors with significant experience in equity capital markets, corporate finance, and in advising on large infrastructure, power, and telecom projects.

Jonathan was previously a Director and the Executive Vice Chairman of BPI International Finance Ltd., the Hong Kong banking subsidiary of BPI and concurrently, co-head of Wealth Management and Head of International Businesses of BPI. He was also a Director of Schools Relief Initiative Ltd., a Hong Kong based charity supporting education in Southern Sri Lanka. Previously, Jonathan served as an Executive Director in Goldman Sachs, Hong Kong (Corporate Finance and Equity Capital Markets) and Managing Director and Head of Asian Equity Capital Markets in JP Morgan, Hong Kong.

Jonathan holds a bachelor of Civil Laws degree from the University of Oxford, where he graduated with first class honors. He also received first class honors in the solicitor's final exam.

Patrice Clausse
Group Chief Investment Officer

PATRICE CLAUSSE is the Group Chief Investment Officer of ACEN. He joined Ayala Corporation in May 2010 as an advisor to the Strategy and Business Development Team and became a founding member of the ACEN management in 2011, where he led the Business Development and Operations Teams.

Patrice is a member of the board of directors/ management and advisory committee of various ACEN International projects. Prior to joining Ayala, he was a Management Consultant with McKinsey & Company in London as well as with Marakon Associates (part of Charles River Associates).

Patrice holds a master's degree in Business Administration from Harvard Business School, where he graduated with high distinction as Baker Scholar. He also received his master's and bachelor's degrees in Manufacturing Engineering from Cambridge University in the UK.

John Philip Orbeta

Group Chief Human Resources, Group Chief Administrative Officer & Group Chief Risk Officer

JP ORBETA is the Group Chief Human Resources, Group Chief Administrative Officer, and Group Chief Risk Officer of ACEN. He is a Director at ACE Shared Services, Inc., an ACEN subsidiary.

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

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

Cecile Cruzabra

Group Treasurer

CECILE CRUZABRA is the group treasurer of ACEN and chief finance officer of ACEIC and ACEN International. Prior to joining ACEN, she held the role of CFO, treasurer, chief risk officer and group director for corporate finance & strategy of Manila Water Company, Inc. from 2018 to September 2021, and was the treasurer of Ayala Corporation from 2014 to 2018. She is also a fellow of the Institute of Corporate Directors.

Cecile has over 37 years of career experience in research, treasury & finance, risk management, having worked at Ayala Corporation, Manila Water, Inc., Globe Telecom, Inc., Makati Business Club, Sun Hung Kai Securities, Metro Pacific Corporation, Steniel Manufacturing Corporation, Altimax Broadcasting Co. Inc. and Bethlehem Holdings, Inc. She also previously taught finance at the De La Salle Graduate School of Business and the Asian Institute of Management and also taught Economics at the Ateneo de Manila University.

Cecile completed her master's degree in Business Administration from the Asian Institute of Management. She graduated with a degree in AB in Economics (Honors Program) from the Ateneo de Manila University.

Miguel De Jesus

Managing Director, Philippines

MIGUEL DE JESUS is a Managing Director of ACEN and Head of Philippine Operations. Prior roles included leading the company's solar developments in Vietnam, pioneering its retail electricity business, and managing the company's first operating wind assets in the Philippines.

Miguel is also Director and President of various operating subsidiaries of ACEN. Prior to joining ACEN, Miguel practiced law, with a focus on energy and project finance.

Miguel holds a master's degree in philosophy from Ateneo de Manila and is also an alumnus of Harvard Business School's Advanced Management Program. He holds a bachelor of laws degree from the University of Philippines, graduating cum laude.

David Pollington

Managing Director, Australia

DAVID POLLINGTON is the Managing Director of ACEN Australia (formerly UPC\AC Renewables Australia), having previously been the Chief Operating Officer since its establishment in 2016. He has been involved in the renewable energy sector for more than 30 years leading projects from inception through to operations.

David has held key roles in the industry, most notably, the Technical Director of Renewables at SKM/Jacobs, and General Manager of Construction for Roaring 40s, a joint development and asset management company between Hydro Tasmania and China Light and Power based out of Hong Kong, where he was responsible for construction activities in China, India, and Australia.

David holds a bachelor of Mechanical and Electrical Engineering from the University of Tasmania and is a Fellow of the Institution of Engineers.

Solomon Hermosura

Corporate Secretary

MON HERMOSURA was the Corporate Secretary of ACEN (formerly AC Energy) from 2019 until February 2024. With his rich experience and established track record in good governance, he led the development of the company's corporate governance policies and standards, and alignment with shareholder initiatives and board decisions.

Mon also served as Corporate Secretary, Managing Director, General Counsel, Group Head of Corporate Governance, Compliance Officer, member of the Management Committee, and member of the Ayala Group Management Committee of Ayala Corporation, as well as CEO of AG Counselors Corporation. He was also the General Counsel and Corporate Secretary of Ayala Land, Inc.; Corporate Secretary of Globe Telecom, Inc., Manila Water Company, Inc., Integrated Micro-Electronics, Inc. and Ayala Foundation, Inc., and held directorship in a number of companies in the Ayala group.

Mon graduated valedictorian with a bachelor of laws degree from San Beda College and placed third in the 1986 Bar Examinations.

Dodjie Lagazo

Group General Counsel, Group Compliance Officer & Assistant Corporate Secretary

DODJIE LAGAZO is a Managing Director and the Head of Legal, Governance and Compliance unit of ACEN. In his role, he led the development and execution of ACEN group's corporate legal strategy, while overseeing governance and compliance programs.

Dodjie concurrently serves as the Corporate Secretary of ENEX. He was a Director and Member of AG Counselors Corporation's Management Committee from January 2014 to July 2017. Prior to joining Ayala, he worked with the law firm of SyCip Salazar Hernandez & Gatmaitan.

Dodjie earned his bachelor of laws degree from the College of Law of the University of the Philippines – Diliman. He also holds an undergraduate degree in Political Science from the University of the Philippines – Diliman, graduating magna cum laude.

CORPORATE GOVERNANCE

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

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

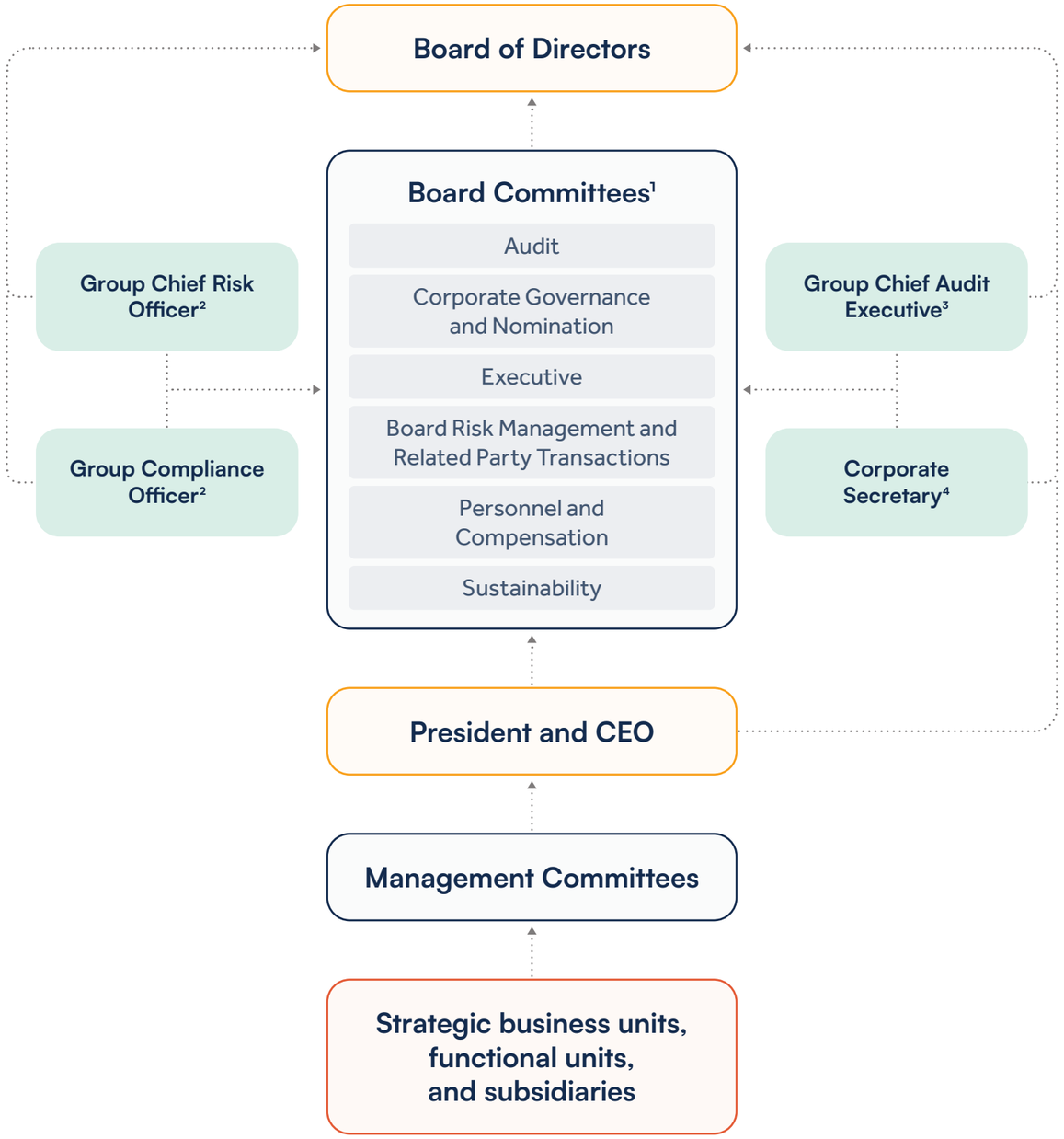
The Company's Corporate Governance System builds on a clear organizational structure, guided by an active board and its Committees, visionary management, strong core values and adequate policies and controls.

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

ACEN complies with the Code of Corporate Governance for Publicly Listed Companies set forth by the Securities and Exchange Commission (SEC), supported by an attestation from the Company's Chief Executive Officer (CEO) and Group Chief Audit Executive (CAE) in 2023.

"We are steadfast in enhancing our corporate governance, embedding sustainability into every decision-making and oversight."

Corporate governance structure



1. Supported by the relevant functional units and Company officers
2. Reports functionally to the CEO; assists the Board and Board Committees on compliance and governance issues
3. Reports functionally to the Audit Committee
4. Assists the Board and Board Committees in the conduct of meetings

Board structure and process key roles and responsibilities

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

The board consistently reviews and ensures the adequacy of the Company's internal control mechanisms and risk management process for good governance, and the proper implementation of the Code of Conduct and Ethics. The board reviews and affirms the true and fair representation of the annual financial statements, as it did for the financial statements for fiscal year 2023.

Board composition

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

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

2023 Board of Directors	Designation	Year appointed (no. of years in the Board)	Expertise
Delfin L. Lazaro	Non-Executive, Chairperson	2022 (1.5)	General management and energy
Cezar P. Consing	Non-Executive, Vice-Chairperson	2021 (3)	Banking and capital markets
John Eric T. Francia	Executive, President & CEO	2019 (5)	General management, strategy, energy, capital markets, M&As
Jose Rene Gregory D. Almendras	Non-Executive	2019 (5)	General management, energy, banking, sustainability and regulatory
Jaime Alfonso E. Zobel de Ayala	Non-Executive	2022 (1.5)	Strategy, innovation and business development
Nicole Goh Phaik Khim	Non-Executive	2021 (3)	Finance, infrastructure and capital markets
Dean L. Travers	Non-Executive	2022 (2)	Energy, project development and corporate governance
Jesse O. Ang	Non-Executive, Lead Independent	2023 (1)	Banking, finance, capital markets, infrastructure
Maria Lourdes Heras-de Leon	Non-Executive, Independent	2023 (1)	General management, policy, government and public affairs
Garry K. Lester	Non-Executive, Independent	2023 (1)	Finance, banking and capital markets
Melinda L. Ocampo	Non-Executive, Independent	2019 (4.5)	Energy systems and regulatory

- Each director is elected by the shareholders annually and serves a term of one year.
- More than 90 percent of the Board (10 out of 11) are non-executive and independent directors.
- None of the independent directors own more than 2 percent of the Company's outstanding capital stock.
- The profile of each director can be found in the board of directors section of this report on **pages 70 to 72**.

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

Chairperson and Vice Chairperson

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

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

Lead Independent Director

To promote good relationships and functions of the board, the Company appointed Jesse O. Ang as its lead Independent Director at its organizational meeting on April 24, 2023.

Role of the lead Independent Director
When needed, the lead Independent Director acts as an intermediary between the Chairperson of the Board and the other directors, convenes and leads the periodic meetings of the Non-Executive Directors with the external auditor and heads of internal audit, compliance, and risk management, and contributes to the performance evaluation of the Chairperson of the Board.

Non-Executive and Independent Directors

As of December 31, 2023, more than 90 percent of the Board membership is composed of Non-Executive and Independent Directors of which ten (10) are Non-Executive Directors and of those, four (4) are independent. The Independent Directors do not have any interest or relationship with the Company that may hinder their independence, or which could reasonably be perceived to interfere with the exercise of their independent judgment while carrying out their responsibilities as Directors.

A term limit of nine (9) years has been set by the Company for its Independent Directors (ID) in accordance with the rules laid out by the SEC. As of 2023, none of the Independent Directors have served the Company for more than nine (9) years, reckoning from 2012, in compliance with SEC Memorandum Circular No. 9, series of 2011. Furthermore, none of the directors have worked for ACEN's external auditing firm within the three (3) years immediately preceding the date of their election or appointment.

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

Board diversity policy
As mentioned in its Corporate Governance Manual, the Company is committed to having our board comprised of qualified and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. Diversity includes business experience, age, gender and ethnicity. Nominees shall be selected based on merit. With respect to gender, the board ensures appropriate representation of women in the board to the greatest extent possible. As of 31 December 2023, the Company has three (3) female directors, holding 27.3 percent of the Board seats.

Board performance

The board is devoted to carry out its duties and responsibilities and commits enough time for their meetings. The presence of at least two-thirds of the number of directors, as fixed in the Articles of Incorporation, constitutes a quorum for the transaction of business. The board held four (4) regular meetings, five (5) special meetings, and one (1) organizational meeting in 2023.

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

Performance assessment
The board commits to a formal assessment process to review and evaluate the performance of the board committees, its individual members and the CEO. The purpose of the assessment is to measure the effectiveness of the Company's governance practices and identify areas for improvement; and to adopt new methodologies towards further strengthening the Company's corporate governance standards. Once every three (3) years, the annual board performance assessment is conducted under the auspices of an independent consultant.

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

Each of the directors was requested to complete a self-assessment form which includes board evaluation categories such as: (1) board composition, (2) roles and functions, (3) information management, (4) representation of shareholders and environment, social and governance (ESG) factors, (5) management of the Company's performance, (6) senior executive's performance management and succession planning, (7) director development and management, (8) risk management and internal control, and (9) overall perception.

The results of the self-assessment survey, including the comments of the directors, were compiled by the corporate secretary, and reported during the board meeting immediately following the completion of the survey. Aon has been re-engaged to conduct the board assessment exercise for the year 2023.

In 2023, Ayala executives and the ACEN management visited the 521 MW New England Solar in Uralla, New South Wales. The project, which required the installation of close to a million solar panels, is among the largest solar projects in Australia.

At the 2023 Annual Stockholders' Meeting, where our board and leadership team highlighted the company's groundbreaking milestones in the region's renewables space. In photo (from L-R): Atty. Solomon Hermosura, Corporate Secretary; Delfin Lazaro, Chairperson; Eric Francia, President & CEO; Atty. Dodjie Lagazo, Group General Counsel, Group Compliance Officer & Assistant Corporate Secretary.

"We ensure that as we grow as a company, our commitment to ethical practices and stakeholder interests shape a resilient and future-focused energy landscape."

Corporate Secretary

In the discharge of his duties as the Corporate Secretary, Atty. Solomon M. Hermosura* played a significant role in supporting the board to fulfill its responsibilities. Among his responsibilities included assisting the Chairperson in preparing the board meeting agenda, maintaining board minutes and records, facilitating director trainings, and updating Directors with relevant statutory and regulatory changes. He is a well-regarded expert in the legal profession and is well-informed on relevant developments in the legal field through years of practicing corporate law in-house, teaching in law schools, and appearing as resource speaker in various public fora.

Training of directors

ACEN requires all its Directors to attend at least a four (4)-hour annual continuing training program on corporate governance. All new Directors must take at the minimum an eight (8)-hour orientation program on the company's strategy, business and structure, vision and mission, governance codes and policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance and other subjects needed in the performance of their duties and responsibilities. In 2023, all directors complied with this policy.

To remain relevant in a global environment with increasing competitiveness, Ayala facilitates an annual group-wide Corporate Governance and Risk Management Summit which has been held since 2014. Counted as an SEC-accredited training in coordination with the Institute of Corporate Directors, the summit serves as a continuing education program for the board, CEOs and senior management, and at the same time promotes the importance of strengthening our corporate governance structures. On October 3, 2023, the group held its virtual Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme, "Accelerating ambition through action: Charting the transition to Net Zero," wherein thought leaders and experts shared insights on the role of governance in the Net Zero transition, among others.

The Summit focused on sustainability leadership, accelerating climate action, stories of ASEAN companies' energy transition strategies, the role of transition finance and ESG in the road to Net Zero, and a case study of the design and planning of the Nusantara, Indonesia.

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

Read more about how we're practicing best-in-class corporate governance ▸

* Mr. Hermosura tendered his resignation as Corporate Secretary of the company effective February 26, 2024, as he has transitioned to government service. Atty. Franchette M. Acosta was elected as his replacement on and effective March 11, 2024.

Director compensation

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

Directors' remuneration

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

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

In 2023, the non-executive directors received gross remuneration as follows:

Director	Total Net Amount (in ₱)
Delfin L. Lazaro	3,960,000
Cezar P. Consing	2,940,000
Jose Rene Gregory D. Almendras	2,515,000
Jaime Alfonso E. Zobel de Ayala	2,685,000
Nicole Goh Phaik Khim	3,240,000
Dean L. Travers	2,358,000
Jesse O. Ang	2,970,000
Maria Lourdes Heras-de Leon	2,340,000
Garry K. Lester	3,200,000
Consuelo D. Garcia[1]	900,000
Ma. Aurora D. Geotina-Garcia[1]	360,000
Sherisa P. Nuesa[1]	900,000
Melinda L. Ocampo	3,780,000

1. Served as director until April 24, 2023.

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

Executive Directors do not receive attendance fees.

The strong leadership of our board of directors has propelled our renewables business to new heights.

Board Committees

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

Executive Committee

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

The committee deliberated, reviewed, and approved the following in 2023:

1. Proposed budget for the construction and fit-out works for additional office space;
2. Participation of Giga Ace 6, Inc., a wholly owned subsidiary of the Company, in the Department of Energy's second round of Green Energy Auction Program (GEAP 2);
3. Extension of maturity period and increase in interest rate of the loan facility provided to Greencore Power Solutions 3, Inc.;
4. Initial investment into YMP Micropower Philippines;
5. Funding of wholly-owned subsidiaries for the development of floating solar projects;
6. Restructuring of the loan with Yoma Strategic Investments Ltd.;
7. Proposed joint venture with BrightNight APAC BV; and
8. Issuance of additional support documents for ACEN Australia projects.

The executive committee had seven (7) meetings in 2023.

Corporate Governance and Nomination Committee

The CGN Committee has three (3) Independent Directors, including the Chairperson. The committee ensures that good corporate governance principles and practices are complied with by the Company. This includes the adoption of a Board process in the nomination, election, or replacement of Board members and the review of the succession plans for members of the board and senior executives. The Board composition is reviewed regularly to allow the board to exercise effective decision-making powers and meet the needs of the Company.

The Committee's accomplishments in 2023 include:

1. Reviewed and endorsed the Management Statement on Information Security and Information Security Policy, for approval of the Board;
2. Reviewed and endorsed amendments to the Company's Corporate Governance Manual, for approval of the Board;
3. Received the nominees for Directors of the Company, evaluated their qualifications, and endorsed qualified nominees for nomination to the Board for the year 2023;
4. Received the nominees for various officers of the Company, evaluated their qualifications, and endorsed qualified nominees for appointment by the Board throughout the year 2023;
5. Reviewed the Integrated Annual Corporate Governance Report for submission to the SEC; and
6. Reviewed and endorsed the Company's Human Rights Policy, for approval of the Board.

The CGN Committee had six (6) meetings in 2023, during which the Chairperson and members were all present.

The attendance of the members at the meetings of the Committee held in 2023 is as follows:

	Jan 16 2023	Mar 1 2023	Jun 30 2023	Jul 26 2023	Nov 8 2023	Dec 11 2023
Consuelo D. Garcia (Chairperson)*	✓	✓				
Melinda L. Ocampo	✓	✓	✓	✓	✓	✓
Sherisa P. Nuesa*	✓	✓				
Jesse O. Ang (Chairperson) **			✓	✓	✓	✓
Garry K. Lester**			✓	✓	✓	✓

* Served as member of the committee until April 24, 2023.
** Appointed as member of the committee on April 24, 2023.

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

For the year ended December 31, 2023

As of December 31, 2023, the Board Committees and their members were as follows:

	Audit Committee	Board Risk Management and Related Party Transactions Committee	Corporate Governance & Nomination Committee	Executive Committee	Personnel and Compensation Committee	Sustainability Committee
1. Delfin L. Lazaro				C		
2. Cezar P. Consing				M	M	
3. John Eric T. Francia				M		
4. Jose Rene Gregory D. Almendras						C
5. Jaime Alfonso E. Zobel de Ayala				M		
6. Nicole Goh Phaik Khim	M	M				
7. Jesse O. Ang (Independent)			C	M	C	
8. Maria Lourdes Heras-de Leon (Independent)					M	M
9. Garry K. Lester (Independent)	C	M	M			
10. Melinda L. Ocampo (Independent)	M	C	M			
11. Jaime Z. Urquijo*						M

C - Committee Chairperson
M - Committee Member
* Not an incumbent director. The Sustainability Committee is required to be composed of at least three (3) members, of which at least a majority shall be directors of the Company, and at least one (1) member shall be an Independent Director.

The attendance of the Directors at the meetings of the Board and of stockholders held in 2023 is as follows:

Directors	Jan 18 2023	Mar 7 2023	Apr 24 2023	Apr 24 2023	May 18 2023	Jul 5 2023	Aug 7 2023	Sep 4 2023	Nov 3 2023	Nov 16 2023	Dec 15 2023	No. of Meetings Present	Percent Present
	Special	Regular	ASM	Org	Regular	Special	Regular	Special	Special	Regular	Special		
Delfin L. Lazaro	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
Cezar P. Consing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
John Eric T. Francia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
Jose Rene Gregory G. Almendras	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
Jaime Alfonso Antonio E. Zobel de Ayala	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
Nicole Goh Phaik Khim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
Dean L. Travers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
Consuelo D. Garcia (Ind)[1]	✓	✓	✓									3/3	100%
Ma. Aurora Geotina-Garcia (Ind)[2]	x	✓	✓									2/3	67%
Sherisa P. Nuesa (Ind)[3]	✓	✓	✓									3/3	100%
Melinda L. Ocampo (Ind)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11	100%
Jesse O. Ang (Ind)[4]				✓	✓	✓	✓	✓	✓	✓	✓	8/8	100%
Maria Lourdes Heras-de Leon (Ind)[5]				✓	✓	✓	✓	✓	✓	✓	✓	8/8	100%
Garry K. Lester (Ind)[6]				✓	✓	✓	✓	✓	✓	✓	✓	8/8	100%

Legend:
Org – Organizational Meeting of the Board
Ind – Independent Director
[1] Ms. Garcia's term as director expired on April 24, 2023.
[2] Ms. Geotina-Garcia's term as director expired on April 24, 2023.
[3] Ms. Nuesa's term as director expired on April 24, 2023.
[4] Mr. Ang was elected as director of the Company on April 24, 2023.
[5] Ms. Heras-de Leon was elected as director of the Company on April 24, 2023.
[6] Mr. Lester was elected as director of the Company on April 24, 2023

Audit Committee

The Audit Committee is composed of three (3) Directors, two (2) of whom are Independent, including the Chairperson. All of its members have extensive background and expertise in accounting, and one member is an expert in the power industry. The Committee assists the Board by overseeing matters relating to the financial statements and financial reporting process, external and internal auditors, internal control, and compliance with applicable legal and regulatory requirements.

During the year, the Committee reviewed the Company's parent and consolidated financial statements, and the work performed by both internal and external auditors through reports provided. Based on the assurance provided by the auditors from their reviews, the Committee assessed the Company's systems of internal controls, compliance and governance processes as adequate. Please refer to the annual report of the Committee to the Board on the discharge of their duties and responsibilities on **page 105**

The Committee had four (4) regular meetings, two (2) special meetings, one (1) executive session, and one (1) joint meeting with the Board Risk Management and Related Party Transactions Committee in 2023, during which the Chairperson and members were all present.

The attendance of the members at the meetings of the committee held in 2023 is as follows:

	Jan 30 2023	Feb 27 2023	May 2 2023	May 9 2023	Jun 27 2023	Aug 2 2023	Nov 6 2023	Dec 14 2023
Ma. Aurora Geotina-Garcia (Chairperson)*	✓	✓						
Consuelo D. Garcia*	✓	✓						
Nicole Goh Phaik Khim	✓	✓	✓	✓	✓	✓	✓	✓
Garry K. Lester (Chairperson)**			✓	✓	✓	✓	✓	✓
Melinda L. Ocampo***			✓	✓	✓	✓	✓	✓

* Served as member of the Committee until April 24, 2023.
** Appointed as Chairperson of the Committee on April 24, 2023.
*** Appointed as member of the Committee on April 24, 2023.

Board Risk Management and Related Party Transactions Committee

The Board Risk Management and RPT (BRMRPT) Committee is a board-level committee with two (2) of its three (3) members being Independent Directors, including the Chairperson, and the remaining member a Non-Executive Director nominated by a significant minority shareholder.

The Committee is responsible for the oversight of the Company's enterprise risk management system and for the review of all material related party transactions of the Company.

The Committee's accomplishments in 2023 include:

1. Reviewed and approved the lease of additional office spaces from Ayala Land, Inc., for endorsement to the Board;
2. Reviewed and approved the engagement of BPI Capital Corporation as one (1) of the Issue Managers and Joint Lead Underwriters and Bookrunners for the Company's proposed preferred shares offering, for endorsement to the board;
3. Reviewed and approved amendments to the offtake agreement with Maibarara Geothermal, Inc., for endorsement to the board;
4. Reviewed and approved the issuance by ENEX Energy Corp. of a letter of support in favor of Palawan55 Exploration & Production Corporation;
5. Reviewed and approved the issuance of a guarantee for ACEN Cayman debt facilities;
6. Reviewed and approved the loan of Ingrid3 Power Corp. from Batangas Clean Energy, Inc., for endorsement to the board;
7. Reviewed and approved the property-for-share swap between Buendia Christiana Holdings Corp. and AREIT, Inc., for endorsement to the board; and
8. Reviewed and approved the development loan between ACE Endevor, Inc. and Apolaki Two, Inc., for endorsement to the board.

The Committee had four (4) meetings in 2023, during which the Chairperson and members were all present.

The attendance of the members at the meetings of the Committee held in 2023 is as follows:

	Mar 3 2023	Jun 22 2023	Nov 13 2023	Dec 14 2023
Sherisa P. Nuesa (Chairperson)*	✓			
Nicole Goh Phaik Khim	✓	✓	✓	✓
Melinda L. Ocampo (Chairperson)**	✓	✓	✓	✓
Garry K. Lester***		✓	✓	✓

* Served as member of the Committee until April 24, 2023.
** Appointed as Chairperson of the Committee on April 24, 2023.
*** Appointed as member of the Committee on April 24, 2023.

Personnel and Compensation Committee

The Personnel and Compensation Committee has three (3) members, two (2) of whom are Independent Directors, including the Committee Chairperson, and the remaining member, a Non-Executive Director. The Committee's role is to establish a transparent policy and procedure for the fixing of the remuneration packages of corporate officers and Directors. The Committee ascertains that compensation is aligned with the Company's culture, strategy, and control environment, aligned with the long-term interests of the Company and stockholders, competitive against the market, and reasonable for the work required, the Company's size, and scope.

The Committee had two (2) meetings in 2023, during which the Chairperson and all members were present.

The Committee's accomplishments in 2023 include the approval of employees' performance bonuses for year 2022 and salary adjustments for the year 2023.

	Apr 11 2023	Oct 18 2023
Consuelo D. Garcia (Chairperson)*	✓	
Sherisa P. Nuesa*	✓	
Cezar P. Consing	✓	✓
Jesse O. Ang (Chairperson)**		✓
Maria Lourdes Heras-de Leon***		✓

* Served as member of the Committee until April 24, 2023.
** Appointed as Chairperson of the Committee on April 24, 2023.
*** Appointed as member of the Committee on April 24, 2023.

Sustainability Committee

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

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

The Committee's accomplishments in 2023 include the review and approval of: (a) revisions to the Committee's Charter, (b) engagement of SGV & Co. as the Company's Sustainability Report Assurance Provider, and (c) revisions to the ESG Policy.

The Sustainability Committee held two (2) meetings in 2023.

	Feb 23 2023	Nov 13 2023
Cezar P. Consing (Chairperson)*	✓	
Melinda L. Ocampo*	✓	
Jaime Z. Urquijo	x	✓
Jose Rene Gregory D. Almendras (Chairperson)**		✓
Maria Lourdes Heras-de Leon***		✓

* Served as member of the Committee until April 24, 2023.
** Appointed as Chairperson of the Committee on April 24, 2023.
*** Appointed as member of the Committee on April 24, 2023.

Management roles and responsibilities

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

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

Performance assessment and compensation

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

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

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

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

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

Strategy planning and execution

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

Strategy formulation generally involves establishing the purpose and scope of the organization's activities, defining its business model, setting long term goals, considering the risks and opportunities it faces and the environment in which it operates. To read more about how ACEN identifies and manages risk, go to **page 64**

Building a climate resilient strategy

ACEN aligns itself with the United Nations Framework Convention on Climate Change and the Paris Agreement on reducing global carbon emissions to limit global temperature increase to well below 2°C. Consistent with the Ayala group's commitment to the UN Sustainable Development Goals, ACEN is additionally focused on protecting the wider environment and creating value for the communities it serves. In Q1 2021, ACEN signed up as a supporter of the Task Force for Climate-related Financial Disclosures (TCFD). To read more about our TCFD Report, go to **page 66**

Risk management

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

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

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

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

Learn more about how we identify and manage risk on **page 64**

Internal governance mechanisms

Accountability and audit

External auditors

On April 24, 2023, the stockholders, upon recommendation of the Audit Committee and endorsement by the board of directors, approved the re-appointment of Sycip Gorres Velayo and Co. (SGV & Co.) as the independent external auditor of ACEN. The lead engagement partner of SGV & Co. is Mr. Benjamin N. Villacorte, an SEC-accredited audit partner.

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

SGV & Co.'s overall plan, which includes the objectives, scope and timing of the audit, was reviewed and approved by the Audit Committee during its August 2, 2023 meeting. To ensure that the external auditor maintains the highest level of independence from the Company, both in fact and appearance, the Audit Committee had pre-approved all audit, audit-related, and permitted non-audit services rendered by the external auditor.

The total external auditors' fees of SGV & Co. in 2023 and 2022 amounted to ₱14.2 million and 11.1 million, respectively inclusive of VAT. The Audit Committee reviewed the nature of these non-audit services and concluded that these are not in conflict with SGV & Co.'s function as the Company's external auditor, both in relation to their significance to the audit and the Company's total expenditure on consultancy.

External Auditor fees	Amount (₱ million)	
	2023	2022
Audit and audit-related fees	11	10.8
Non-audit fees	3.2	0.3
Grand total	14.2	11.1

The audit and audit-related fees include the audit of ACEN's annual financial statements, quarterly reviews and other assurance services related to performance of the audit or review of the Company's financial statements pursuant to the regulatory requirements. Non-audit fees pertain to the transfer pricing study, sustainability reporting and assurance services, and the validation of results of the Annual Stockholders' Meeting in 2023.

The audit results were presented to the Audit Committee during its February 27, 2023 meeting. There were no disagreements between the management and SGV & Co. on any matters of accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

Internal auditors

Internal Audit, headed by the Chief Audit Executive (CAE), Mae Christine Go[1], maintains organizational independence by functionally reporting to the Audit Committee and administratively to the Group Chief Financial Officer. The Audit Committee is responsible for advising the Board of Directors regarding the qualifications and recruitment, appointment and removal of the CAE, and evaluating Internal Audit's performance at least annually.

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

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

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

For the year 2023, the Internal Audit attests that ACEN's system of internal controls, risk management, compliance and governance processes are designed adequately and continue to operate effectively.

[1] Note that Ms. Mae Christine L. Go acted as the Internal Audit Head when Michael E. Limbo tendered his resignation effective March 30, 2023, for personal reasons. The Board of Directors formally appointed Ms. Go as Chief Audit Executive on and effective November 16, 2023.

Compliance Officer

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

- Ensured proper onboarding of new Directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);
- Monitored, reviewed, evaluated and ensured the compliance by the Company as well as its officers and directors with the relevant laws, the corporate governance code for PLCs rules and regulations, and all governance issuances of regulatory agencies;
- Ensured the integrity and accuracy of all documentary submissions to regulators, among others;
- Identified and managed compliance risks;
- Ensured that the Company adhered to sound corporate governance and best practices;
- Issued an Integrated Annual Corporate Governance Report that is duly signed under oath by the Chairperson, Chief Executive Officer or President, all Independent Directors, the Compliance Officer, and the corporate Secretary;
- Strove to conduct a yearly performance assessment of the Board, Board Committees, and individual members of the Board using a formal self-rating system; and
- Performed such other duties and responsibilities as may be provided by the SEC.

* Ms. Dizon retired as the Company's Compliance Officer effective December 31, 2023. Mr. Dodjie D. Lagazo was appointed as Group Compliance Officer effective January 1, 2024 to replace Ms. Dizon.

Disclosure and transparency

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

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

In dealing with RPTs, the board of directors, with the assistance of the BRMRPT committee composed of majority Independent Directors, reviews and approves the material RPTs of the Company in accordance with the RPT policy, ensuring that the transactions are at arm's length, fair and inure to the best interest of the Company and its subsidiaries or affiliates and the shareholders. Based on the policy, the related party or any of its subsidiaries or affiliates, shall disclose any material RPT to the BRMRPT Committee for review and approval prior to entering the transaction, unless covered under any of the exceptions under the policy.

Furthermore, there were no cases of non-compliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three (3) years. A summary of the material RPTs of the Company is presented in the Notes to the Consolidated Financial Statements under Related Party Transactions.

Ownership structure

As of December 31, 2023, 58.2 percent of ACEN's outstanding common shares were held by AC Energy and Infrastructure Corporation.

2023 disclosures

In 2023, the Company filed, among others, unstructured disclosures involving the following:

Unstructured disclosures

- Appointment of Directors and Officers
- Notice and agenda of the 2023 Annual Stockholders' Meeting
- Results of 2023 Annual Stockholders' Meeting and Organizational Board of Directors' Meeting
- Acquisition and sale of Company shares by the directors, officers, and 10 percent owners
- Press releases
- Notice of analyst and investor briefings
- Matters taken up at Board meetings
- Signing of subscription agreements with subsidiaries that are special purpose vehicles for development projects used by the ACEN group
- Completion of the company's, through its subsidiary ACEN Renewables International Pte Ltd (ACRI), acquisition of ACEN Australia
- The Company's Net Zero greenhouse gas emissions by 2050 strategy and roadmap
- Registration Statement for the shelf registration of up to 50 million preferred shares and the proposed public offer and sale of up to 25 million of such preferred shares
- Regulatory approval of ACEN's acquisition of portfolio of eight (8) operating wind projects in Texas, U.S.A.
- Amendments to the Company's by-laws approved by the SEC on June 9, 2023
- Completion of ACRI's sale of 2,424 outstanding shares (24.2 percent of outstanding capital stock) of ACEHI Netherlands B.V. to Star Energy Oil & Gas Pte Ltd.
- Board approval of the terms and conditions of the first tranche of the Company's preferred shares offering
- Board approval of the Company's Human Rights Policy
- Declaration of cash dividends of four centavos (₱0.04) per common share on the 39,677,394,773 outstanding common shares of the Company
- The appointment of BPI Wealth (formerly BPI Asset Management and Trust Corp.) as trustee for the ACEN Group's Multi-Employer Retirement Plan
- The Company's execution of a ₱10 billion term loan facility
- Joint venture of ACRI and Silverworld Capital Limited to jointly develop and build greenfield solar energy projects in Taiwan
- Joint venture of ACEN Indonesia Investment Holdings, Pte Ltd and PT Dewata Megaenergii to develop renewable energy projects in Indonesia
- Reports on the disbursements made in connection with the planned use of proceeds from the Company's preferred shares offering
- The Company's execution of a ₱5 billion term loan facility
- Declaration of dividends at the rate of one-fourth of 7.1 percent per annum equivalent to ₱17.8 per share on the Company's outstanding Series A Preferred Shares
- Declaration of dividends at the rate of one-fourth of 8 percent per annum equivalent to ₱20 per share on the Company's outstanding Series B Preferred Shares
- The Company's execution of a ₱20 billion term loan facility
- The Company's execution of a sustainability-linked loan facility worth ₱11 billion with the Asian Development Bank and the Bank of the Philippine Islands
- The signing of ACEN International, Inc., the Company's subsidiary, and Rizal Commercial Banking Corporation completed the signing of a term loan facility worth ₱7 billion to be used to finance renewable energy projects through its subsidiaries and joint ventures, and for general corporate purposes
- Executive committee's approval of the Philippine joint venture with BrightNight APAC BV
- Board approval of the Company's supplier code of conduct

Financial and non-financial reports

The Board ensures the integrity of the Company's consolidated financial statements and non- financial information as disclosed in the Company's integrated report. The financial statements including significant judgments and estimates disclosed thereto comply with the requirements of the Philippine Financial Reporting Standards.

Non-financial performance was prepared using the guiding principles and content elements of the Integrated Reporting framework.

To help stakeholders gain a better understanding of the Company's business and its process of value creation, a thorough discussion on both financial and non-financial performance indicators is provided in this report. Please refer to **pages 13 and 99** for the financial and non-financial performance indicators, respectively.

As a publicly listed company, we ensure a timely disclosure of all market-sensitive information about the company to our investors and stakeholders.

Changes in shareholdings

Reported trades of directors and officers of ACEN's securities in 2023:

	Balance as of December 31, 2022	Balance as of appointment / election	Acquired	Disposed of	Balance as of end of term / resignation	Balance as of December 31, 2023
Directors						
John Eric T. Francia	113,461,717 common shares	N/A	0	0	N/A	113,461,717 common shares
Jose Rene Gregory D. Almendras	950,451 common shares	N/A	0	0	N/A	950,451 common shares
Cezar P. Consing	1 common share	N/A	27	0	N/A	28 common shares
Nicole Goh Phaik Khim	1 common share	N/A	0	0	N/A	1 common share
Ma. Aurora D. Geotina-Garcia	1 common share	N/A	0	0	1 common share[1]	N/A
Consuelo D. Garcia	1,900 common shares	N/A	0	0	1,900 common shares[2]	N/A
Sherisa P. Nuesa	2,248,107 common shares	N/A	608,773 common shares	0	2,856,880 common shares[3]	N/A
Melinda L. Ocampo	24,001 common shares	N/A	0	0	N/A	24,001 common shares
Dean L. Travers	1 common share	N/A	0	0	N/A	1 common share
Delfin L. Lazaro	1,001 common shares	N/A	68,939 common shares	0	N/A	69,940 common shares
Jaime Alfonso E. Zobel de Ayala	107,040 common shares	N/A	0	0	N/A	107,040 common shares
Jesse O. Ang	N/A[4]	1 common share	2,200 Series A Preferred	0	N/A	1 common share 2,200 Series A Preferred
Maria Lourdes Heras-de Leon	N/A[5]	1 common share	0	0	N/A	1 common share
Garry K. Lester	N/A[6]	1 common share	0	0	N/A	1 common share
Officers						
Maria Corazon G. Dizon	45,133,279 common shares	N/A	25,000 Series B Preferred	0	N/A	45,133,279 common shares 25,000 Series B Preferred
John Philip S. Orbeta	12,108,620 common shares	N/A	1,271,719 common shares 10,000 Series B Preferred	0	N/A	13,380,339 common shares 10,000 Series B Preferred
Jose Maria Eduardo P. Zabaleta	5,175,177 common shares	N/A	0	0	N/A	5,175,177 common shares
Solomon M. Hermosura	400,000 common shares	N/A	200,848 common shares	0	N/A	600,848 common shares
Dodjie D. Lagazo	8,880,948 common shares	N/A	0	0	N/A	8,880,948 common shares
Alan T. Ascalon	1,657,152 common shares	N/A	0	0	N/A	1,657,152 common shares
Gabino Ramon G. Mejia	6,970,378 common shares	N/A	0	0	6,970,378 common shares[7]	N/A
Roman Miguel G. de Jesus	20,150,294 common shares	N/A	1,000,000 common shares	0	N/A	21,150,294 common shares
Irene S. Maranan	4,495,057 common shares	N/A	0	1,170,000 common shares	3,325,057 common shares[8]	N/A
Patrice R. Clausse	33,660,854 common shares	N/A	82,620 common shares	0	N/A	33,743,474 common shares
Juan Martin L. Syquia	184,387 common shares	N/A	0	0	184,387 common shares[9]	N/A
Kyla Kamille U. Samson	199,800 common shares	N/A	0	0	N/A	199,800 common shares
Michael E. Limbo	0	N/A	0	0	010	N/A
Jonathan P. Back	N/A[11]	0	0	0	N/A	0
Ma. Cecilia T. Cruzabra	N/A[12]	280,000 common shares	0	0	N/A	280,000 common shares
Mae Christine L. Go	N/A[13]	N/A	2,799 common shares	0	N/A	2,799 common shares

1 Ms. Aurora D. Geotina-Garcia's term as Director expired on April 23, 2023.
2 Ms. Consuelo D. Garcia's term as Director expired on April 23, 2023.
3 Ms. Sherisa P. Nuesa's term as Director expired on April 23, 2023.
4 Mr. Jesse O. Ang was elected as Independent Director of the Company on April 23, 2023.
5 Ms. Maria Lourdes Heras-de Leon was elected as Independent Director of the Company on April 23, 2023.
6 Mr. Garry K. Lester was elected as Independent Director of the Company on April 23, 2023.
7 Mr. Gabino Ramon G. Mejia's term as Head of Plant Operations expired on April 23, 2023.
8 Ms. Irene S. Maranan was no longer re-appointed during the organizational board meeting held on April 23, 2023.
9 Mr. Juan Martin L. Syquia's term as Deputy CFO of the Company expired on April 23, 2023.
10 Mr. Michael E. Limbo tendered his resignation as Chief Audit Executive of the Company effective March 30, 2023.
11 Mr. Jonathan P. Back was appointed as Chief Strategy Officer of the Company on and effective January 18, 2023.
12 Ms. Ma. Cecilia T. Cruzabra was appointed as Treasurer of the Company on and effective April 24, 2023.
13 Ms. Mae Christine L. Go was appointed as the Chief Audit Executive of the Company effective November 16, 2023.

Stakeholder relations

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

Learn more about how we engage with our stakeholders on **pages 62-63**

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

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

Shareholder and investor relations
The Company encourages active participation and regular dialogue with institutional and retail investors. Information requirements of the investing public and minority shareholders are fully disclosed to the securities' regulators on time and are accessible both through the Company's website and through PSE EDGE. The investor relations team, which directly reports to the Chief Strategy Officer, provides for an avenue to receive feedback, complaints, and queries from shareholders other than through the annual stockholder's meeting.

Code of conduct and ethics

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

Policy on insider trading

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

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

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

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

On November 10, 2022, upon the endorsement of the CGN committee, the board approved revisions to the Insider Trading Policy in recognition of the volume of transactions entered into by the Company. Reporting obligations were further clarified among the different covered persons, and the short-swing profit rule was also explicitly incorporated in the policy.

Policy on related party transactions

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

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

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

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

Policy against sexual harassment

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

Policy on anti-fraud

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

Policy on gift and gratuities

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

Conflict of interest policy

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

Whistleblower policy

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

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

The whistleblower may submit a written report directly to the Office of the Compliance Officer, by email to whistleblower@acenrenewables.com or through a face-to-face meeting with any of the Whistleblower Committee composed of one representative each from the legal and regulatory department, human resources and corporate services, internal audit, and enterprise risk management.

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

Data privacy policy

As ACEN's Data Protection Officer, Atty. Alan T. Ascalon helps the Company keep its utmost commitment to safeguard and respect the right to personal data privacy of stakeholders. With the support of the different business units, ACEN's data privacy team regularly reviews the security measures that the Company puts in place to maintain the integrity, confidentiality and availability of the personal data that it collects and processes.

The Company also has a data privacy policy in place, which policy aims to protect these data from accidental loss or destruction, unauthorized access, fraudulent misuse and unlawful alteration.

On December 15, 2023, the board approved, upon the endorsement of the corporate governance and nomination committee, revisions to the data privacy policy and data privacy manual to align with industry and company practices as well as updates in applicable data privacy laws and regulations.

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

Website

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

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

Facebook **@officialACEN**
LinkedIn **@officialacen**
YouTube **@OfficialACEN**

Corporate awards

The Asset Triple A Sustainable Finance Awards 2024

- Best Issuer for Sustainable Finance
- Best Equity Deal: ACEN ₱25 billion preferred shares offering

Asia Corporate Excellence & Sustainability (ACES) Awards

- Top Sustainability Advocate in Asia

Proximo

- Asia Pacific Emerging Energy Deal of the Year: ACEN's Energy Transition Mechanism (ETM) deal

Uxolo Development Finance Path Finder Awards 2022[1]

- Development Deal of the Year: $107 million financing package for the 88 MW Ninh Thuan Wind

2023 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards

- Four Golden Arrows

15th Global CSR & ESG Summit and Awards 2023

- Gold for CSR & ESG Leadership Award
- Platinum for the Best in Country Excellence Award (Philippines)

2023 Asiamoney Asia's Outstanding Companies Poll

- Most Outstanding Company in the Energy Sector

The Asset Triple A Country Awards for Sustainable Finance 2022[2]

- Best Issuer for Sustainable Finance
- Most Innovative Deal

The Legal 500 GC

- Powerlist Southeast Asia Teams 2023 (ACEN Legal Team)

1 Received the award on September 2023
2 Received the award on February 2023

Philippine plant operations awards

Safety Organization of the Philippines, Inc. (SOPI)

North Luzon Renewables

- Perfect Safety Record and Award of Merit for achieving 1,452, 889 Safe Man-hours without Lost Time Accident (LTA) attained from 1 March 2020 to 30 June 2023

NorthWind

- Perfect Safety Record for achieving 597,130 Safe Man-hours without Lost Time Accident (LTA) attained from 21 February 2020 to 31 August 2023

Department of Environment and Natural Resources (DENR) Region I

North Luzon Renewables

- Best Environmental Partner

Philippine Chamber of Commerce and Industry

MonteSol

- Special Recognition from PCCI

Municipality of San Marcelino

SanMar Solar

- Top Taxpayer Award

International plant operations awards

Ministry of Manpower

Salak & Darajat Geothermal (Darajat)

- **ZIA Award:** Achievement of 18,560,105 Safe Working Hours Without Incident from 1 February 2010 to 31 December 2022
- **P2HIV-AIDS Award:** Platinum Category on P2-HIV AIDS Prevention & Treatment Implementation
- **P2 Covid-19 Award:** Platinum Category on P2 Covid-19 Prevention & Treatment Implementation

Salak & Darajat Geothermal (Salak)

- **ZIA Award:** Achievement of 5,581,325 Safe Working Hours Without Incident from 1 January 2022 to 31 December 2022
- **P2HIV-AIDS Award:** Platinum Category on P2-HIV AIDS Prevention & Treatment Implementation
- **P2 Covid-19 Award:** Platinum Category on P2 Covid-19 Prevention & Treatment Implementation

Ministry of Energy & Mineral Resources

Salak & Darajat Geothermal (Darajat)

- **Subroto Award:** Aditama rating in OHS Implementation Performance, Geothermal Technique for Productive Work Area Categories
- **Subroto Award:** Aditama rating in Pollution Control Performance and/or Environmental Damage for Productive Work Area Categories

Salak & Darajat Geothermal (Salak)

- **Subroto Award:** Aditama rating in OHS Implementation Performance, Geothermal Technique for Productive Work Area Categories
- **Subroto Award:** Aditama rating in Pollution Control Performance and/or Environmental Damage for Productive Work Area Categories

Governor of West Java Province

Salak & Darajat Geothermal (Darajat)

- **ZIA Award:** Achievement of 19,169,723 Safe Working Hours Without Incident from 13 February 2010 to 31 July 2023
- **P2HIV-AIDS Award:** Platinum Category on P2-HIV AIDS Prevention & Treatment Implementation
- **OHS Committee Award:** Platinum Category on OHS Committee in West Java Province

Salak & Darajat Geothermal (Salak)

- **ZIA Award:** Achievement of 5,875,395 Safe Working Hours Without Incident from 1 January 2021 to 31 July 2023
- **P2HIV-AIDS Award:** Platinum Category on P2-HIV AIDS Prevention & Treatment Implementation
- **OHS Committee Award:** Platinum Category on OHS Committee in West Java Province

Ministry of Environmental and Forestry

Salak & Darajat Geothermal (Darajat)

- PROPER Gold Award

Salak & Darajat Geothermal (Salak)

- PROPER Green Award

Project Finance International

Monsoon Wind

- APAC Wind Deal of the Year 2023

Platts Global Energy Award

Monsoon Wind

- Deal of the Year Strategic Awards

Our reporting

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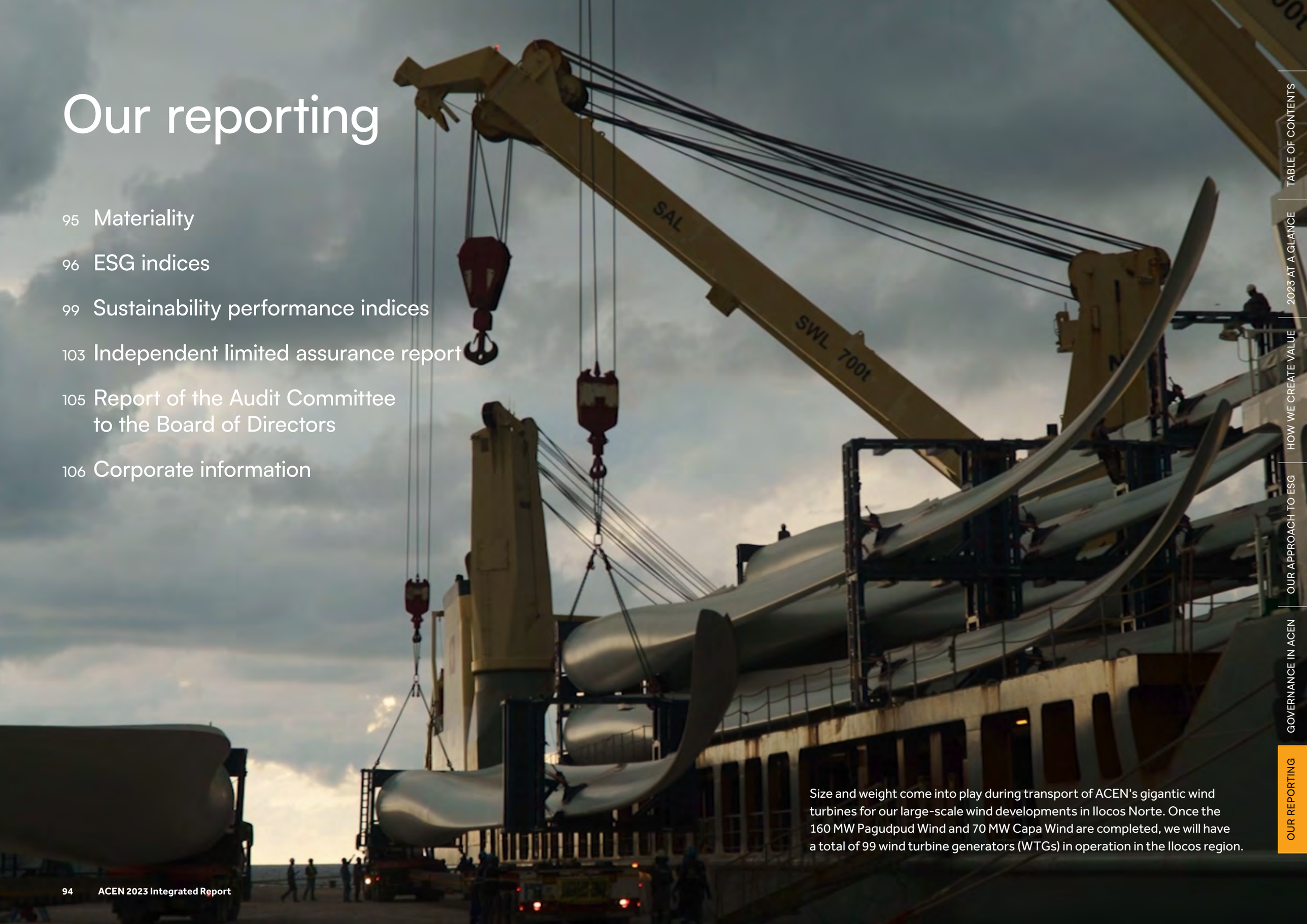

Size and weight come into play during transport of ACEN's gigantic wind turbines for our large-scale wind developments in Ilocos Norte. Once the 160 MW Pagudpud Wind and 70 MW Capa Wind are completed, we will have a total of 99 wind turbine generators (WTGs) in operation in the Ilocos region.

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

Materiality process

In 2023, we conducted a series of materiality exercises in collaboration with an external consultant and business unit heads. Our material ESG issues were updated to reflect our engagements with investors, rating institutions, and other stakeholder concerns regarding ESG. This was supplemented by research activities on the latest developments around sustainability reporting frameworks and industry-specific sustainability issues.

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

Materiality issues

Environment

1. Circular economy
   pages 34-37, 48 →
2. Energy efficiency and carbon reduction
   pages 27-28 →
3. Climate risks and opportunities
   page 67 →
4. Biodiversity
   pages 30-32, 48 →
5. Air pollution
   page 100 →
6. Waste management
   pages 34-37, 100-101 →
7. Environmental policy and certifications
   pages 34, 59 →

Social

8. Human rights
   pages 44-45, 58 →
9. Occupational health and safety
   pages 43-45 →
10. Supply chain sustainability
    pages 58, 62 →
11. Human capital management
    page 39-42 →
12. Local communities
    pages 45-56 →
13. Customers
    page 62 →

Economic / Governance

14. Energy infrastructure
    pages 29, 32 →
15. Business ethics & good governance
    pages 57-58, 70-90 →
16. Sustainable finance
    pages 19-21 →
17. Innovation, digitalization, cybersecurity
    page 65 →

ESG indices

Economic

Framework	Code	Description	Location
Economic performance			
GRI	201-1	Direct economic value generated and distributed	2023 Integrated Report, **page 99**
Power generation			
SASB	IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	2023 Integrated Report, **page 22**

Environment

Framework	Code	Description	Location
Climate strategy			
GRI	302-1	Energy consumption within the organization	2023 Integrated Report, **page 99**
TCFD	Governance: Disclosure A	Describe the board's oversight of climate-related risks and opportunities	2023 Integrated Report, **page 66**
	Governance: Disclosure B	Describe management's role in assessing and managing climate-related risks and opportunities.	2023 Integrated Report, **page 66**
	Strategy: Disclosure A	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2023 Integrated Report, **page 67**
	Strategy: Disclosure B	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2023 Integrated Report, **page 68**
	Risk Management: Disclosure A	Describe the organization's processes for identifying and assessing climate-related risks.	2023 Integrated Report, **page 68**
	Risk Management: Disclosure B	Describe the organization's processes for managing climate-related risks.	2023 Integrated Report, **pages 67-68**
	Risk Management: Disclosure C	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2023 Integrated Report, **page 68**
	Metrics and Targets: Disclosure C	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	2023 Integrated Report, **page 27, 68**

GHG emissions			
GRI	305-1	Direct (Scope 1) GHG emissions	2023 Integrated Report, **page 100**
	305-2	Energy indirect (Scope 2) GHG emissions	2023 Integrated Report, **page 100**
	305-3	Other indirect (Scope 3) GHG emissions, limited to Category 3 Fuel- and Energy-related Activities Not Included in Scope 1 or Scope 2	2023 Integrated Report, **page 100**
	305-4	GHG emissions intensity	2023 Integrated Report, **page 100**
SASB	IF-EU-110a.3	Discussion of long-term or short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	2023 Integrated Report, **pages 27-28**
TCFD	Metrics and Targets: Disclosure B	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2023 Integrated Report, **pages 68, 100**
Water management			
GRI	303-3	Water withdrawal	2023 Integrated Report, **page 100**
	303-5	Water consumption	2023 Integrated Report, **page 100**
SASB	IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	2023 Integrated Report, **page 100**
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	2023 Integrated Report, **page 36**
Waste management			
GRI	306-3	Waste generated	2023 Integrated Report, **page 100**
	306-5	Waste directed to disposal	2023 Integrated Report, **page 102**
Biodiversity			
GRI	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2023 Integrated Report, **pages 30-33**
	304-3	Habitats protected or restored	2023 Integrated Report, **page 48**

Social

Framework	Code	Description	Location
Human capital management			
GRI	2-7	Employees	2023 Integrated Report, **pages 39-42, 101**
	401-1	New employee hires and employee turnover	2023 Integrated Report, **page 101**
	404-2	Programs for upgrading employee skills and transition assistance programs	2023 Integrated Report, **pages 39-42**
	404-3	Percentage of employees receiving regular performance and career development reviews	2023 Integrated Report, **pages 41-42**
Health and safety			
GRI	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2023 Integrated Report, **pages 43-44**
	403-8	Workers covered by an occupational health and safety management system	2023 Integrated Report, **page 44**
	403-9	Work-related injuries	2023 Integrated Report, **pages 43, 102**
SASB	IF-EU-320a.1	1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	2023 Integrated Report, **page 43, 102**
Community engagement			
GRI	413-1	Operations with local community engagement, impact assessments, and development programs	2023 Integrated Report, **pages 45-56**

Governance

Framework	Code	Description	Location
Anti-corruption and business ethics			
GRI	205-2	Communication and training about anti-corruption policies and procedures	2023 Integrated Report, **page 58**
	205-3	Confirmed incidents of corruption and actions taken	2023 Integrated Report, **page 58**
Diversity in Leadership			
GRI	405-1	Diversity of governance bodies and employees	2023 Integrated Report, **pages 5, 58**

Sustainability performance indices

Economic performance indices

Economic performance (amounts in php '000s)

	2021	2022	2023
Direct economic value generated	33,627,623.10	55,470,787.95	45,391,095.28
Direct economic value distributed	40,534,616.27	69,819,161.34	54,017,490.72
a. Operating cost (Payments to suppliers)	22,041,560.21	36,882,765.06	31,916,830.60
b. Employee wages and benefits	902,207.00	1,185,226.00	1,765,391.00
c. Dividends given to stockholders and interest payments to loan providers	14,417,369.62	30,383,216.05	17,959,328.39
d. Taxes given to government	3,097,378.49	1,264,355.69	2,263,716.05
e. Investments to community (CSR, sponsorships, donations, contributions)	76,100.96	103,598.54	112,225.68

Based on ACEN Consolidated Audited FS

Procurement practice (in %)

	2021	2022	2023
Procurement budget spent on local suppliers	96	97	100

Environmental performance indices

Electricity and fuel consumption

	Unit	2021	2022	2023
Electricity consumption	kWh	16,509,786.89	24,011,801.42	18,812,314.86
Diesel consumption	liters	73,868,365.41	92,268,777.27	44,931,819.48
Gasoline consumption	liters	17,936.61	19,552.98	412,270.71

Electricity consumption pertains to total electricity purchased from the grid

Energy consumption (in gj)

	2021	2022	2023
Energy consumption from diesel	2,828,678.73	3,533,012.22	1,702,076.02
Energy consumption from gasoline	621.67	669.91	9,693.45
Energy consumption from coal	20,499,934.95	19,626,167.30	-
Electricity/indirect energy	58,605.85	75,895.82	67,724.33
Energy consumed within the organization	23,387,841.20	23,235,745.24	1,779,493.80
Energy intensity (in GJ/GWh)	5,048.16	4,694.36	382.90

Energy consumption from coal is zero due to the divestment of the SLTEC plant through ACEN's Energy Transition Mechanism

Air emissions (in tonnes)

	2023
NOx	10,829.33
SOx	7,531.03
CO	3,235.57
PM10	730.88

Greenhouse gas emissions (in tonnes CO_2e)

		2021	2022	2023
Scope 1 emissions		2,141,993.03	2,076,894.27	109,451.85
Scope 2 emissions		10,069.12	12,172.21	7,788.29
Scope 3 emissions (OPG&S)		116,992.00	588,382.18	1,219,521.08
Scope 3 emissions (capital goods)		63,029.00	68,255.91	64,453.28
Scope 3 emissions (FERA)		4,020,973.00	1,432,701.41	3,738,335.63
Scope 3 emissions (upstream transportation)		397.76	703.00	453.61
Scope 3 emissions (waste generated)		19,064.00	33,268.53	16,899.17
Scope 3 emissions (investments)		61,199.00	76,432.00	18,461.14
Total scope 3 emissions		4,281,654.76	2,199,743.03	5,058,123.92
Emissions intensity (Scope 1 and 2)	(In tonnes co_2e/gwh)	464.51	422.06	78.08

Our scope 1 emissions include the direct combustion of various diesel and gasoline among our Company's plant equipment, generator sets and company-owned vehicles. Standards used for the computations are based on the GHG Protocol Corporate Accouting and Reporting Standard. The gases reported include carbon dioxide, methane and nitrous oxide.
Our scope 2 emissions include the indirect energy emissions from the purchase of electricity from the national grid. Location-based grid emission factors used for local facilities are based on the Department of Energy (Philippines).
ACEN's 2022 and 2023 GHG emissions disclosures follow the operational control approach prescribed by the GHG Protocol.
ACEN's 2021 scope 3 emissions are a result of rebaselining activities conducted with a third party consultant to reflect the divestment of the SLTEC coal asset.

Water (in cu.m)

		2021	2022	2023
Water consumption		180,984.21	196,641.19	80,126.04
Water consumption intensity	(in cu.m/GWh)	39.06	39.73	17.24
Water withdrawal		257,437,958.44	220,778,969.16	146,663.88
Surface water		5,158.00	11,915.64	12,869.52
Ground water		46,063.80	84,641.81	56,383.77
Seawater		257,256,974.23	220,544,807.23	-
3rd party water		129,762.41	137,604.48	77,410.59
Water discharge		257,256,974.23	220,582,327.97	66,537.83
Surface water				14,561.50
Ground water				33,887.03
Seawater				-
3rd party water				18,089.31
Water consumption in water-stressed areas				19,426.27

ACEN has included the breakdown for water discharge figures in 2023
Water-stressed areas are defined as "high risk" or "extremely high risk" areas, as mapped by WRI's Aqueduct Global Water Tool
Seawater withdrawal and discharge is zero due to the divestment of the SLTEC plant through ACEN's Energy Transition Mechanism.

Waste generated by type (in kg)

		2021	2022	2023
Batteries		12,113.36	15,676.40	1,449.48
Electronic waste		7,998.69	20,746.25	6,632.41
Used oil	(in liters)	1,145,922.27	1,408,450.54	769,480.78
Busted fluorescent lamps		107.50	-	40.25
Oil contaminated containers and materials		41,558.95	96,152.39	61,823.82
Chemical contaminated materials		3,733.00	11,199.89	1,014.19
Other hazardous wastes		17,352.41	3,362.55	2,141.74
Solid waste generated			462,727.53	74,702.10

Other hazardous wastes include plant-specific wastes such as lead compounds, clinical waste, resinous materials

Waste disposed by type (in kg)

		2023
Batteries		6,219.75
Electronic waste		10,675.28
Used oil	(in liters)	730,530.07
Busted fluorescent lamps		42.97
Oil contaminated containers and materials		56,571.94
Chemical contaminated materials		717.94
Other hazardous wastes		1,735.67
Solid waste disposed		70,680.96

Other hazardous wastes include plant-specific wastes such as lead compounds, clinical waste and resinous materials

Human capital performance indices

Employee headcount

	2021	2022	2023
Permanent employees	702	713	914
Temporary employees	48	26	42

Permanent employees by age

2021			2022			2023		
Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
222	393	87	212	435	66	238	599	77

Permanent employees by gender

2021		2022		2023	
Male	Female	Male	Female	Male	Female
515	187	435	278	546	368

Permanent employees by position

2021			2022			2023		
Rank-and-file	Middle mngmt	Senior mngmt	Rank-and-file	Middle mngmt	Senior mngmt	Rank-and-file	Middle mngmt	Senior mngmt
422	249	31	392	259	62	353	493	66

*Secondees are not included in this count

Hires and turnover

	2021	2022	2023
New employee hires	140	288	313
Voluntary turnover	56	70	93
Involuntary turnover	32	14	15
Retirement	11	14	8
End-of-contract	11	21	13
Turnover rate*	8.0%	9.8%	10.2%

*ACEN's turnover rate was determined by dividing voluntary turnover by permanent employee headcount in a given year

Training hours by employee position

	2021		2022		2023	
	Total hours	Average hours	Total hours	Average hours	Total hours	Average hours
Rank-and-file	16,953	40	22,399	40	11,844	49
Middle management	8,497	34	18,574	60	16,779	55
Senior management	1,436	46	706	11	3,267	55

*2023 training figures cover ACEN's Philippine head office and plant operations

Training hours by gender

	2021		2022		2023	
	Total hours	Average hours	Total hours	Average hours	Total hours	Average hours
Male	21,770	42	33,237	53	20,302	49
Female	5,116	27	8,443	27	11,588	60

*2023 training figures cover ACEN's Philippine Head Office and Plant Operations

Total training hours

	2021	2022	2023
Total employee training hours	26,886	41,680	31,890
Company-wide average training hours	38	44	53

*2023 training figures cover ACEN's Philippine head office and plant operations

Occupational health and safety

	2021		2022	2023
Total number of non-disabling injuries	90	**Total number of fatalities**	0	0
Total number of disabling injuries	0	**Lost time injury cases**	3	0
Total number of fatalities	0	**Lost time injury frequency**	0.16	0
Safe manhours	6,468,047	**Total recordable Cases**	22	20
		Safe manhours	19,249,258	22,552,798

This table includes occupational health and safety data for both direct and indirect workers at the plant level.
Lost time injury - Work-related incident that results in a worker being unable to return to work within 24 hours;
Total recordable cases - Sum of LTI, medical treatment case and restricted workcase

We place the health and safety of our workforce as we execute the energy transition. In 2023, no fatalities or lost time injury cases were recorded across our plants.

Independent limited assurance report

Scope

We have been engaged by ACEN Corporation to perform a 'limited assurance engagement,' as defined by Philippine Standard on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], Assurance Engagements Other than Audits or Reviews of Historical Financial Information, hereafter referred to as the engagement, to report on selected sustainability information as detailed below (the "Subject Matter") contained in the 2023 ACEN Integrated Report for the year ended December 31, 2023 (the "Report").

Subject Matter

The Subject Matter includes the following selected environmental, social and governance (ESG) indicators/metrics and report contents which are covered in our limited assurance engagement:

A. ESG indicators / metrics with reference to the Global Reporting Initiative (GRI)

1. Economic
   a. Economic Performance 2016
      i. 201-1 Direct economic value generated and distributed

2. Environmental
   a. Energy 2016
      i. 302-1 Energy consumption within the organization

   b. Water and Effluents 2018
      i. 303-3 Water withdrawal
      ii. 303-5 Water consumption

   c. Biodiversity 2016
      i. 304-1 Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas
      ii. 304-3 Habitats protected or restored

   d. Emissions 2016
      i. 305-1 Direct (Scope 1) GHG emissions
      ii. 305-2 Energy indirect (Scope 2) GHG emissions
      iii. 305-3 Other indirect (Scope 3) GHG emissions, limited to Category 3 Fuel- and Energy-related Activities Not Included in Scope 1 or Scope 2
      iv. 305-4 GHG emissions intensity

   e. Waste 2020
      i. 306-3 Waste generated
      ii. 306-5 Waste directed to disposal

3. Social
   a. General Disclosures 2021
      i. 2-7 Employees

   b. Employment 2016
      i. 401-1 New employee hires and employee turnover

   c. Diversity and Equal Opportunity 2016
      i. 405-1 Diversity of governance bodies and employees

   d. Occupational Health and Safety 2018
      i. 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
      ii. 403-8 Workers covered by an occupational health and safety management system
      iii. 403-9 Work-related injuries

   e. Training and Education 2016
      i. 404-2 Programs for upgrading employee skills and transition assistance programs
      ii. 404-3 Percentage of employees receiving regular performance and career development reviews

   f. Local Communities 2016
      i. 413-1 Operations with local community engagement, impact assessments, and development programs

4. Governance
   a. Anti-Corruption 2016
      i. 205-2 Communication and training about anti-corruption policies and procedures
      ii. 205-3 Confirmed incidents of corruption and actions taken

B. SASB Electric Utilities & Power Generators Industry Standard 2023

1. IF-EU-000.D Total electricity generated, percentage by major energy source, percentage in regulated markets
2. IF-EU-110a.3 Discussion of long-term or short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets
3. IF-EU-140a.1 (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress
4. IF-EU-140a.3 Description of water management risks and discussion of strategies to mitigate those risks
5. IF-EU-320a.1 (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by ACEN Corporation

In preparing the Subject Matter, ACEN Corporation has applied the criteria for reporting with reference to the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Standard for Electric Utilities & Power Generators.

ACEN Corporation's responsibilities

ACEN Corporation's management is responsible for selecting the Criteria, and for presenting the Subject Matter with reference to that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

SGV's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Philippine Standard on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the terms of reference for this engagement as agreed with ACEN Corporation on 18 December 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be with reference to the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

1. Interviewed the management and relevant process owners to:
   a. Understand the principal business operations.
   b. Appreciate the key sustainability issues and developments related to the Subject Matter.
   c. Understand the processes for the collection, processing and accurate reporting of ESG information.
   d. Identify the data providers with their responsibilities, and
   e. Recognize the likelihood of possible manipulation of sustainability data.
2. Checked the accuracy of calculations performed.
3. Performed analytical tests and obtained documentation/reports on a sampling basis to test assumptions, estimations and computations made by management in relation to the Subject Matter in the Report.
4. Tested that the data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report.
5. Reviewed the disclosure contents of the Report to check compliance with reference to the Criteria.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended December 31, 2023, in order for it to be in accordance to the Criteria.

SYCIP, GORRES, VELAYO & CO.

Conrad Allan M. Alviz
Partner
CPA Certificate No. 0113456
PTR No. MKT 10079895, Jan 5, 2024

12 April 2024

Report of the Audit Committee to the Board of Directors

For the Year Ended 31 December 2023

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

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

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

- All the Audit Committee members are non-executive directors with the necessary qualifications, skills, and knowledge to perform their duties. Majority of the members including the Chairman of the Committee are independent directors;
- We had four (4) regular meetings, two (2) special meetings, one (1) joint meeting with the Board Risk Management and Related Party Transactions Committee, and one (1) executive session with the external auditors and the internal auditors;
- We recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company's 2023 external auditors and the related audit fee;
- We reviewed and approved the quarterly unaudited and the annual audited parent and consolidated financial statements of ACEN CORPORATION (ACEN) and Subsidiaries, including the Management's Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. These activities were performed in the following context:
  - Management has the primary responsibility for the financial statements and the financial reporting process; and
  - SGV & Co. is responsible for expressing an opinion on the conformity of ACEN's audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.
- We approved the overall scope and the respective audit plans of the Company's internal auditors and SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company's internal controls, and the overall quality of the financial reporting process including their management letter of comments;
- We reviewed the reports and updates of the internal and external auditors ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by the internal audit department as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's system of internal controls, risk management, compliance, and governance
- We reviewed and approved the changes to the Policy on Pre-approval of Audit and Non-Audit to consider the International Ethics Standards Board for Accountants independence provisions for external auditors of publicly listed companies on non-assurance services. We also approved the pre-concurrence process and the list of non-audit services which the external auditors maybe engaged to ensure independence risk is manageable;
- We reviewed and approved all audit, audit-related and non-audit services provided by SGV & Co. to ACEN and the related fees. We also assessed the compatibility of the non-audit services with the auditors' independence to ensure that such services will not impair their independence;
- We reviewed and approved the changes in the Audit Committee Charter and Internal Audit Charter to ensure that these are updated and aligned with regulatory requirements;
- We reviewed and approved the ACEN Group Internal Audit issue and report rating framework to align with the ACEN Group's Enterprise Risk Management Policy and to streamline the process;
- We endorsed for Board approval the appointment of Ms. Mae Christine Go as the Company's Chief Audit Executive effective November 16, 2023;
- We evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and
- We conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2023 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the reappointment of SGV & Co. as ACEN CORPORATION's external auditors and the related audit fee for 2024 based on their performance and qualifications.

01 March 2024

Signed by:

GARRY LESTER Chairperson	**MELINDA OCAMPO** Member	**NICOLE GOH PHAIK KHIM** Member

Stakeholder Inquiries

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

Investors
investorrelations@acenrenewables.com

Corporate Communications and Sustainability
corpcomm@acenrenewables.com

Governance
corpsec.acen@acenrenewables.com

Data Protection
dataprivacyacen@acenrenewables.com

Human Resources
careers@acenrenewables.com

Financial Statements

Our 2023 Audited Financial Statements and Definitive Information Statement may be accessed from www.acenrenewables.com

Shareholder Services and Assistance

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

BPI Stock Transfer Office
3F BPI Buendia Center
372 Sen. Gil Puyat Avenue,
Makati City, 1226 Philippines
Tel + 632 8580 4693 to 95
stocktransferoffice@bpi.com.ph

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