



## CODE OF CONDUCT AND ETHICS

### Document Version Information

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### Document Revision History

<b>Page No.</b>	<b>Rev. No.</b>	<b>Change Description</b>	<b>Effectivity Date</b>
All	0	Initial Issue	
All	1	Revised to align to best practices and AC Energy and Ayala Corporation	11 June 2020
2	2	Changed "enjoined" to "required"	11 November 2020

### Document Control

This document shall be reviewed annually by the Corporate Governance and Nomination Committee.



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## INTRODUCTION

AC Energy Philippines, Inc. (the “Corporation”)<sup>1</sup> aspires to achieve its position of leadership by being values-driven and by adopting as part of its basic operating principles the commitment of doing its business with the highest ethical standards.

The Corporation and its directors, officers and employees are fully committed to promote a culture of good corporate governance anchored on core values of integrity, long-term vision, empowering leadership and commitment to national development.

This Code of Conduct and Ethics (the “Code”) is the embodiment of the values and principles shared by the Corporation and its people. It is a symbol of renewal of commitment to long-held values and ethical standards that have been the foundation for the growth and continued success of the Corporation.

This Code, together with its Implementing Rules and Policies, the Corporation’s Human Resources Manual of Policies and Procedures, the Employee Handbook and other company policies, serves as guide to the directors, officers, and employees of the Corporation in their relationships among themselves and with the Corporation’s customers, shareholders and business partners, as well as with the government and the public. All directors, officers, and employees of the Corporation are required to comply with the Code in their decisions, transactions, and interactions and to abide by the principle of “doing the right thing” at all times.

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<sup>1</sup> The term “Corporation” shall include all of the Corporation’s subsidiaries.

## I. COMPLIANCE

All directors, officers, and employees shall:

1. Conduct business in accordance with the applicable laws and regulations of the Philippines and such other jurisdictions in which the Corporation conducts its business;
2. Personally and firmly adhere to the standards and restrictions imposed by laws and regulations as well as the Corporation's policies, rules and procedures; and
3. Ensure compliance with all disclosure requirements, making sure that all disclosures of material information are full, fair, accurate, clear and timely.
4. Be prohibited from making any fraudulent reporting or any intentional, false representation or concealment of a material fact for the purpose of gaining a benefit and injuring another. Fraudulent reporting means intentionally causing a misstatement or omission of a decision-critical information in a report including but not limited to deceitful management reports, improper revenue recognition, overstatement of assets or understatement of liabilities, false credentials, and giving the appearance of good credit standing to potential or existing customers or suppliers.

The Corporate Governance Group and the Office of the Head of Legal and Regulatory Affairs should be consulted in case of any doubt concerning the legality of any matter.

## II. FAIR DEALING

All directors, officers, and employees shall:

1. Deal fairly with the Corporation's customers, suppliers and business partners, and with the government, competitors and colleagues;
2. Not take undue advantage through misrepresentation of material facts, concealment, manipulation, or any other form of unfair dealing practice; and
3. Treat everyone with respect and act in good faith and with integrity and sense of professionalism at all times.

## III. CONFIDENTIALITY OF INFORMATION

All directors, officers, and employees shall:

1. Strictly observe company rules that provide for restrictions to access to classified information and controls on the release of such information to other companies, agencies, parties, or to the general public. These include:
  - corporate plans and objectives;
  - employee records;
  - stockholder records;
  - Board of Directors and Management classified materials;
  - business transactions;

- corporate reports;
  - governmental reports;
  - company resources;
  - organizational structures; and
  - other similar records and data.
2. Not release classified information unless authorized by Management.
  3. Maintain the integrity of all company documents and records, and protect them against unauthorized or improper alteration, forgery, concealment, or destruction.
  4. Must respect and safeguard all personal information of customers, stockholders and employees and adhere at all times with the Data Privacy Act in the processing of any personal information.

#### **IV. PROPER USE OF COMPANY ASSETS AND RESOURCES**

All directors, officers and employees shall:

1. Be responsible for the proper use of all company assets and resources, which include, but are not limited to, information, facilities, equipment, software, vehicles and supplies owned or leased by the Corporation or are otherwise in its possession; and
2. Use company assets and resources efficiently, responsibly and for legitimate business purposes only.

#### **V. CONFLICT OF INTEREST**

All directors, officers, and employees shall:

1. Act in the best interest of the Corporation and its shareholders.
2. Avoid situations of conflict of interest or impropriety, whether actual or apparent.

There is conflict of interest when a director, officer or employee has a personal or pecuniary interest, which influences or could influence his ability to exercise objectivity and perform his responsibilities in the best interest of the Corporation.

3. Observe the following guidelines:
  - Directors, officers and employees shall not acquire any personal or pecuniary interest in conflict with their duty as such directors, officers or employees.
  - Directors, officers and employees shall not take as their own any business opportunity that belongs to the Corporation.
  - Directors, officers and employees shall not take part in any transaction of the Corporation with any enterprise with which they have personal or pecuniary interest. This prohibition extends to participation in the negotiation and approval of the transaction and to its implementation. In the case of the directors, they shall strictly comply with the provisions of Section 3.1 of the Board Charter.

The same rule shall be observed in the case of transactions between the Corporation and any enterprise owned by family or close personal relations of the directors, officers and employees of the Corporation, or in which such family or close personal relations have pecuniary interest. Family relations include relatives within the first and second degrees of consanguinity and within the first degree of affinity. Close personal relations include close personal friends and other social and fraternal connections.

- Directors, officers and employees shall not use material company information of which they may have knowledge and/or access by reason of their office in, or employment with, the Corporation to their personal advantage or to the advantage of any third party, to the prejudice of the Corporation.
- Directors, officers and employees who have personal or pecuniary interest on any enterprise with which the Corporation has an existing or intended transaction shall fully disclose the relevant facts of the situation to the Chairman of the Board in the case of the directors, President and CEO, to the President in case of the Managing Directors, and to the Group Head and Unit Heads in the case of employees.

All disclosures shall be submitted to the Head of Human Resources. Any information disclosed under this rule shall be treated confidential except to the extent necessary to evaluate the situation and pre-empt the conflict of interest.

The disclosure requirement provided above shall apply to transactions between the Corporation and any enterprise owned by, or in which there is pecuniary interest in the part of, any family or close personal relations of the directors, officers and employees.

- Directors, officers and employees shall not accept gifts or invitations of any form from any supplier, customer or business partner of the Corporation, or from any third person or entity with existing or intended business dealings with the Corporation, except when the gift or invitation is:
  - (i) directly attributable to purely familial or personal relationships;
  - (ii) only of nominal value;
  - (iii) a simple promotional item or is part of the supplier's public relations program; or
  - (iv) part of business meetings or discussions.

When the gift does not fall under any of the above-mentioned conditions, the Corporation encourages the director, officer or employee concerned to refuse the gift or if not practicable, turn over the gift to the Head of Human Resources for inclusion in the Corporation's Christmas party raffle.

- Directors, officers and employees must immediately report any offer or gift of any value given to them or their immediate family with a view to get favors or to influence business recommendations, proposals or decisions affecting the Corporation or any of its related companies. The report shall be made to the Chairman of the Board in the case of the directors, President and CEO, to the President in case of the Managing Directors, and to the Group Head and Unit Heads in the case of employees. All disclosures shall be submitted to the Head of Human Resources.

## VI. OUTSIDE EMPLOYMENT

1. All officers and employees are discouraged from accepting outside employment to maintain their efficiency and ensure their continued physical and mental health.

Outside employment is defined as any activity taken for gain or pay other than that which is undertaken for the Corporation. This includes, but is not limited to:

- jobs, whether full-time or part-time, other than company assignments;
- teaching in a centre of learning,
- private tutoring;
- personally held directorships other than for purely professional, civic or religious organizations; and
- commercial endorsements for products or services

Should an officer or employee wish to accept or take an outside employment, he must send a request through his Unit Head for the approval of the President. The Corporation, however, reserves the right to withdraw its permission at any time.

2. All directors, officers and employees shall not accept employment or directorship by, or have a consultancy agreement with, an entity which is a competitor of the Corporation.

## VII. INSIDER TRADING POLICY

All directors, key officers, employees, consultants, advisers of the Corporation and members of the immediate families of directors and key officers who are living in the same household as the directors and key officers (the “Covered Persons”), who have knowledge of material information about the Corporation that is not disclosed or generally available to the public, shall, from the time they obtained knowledge of such material non-public information:

1. Not trade in the Corporation’s securities. directly or indirectly; and
2. Not communicate, directly or indirectly, such material non-public information to any person;

until the material non-public information is disseminated to the public and two (2) trading days have lapsed from the disclosure thereof for the market to absorb such information.

Information is deemed to be material non-public if it has not been generally disclosed to the public and would likely affect the market price of the Corporation’s securities after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information; or would be considered by a reasonable person as important, under the circumstances, in determining his/her course of action whether to buy, sell, or hold the Corporation’s securities. As a general rule, information required to be disclosed under the rules of the Securities and Exchange Commission and the Philippine Stock Exchange should always be considered material in nature. Material information includes, but is not limited to:

- i. Financial results
- ii. Projections of future earnings or losses
- iii. Mergers/Acquisitions/Divestitures/Joint ventures
- iv. Dividend declarations and changes in dividend policy

- v. Stock splits
- vi. Material equity investments or debt offerings (involving amounts equivalent to 10% or more of the Corporation's total assets) \
- vii. Material litigation exposure (involving amounts equivalent to 10% or more of the Corporation's total assets)
- viii. Major changes in key senior management positions.

All Covered Persons shall be restricted from trading the Corporation's securities during the following blackout periods:

- For structured disclosures - five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results; and
- For non-structured disclosures – two (2) trading days after the disclosure of any material information other than quarterly and annual financial results. Office bulletins for special blackout periods pertaining to these will be issued by the Compliance Officer.

The sale of shares acquired from options and cashless exercise of stock are subject to the above-mentioned blackout periods. However, cash exercise of stock options may be done at any time even during blackout periods.

When in doubt, the Covered Persons shall consult the Office of the Compliance Officer, prior to transacting the securities of the Corporation in order to determine if the trade will or will not violate this policy.

All directors and officers from Managing Directors and above, including the Controller, Chief Internal Auditor, Chief Risk Officer, Treasurer, Corporate Secretary and Assistant Corporate Secretary, shall report their trades to the Office of the Compliance Officer within three (3) business days from dealing with such securities.

Violation of this policy shall be subject to disciplinary action, without prejudice to any civil or criminal proceedings which the Corporation or regulators may file for violation of existing laws.

### **VIII. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

The Corporation adopts a zero-tolerance policy towards bribery and corruption. Thus, all directors, officers and employees of the Corporation are obliged to strictly observe the following guidelines:

1. Directors, officers and employees shall not offer, promise or give bribes to obtain, retain or "facilitate" business or any transactions of the Corporation.
2. Directors, officers and employees shall not request, agree to accept or take bribes from any person or organization.

The foregoing applies even if made through another person. "Bribes" include anything of value, which may be in the form of fee, commission, reward, improper gifts or contributions, or other form of advantage, financial or otherwise.

Directors, officers and employees shall disclose all gifts or any expenses relating to entertainment of, representation with, training and any contributions given or granted to any government branch or agency or any public or private corporation and any official, director, employee, agent or representative of the same. Prior approval shall be sought for gifts or expenses that reach specific



limits. The Implementing Rules and Regulations shall define the limits and the level of approvals necessary for such limits.

Directors, officers and employees shall not accept gifts or invitations of any form from any supplier, customer or business partner of the Corporation, or from any third person or entity with existing or intended business dealings with the Corporation, except when the gift or invitation is:

- (i) directly attributable to purely familial or personal relationships;
- (ii) only of nominal value;
- (iii) a simple promotional item or is part of the supplier's public relations program; or
- (iv) part of business meetings or discussions.

When the gift does not fall under any of the above-mentioned conditions, the Corporation encourages the director, officer or employee concerned to refuse the gift or if not practicable, turn over the gift to the Head of Human Resources for inclusion in the Corporation's Christmas party raffle.

Directors, officers and employees must immediately report any offer or gift of any value given to them or their immediate family with a view to get favors or to influence business recommendations, proposals or decisions affecting the Corporation or any of its related companies. The report shall be made to the Chairman of the Board in the case of the directors, President and CEO, to the President in case of the Managing Directors, and to the Group Head and Unit Heads in the case of employees. All disclosures shall be submitted to the Head of Human Resources.

This Anti-Bribery and Anti-Corruption Policy must be strictly observed in all transactions and dealings of the directors, officers and employees of the Corporation with the customers, suppliers and business partners of the Corporation as well as with the government.

The Offices of the Internal Audit, Controller, Human Resources, the Finance Group, Compliance Officer and General Counsel, subject to the approval of the President and CEO, shall provide for the Implementing Rules of this Policy.

## **IX. SAFETY IN THE WORKPLACE**

The Corporation values the dignity of its employees and respects the rights of its workers. Towards this end, the Corporation is committed to keep its work environment free from sexual harassment and all forms of sexual intimidation and exploitation, and will not tolerate harassment of its employees in the workplace. For this purpose, sexual harassment, as it is hereby defined, is considered a violation of this policy and is, therefore, forever banned in the working environment.

Acts punishable under Republic Act No. 7877 or the "Anti-Sexual Harassment Act", Republic Act No. 11313 or the "Safe Spaces Act" or any other applicable sexual harassment laws as well as all acts that tend to create a hostile, intimidating or offensive working environment, including seemingly innocent acts, are considered violations of this Policy regardless of the rank or position of the person who committed it, even if not punishable under the law.

## PART II – IMPLEMENTATION AND MONITORING

All directors, officers and employees of the Corporation are expected to observe and comply with this Code.

The Head of Human Resources has the specific task of implementing and monitoring compliance with the provisions of this Code. It is responsible for:

- ensuring that the contents of this Code and any amendments or changes hereto are communicated to all existing and new directors, officers and employees of the Corporation, and requiring each to sign an Acknowledgment Receipt that he/she has read and understood the same and agrees to abide by the standards and norms set forth herein;
- making this Code available to the company intranet for ease of access;
- requiring all directors, officers and employees to declare annually on the first month of each calendar year that they have complied with this Code and any amendments hereto, particularly the provisions relating to conflicts of interest and insider trading;
- investigating and conducting hearings on violations of this Code and imposing sanctions for violations thereof, and reporting the same to the Corporate Governance Committee;
- reviewing and continuously updating this Code; and
- drafting and promulgating the Implementing Rules for the effective implementation of this Code, subject to the approval of the President and CEO.

Internal Audit is responsible for:

- investigation of violations of this Code that fall within its functions, in coordination with Human Resources.

Management is also responsible for:

- enforcing and monitoring compliance with this Code within their respective area of jurisdiction;
- and taking or implementing disciplinary action after proper investigation.

All directors, officers and employees have the duty to report non-compliance with this Code and its Implementing Rules that may come to their knowledge and attention, in accordance with the relevant company rules and procedures.

Any violation shall be dealt with in accordance with the procedures provided or to be provided in the Implementing Rules, the Corporation's Human Resources Manual of Policies and Procedures, the Employee Handbook and other existing company policies and proper observance of the requirements of due process. This shall be without prejudice to the filing of any legal action against the party concerned under existing laws.

This Code as written does not and cannot cover all types of situation a director, officer or employee may encounter. As such, when in doubt, all are encouraged to consult the Head of Human Resources and any HR manager and staff, who are available to discuss concerns and answer additional questions relative to the application and correct interpretation of the Code.

Likewise, in matters of trading, the Compliance Officer is on hand for consultation with regard to doubts or concerns about transactions and will help determine if a trade will or will not violate the Insider Trading Policy.