

# Green Finance Framework

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## About ACEN

ACEN, the Ayala group's listed energy platform, is one of the fastest-growing renewable energy companies in Asia Pacific, with the Philippines as its core and largest market. It also has a significant presence in Australia, Vietnam, India, and Lao PDR, along with strategic investments in Indonesia and other markets.

The company currently has ~7 GW of attributable renewable energy capacity spanning projects in operation, under construction and with signed agreements.

As a developer, builder, and operator, ACEN leverages its agility and collaborative approach to accelerate the energy transition. Committed to unlocking access to clean, reliable, and affordable renewable energy, the company is on track to achieve 100% renewable energy generation by 2025 and reach Net Zero greenhouse gas emissions by 2050—turning bold ambitions into real impact for businesses, communities, and indigenous groups.

# Our strategic sustainability approach

## Environment

### Leading the energy transition in the region

#### Our approach

We continue to expand our renewable energy portfolio while advancing our climate goals—ensuring access to clean, reliable, and affordable energy for all.

#### Our focus

We are on track to become a 100 percent renewable energy company by 2025.

As part of our just transition strategy, we are working toward the early retirement of the 246 MW SLTEC coal plant by 2040, which we successfully divested in 2022 through the Energy Transition Mechanism.

We also aim to achieve Net Zero greenhouse gas emissions by 2050.



[Read more](#) about our environmental initiatives ►

### Aspiring excellence in environmental management

#### Our approach

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

#### Our focus

We work to safeguard natural habitats and biodiversity as part of our broader efforts to address climate change. In developing our projects, we continue to apply the mitigation hierarchy and aim for No Net Loss of biodiversity.



## Social

### Investing in our people

#### Our approach

Our energy transition is a shared journey with our workforce—anchored on a Just Transition that leaves no one behind.

#### Our focus

We develop programs and provide benefits that support the growth and well-being of our team members.

We continue to prioritize the health and safety of our employees, customers, suppliers and the communities we serve.

### Creating inclusive communities

#### Our approach

We develop renewable energy projects that generate meaningful impact and tangible benefits for the communities where we operate.

#### Our focus

We aim to create opportunities that uplift our host communities—through job creation, sustainable livelihoods and improved access to basic services and human needs.



[Read more](#) on how we invest in our communities and our people ►

## 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 ensure ESG management practices.

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

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



[Read more](#) about how we anchor our strategy on good governance ►



# Green Finance Leadership

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 support our renewables expansion, we have become a leader in the Green bonds market 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.

To support our growth plans in a sustainable and responsible manner, we completed our maiden preferred equity issuance, bilateral green loans, syndicated 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.

[Read more](#) about how we support our renewables expansion ►

## SGX listing of ACEIC's maiden green bonds in 2019



## Historic fixed-for-life perpetual preferred shares



## ADB initiatives



## International green loans





# Our Green Finance Framework

ACEN has developed a Green Financing Framework (the “Framework”) under which we intend to secure various types of Green Financing such as, but not limited to: Green Loans, Green Bonds, Green Contingent Facilities, Green Revolving Credit Facilities and other Green issuances (individually “Green Financing”) to fund selected Green Projects within the Group.

The Framework is intended to govern Green Finance issuances across all ACEN group entities (the “Group”), including, but not limited to: ACEIC, AC Energy Finance International (Cayman), ACEN, ACEN Finance Limited and any other entity that may issue Green Financing from time to time.

The Framework follows the four core components under the International Capital Markets Association Green Bond and Green Loan Principles:



**Green Loan Principles**  
Supporting environmentally sustainable economic activity

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

## USE OF PROCEEDS

The Framework is guided by the Ayala group’s broader strategic focus on Sustainability. Specifically, the Framework is designed to help meaningfully contribute to the below SDG’s:



## Eligible Green Project Categories

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

- Solar energy projects
- Wind energy projects (onshore and offshore)
- Geothermal energy projects (direct emissions <100g CO<sub>2</sub>/kWh)
- Hydro power (meeting one of the following criteria: (i) run-of-river without artificial reservoir or low storage capacity, (ii) power density greater than 10 W/m<sup>2</sup>, or (iii) life-cycle carbon intensity below 50 g CO<sub>2</sub>e/kWh, and projects that have undergone environmental and social impact assessment with no significant controversies or expected negative impact identified)
- Battery or pumped hydro energy storage projects
- Battery energy storage solutions (“BESS”) projects directly linked to renewable sources
- BESS projects arising from the ETM program

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

Eligible Green Projects may include the Group’s investments made during the three (3) years prior to the commencement date of the financing or issuance of the Green Financing and during the life of the Green Financing. Net proceeds from the financing may also be used to refinance eligible projects that are financed by the previous Green Financing issuances and other financing initiatives of the Group.

## PROCESS FOR PROJECT EVALUATION AND SELECTION

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

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





MANAGEMENT OF PROCEEDS

Payment of principal and interest on the Green Bonds will be made from the Group’s general funds. For other types of Green Financing, payment of debt service will be made in accordance with the terms of the relevant Green Financing Facility as agreed between the borrowing entity within the Group and the Lender which may or may not be directly linked to the performance of any one specific Eligible Green Project of said Borrowing Entity.

We intend to spend an amount equal to substantially all of the net proceeds from the issuances within three (3) years of the date of issuance.

Payment of principal and interest will be made from the general funds of the borrowing or issuing entity within the Group which may or may not be linked to the performance of a specific Eligible Green Project of said borrowing or issuing entity.

Tracking of Proceeds

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

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

The register will include, among others:

- Green Bond details: including ISIN, issue date, maturity date, principal amount and coupon;
- Green loan, contingent facility and revolving credit facility amounts, tenor and currency
- Eligible Green Project list:
- Renewable/Green Asset Category;
- The regions in which the projects are located;
- The amount of net proceeds allocated to the projects;
- The date of allocation and foreign exchange rates;
- Environmental certification of the project (if applicable)

Use of Unallocated Proceeds

Pending any allocation or reallocation, an amount equal to the net proceeds from the Green Financing may be invested in cash or cash equivalents, or used to repay existing borrowings under general credit facilities of the Group.

These funds will be managed according to the Group’s own internal liquidity management policies and may be transferred to other entities within the Group.

Substitution of Assets

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



REPORTING

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

Allocation Reporting

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

The information will contain at least the following details:

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

Impact Reporting

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

Eligibility Criteria	Sample Impact Metric
Renewable Energy	Energy generated from renewable sources(kWh)
	Greenhouse Gas (GHG) emissions reduced/avoided (tCO2e)





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