



Second-Party Opinion

ACEN Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the ACEN Green Finance Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will promote renewable energy in the APAC region and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION / SELECTION AC Energy’s internal process in evaluating and selecting projects is executed by the joint collaboration of representatives from the business development, finance and sustainability teams. The Board of Directors and senior management are responsible for the validation and approval of the shortlisted projects. AC Energy has processes in place to identify and mitigate common environmental and social risks associated with the eligible projects, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers AC Energy’s risk management system to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Proceeds of the green bonds and loans will be registered separately and tracked internally through AC Energy’s information systems. Pending full allocation, the unallocated green bond and loan proceeds will be invested in cash or cash equivalents, used to repay existing credit obligations of the AC Energy Group¹ or transferred to other entities within the AC Energy Group according to AC Energy’s own internal liquidity management policies. This is in line with market practice.



REPORTING AC Energy intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. The reports will include a list of approved projects, amount of allocated and unallocated proceeds and case studies or examples when feasible. AC Energy is also committed to reporting on relevant impact metrics. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Evaluation Date August 04, 2022

Issuer Location Makati City, Philippines

Report Sections

Introduction..... 2
 Sustainalytics’ Opinion 3
 Appendices 8

For inquiries, contact the Sustainable Finance Solutions project team:

Flora Mile (Singapore)
 Project Manager
 flora.mile@morningstar.com
 (+31) 20 205 0082

Jasmine Hussain (Singapore)
 Project Support

Natalia Dorenkamp (Hong Kong)
 Client Relations
 susfinance.apac@sustainalytics.com
 (+852) 3008 2391

¹ AC Energy has confirmed to Sustainalytics that the Company will exclude any debt refinance that is associated with carbon-intensive activities.

Introduction

The AC Energy Group (“AC Energy”, or the “Company”) is an energy company that provides integrated power solutions, power generation, electricity supply, renewable energy, energy resource exploration and energy development services. Headquartered in Manila, the Philippines, and founded in 2011, the Company has around 3,800 MW in attributable renewable energy capacity across the Philippines, Vietnam, Indonesia, India and Australia, and employs more than 800 people as of end of March 2022. The Philippines remains as AC Energy’s core market, accounting for 40% of its renewable energy capacity.

AC Energy has developed the ACEN Green Finance Framework (the “Framework”) under which all AC Energy Group entities, including AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), AC Energy Finance International, ACEN CORPORATION, ACEN Finance Limited and any other entity, may issue green bonds and loans and use the proceeds to finance or refinance, in whole or in part, existing or future projects that promote renewable energy in the APAC region. The Framework defines eligibility criteria in one area:

1. Renewable Energy

AC Energy engaged Sustainalytics to review the ACEN Green Finance Framework, dated July 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)² and Green Loan Principles 2021 (GLP).³ This Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of AC Energy’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. AC Energy’s representatives have confirmed that: (1) they understand it is the sole responsibility of AC Energy to ensure that the information provided is complete, accurate or up to date; (2) they have provided Sustainalytics with all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and AC Energy.

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁴ The ACEN Green Finance Framework is available on AC Energy’s website at: <https://www.acenrenewables.com/investors/green-finance-leadership/issuances/>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, AC Energy is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour of or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that AC Energy has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the ACEN Green Finance Framework

Sustainalytics is of the opinion that the ACEN Green Finance Framework is credible and impactful and aligns to the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds
 - The eligible category, Renewable Energy, is aligned with those recognized by the GBP and GLP. Sustainalytics considers that AC Energy's investments in eligible projects are expected to promote renewable energy in the APAC region.
 - AC Energy has established a three-year look-back period for its refinancing activities which Sustainalytics considers to be in line with market practice.
 - AC Energy intends to finance and refinance the development, construction, production, acquisition and operation of renewable energy projects including solar, onshore and offshore wind, geothermal, hydropower projects and storage solutions. Sustainalytics notes the following thresholds and requirements:
 - Geothermal projects with direct emissions below 100 gCO₂/kWh.
 - AC Energy has confirmed to Sustainalytics that hydropower projects under the Framework will be limited to those meeting one of the following criteria: (i) run-of-river without artificial reservoir or low storage capacity, (ii) power density greater than 10 W/m², or (iii) life-cycle carbon intensity below 50 g CO₂e/kWh. Furthermore, AC Energy has confirmed to Sustainalytics that an environmental and social risk assessment will be carried out by a credible external body with appropriate mitigation measures being incorporated into hydropower projects and no significant controversies identified.
 - Renewable energy storage solutions will be limited to battery storage that is connected to renewables.
 - Sustainalytics considers the activities under this category to be aligned with market practice.
- Project Evaluation and Selection
 - AC Energy's internal process in evaluating and selecting projects is managed by participants from various functional areas including the Company's business development, finance and sustainability teams. The Board of Directors and senior management will review and provide the final approval on the shortlisted eligible projects.
 - The Company has in place the AC Energy Group's Environmental and Social Policy, which is applicable to all allocation decisions made under the Framework. Sustainalytics considers the environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see Section 2.

- Based on the establishment of the internal process and the Environmental and Social Policy, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds
 - AC Energy intends to track and monitor the allocation of proceeds to eligible projects through a dedicated register. The register will include relevant transaction and project information.
 - Sustainalytics considers market expectation to have full allocation of net proceeds within 36 months, and notes that AC Energy intends to allocate the substantial majority of the net proceeds within this timeframe. Pending full allocation, the unallocated proceeds may be: (i) invested in cash or cash equivalents, (ii) used to repay AC Energy's existing credit obligations according to AC Energy's own internal liquidity management policies, or (iii) transferred to other entities within the AC Energy Group. The Company will exclude any debt refinance that is associated with carbon-intensive activities.
 - Any expenditures that fail to meet the eligibility criteria in the Framework will be reallocated to replacement assets that comply with the Framework's eligibility criteria as soon as reasonably practicable.
 - Based on the above, Sustainalytics considers this process to be in line with market practice.
- Reporting
 - AC Energy will report on the allocation and impact of proceeds on an annual basis until full allocation via integrated reports that will be made publicly available on its website.
 - Allocation reporting will include a list of approved projects and their allocated amounts, the balance of unallocated proceeds and case studies of examples of projects where feasible.
 - The Company is committed to reporting on relevant impact metrics where possible, including the amount of energy generated from renewable sources (kWh) and GHG emissions reduced or avoided (tCO₂e). Based on AC Energy's commitment to allocation and impact reporting on an annual basis, Sustainalytics considers this process to be in line with market practice.

Sustainalytics has determined that the ACEN Green Finance Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of the Framework to Issuer's sustainability mandate

In 2021, AC Energy announced its target to achieve carbon neutrality by 2050.⁶ To meet this ambition, AC Energy committed to raising its renewable energy generation capacity to 100% or 5 GW by 2025. At the end of 2021, the Company's share of renewables stood at 87% or 3,300 MW in generation capacity, from sources such as solar, wind and geothermal energy. This contributed to 2 million tCO₂e in avoided GHG emissions. In an effort to rapidly expand its renewable investments, AC Energy increased its project pipeline to 18 GW, putting the Company in a position to reach its 2025 target earlier than anticipated.

To track its progress against its carbon neutrality goal, AC Energy measures and reports on its scope 1, 2 and 3 emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard. Furthermore, the Company became a signatory to the Taskforce on Climate-related Financial Disclosures (TCFD) in 2021 and has started to implement the recommendations of the TCFD framework. AC Energy has also committed to the retirement or conversion of its existing coal plant by 2040, which is 15 years earlier than the end of the plant's technical life.

Sustainalytics is of the opinion that the ACEN Green Finance Framework is aligned with the Company's overall sustainability initiatives and will further the Company's action on its key environmental priorities.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include land use and biodiversity issues associated with large scale infrastructure, occupational health and safety, waste generation in construction and community relations.

⁶ AC ENERGY, "Integrated Report 2021", at: <https://www.acenrenewables.com/ir2021/index.html?section=acen-in-2021>

Sustainalytics is of the opinion that AC Energy is able to manage or mitigate potential risks through implementation of the following:

- To manage land use and biodiversity issues associated with large scale infrastructure, AC Energy's Environmental and Social Policy outlines the requirements of the Company to protect biodiversity and mitigate the effects on natural habitats where it operates.⁷ Under the policy, AC Energy is required to conduct a rapid biodiversity assessment prior to project commencement, and at regular intervals after the project has begun. The assessment will determine the biodiversity importance of an area, including the identification of Critically Endangered or Endangered Species, as listed on the IUCN Red List of Threatened Species,⁸ or migratory species of significant importance. Depending on the presence of these species, AC Energy will either not operate in such critical habitats, or consult external stakeholders before commencing a project, ensuring that mitigation measures are present so as not to cause net biodiversity loss.
- Regarding occupational health and safety, AC Energy established a Health, Safety, Security and Environmental (HSSE) Policy, which details the Company's commitment to ensuring the health, safety and wellbeing of its employees.⁹ According to the policy, AC Energy is required to implement a HSSE management system, incorporating compliance with relevant laws and regulations, global industry standards, as well as setting a clear target for HSSE performance, including the regular monitoring and reporting of HSSE performance targets. Additionally, the policy specifies the prioritization of identifying, reporting and elimination of hazards at operating sites and the continuous engagement of employees to build a strong safety culture.
- With regard to waste generated in construction, 75% of AC Energy's domestic power plants are certified to the ISO 14001 standard for Environmental Management System,¹⁰ which specifies the presence of robust processes that help to effectively mitigate the environmental impact of its business activities, including waste. AC Energy has communicated to Sustainalytics that the remaining plants are to undergo certification by the end of the year. Additionally, the Company's internal document on HSSE provides specific guidelines on solid and hazardous waste management at the plant level.¹¹
- To manage community relations, AC Energy seeks to engage with affected communities and local government units when acquiring land for its projects and throughout the project's lifecycle. The Company will establish feedback and grievance redress mechanisms as early as possible in the project development stage and conduct an assessment to determine if involuntary resettlement or economic displacement will occur as a result of a project. AC Energy's approach to managing community relations follows a mitigation hierarchy in order to avoid, minimize and compensate for potential negative impacts on the affected communities. Sustainalytics encourages the Company to ensure that its processes follow international standards,¹² including to ensure that consultation of affected communities is meaningful and to transparently report on the outcomes of consultations and remediation measures implemented.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that AC Energy has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Importance of Renewable Energy in the APAC Region

According to the International Renewable Energy Agency (IRENA), the APAC region currently accounts for more than 50% of global energy consumption, of which 85% of that originates from fossil fuels.¹³ In 2021,

⁷ AC Energy, "Reports and Policies – Environment and Social Policy", at: <https://www.acenrenewables.com/sustainability/policy-reports/>

⁸ The International Union for Conservation of Nature (IUCN) is a global database on the global extinction risk status of animal, fungus and plant species, at: <https://www.iucnredlist.org/>

⁹ AC Energy, "Reports and Policies – Health, Safety, Security and Environment Policy", at: <https://www.acenrenewables.com/sustainability/policy-reports/>

¹⁰ The ISO 14001 maps out a framework that a company or organization can follow to set up an effective environmental management system. More information at: <https://www.iso.org/iso-14001-environmental-management.html>

¹¹ Based on information provided by ACEN.

¹² Such as the UN Guiding Principles on Business and Human Rights, at: https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

¹³ IRENA, "Asia and Pacific", at: <https://www.irena.org/asiapacific>

countries in the APAC region emitted 52.3% of global carbon emissions from energy consumption.¹⁴ Increasing population growth and urbanization in the APAC region is expected to drive 60% of the rise in global energy demand between now and 2040.¹⁵ Despite efforts in decoupling economic expansion from fossil fuels, the speed and scale of the APAC region's growth in energy demand has outstripped the pace at which countries have been able to decarbonize energy generation.¹⁶ Fossil fuel subsidies still exist in most countries in the region¹⁷ and Asia remains the largest region globally for planned, under construction or operating coal-fired power plants.¹⁸

Given the above context, promoting renewable energy in the APAC region has been recognized as pivotal in meeting the region's growing energy needs in a green and effective way. The share of renewable energy generation from the APAC region stood at 46.2% of the world's total, with the presence of China and India, which have led and appear to continue to lead the push for renewables in the region.¹⁹ The APAC region has considerable renewable energy capacity across a range of technologies, with installed capacity projected to increase to 2,673 GW by 2030 mainly from solar and wind power.²⁰ However, the region faces challenges in financing, with the Asian Development Bank reporting that the volume of financing of renewable energy infrastructure in the region remains insufficient in meeting international and national targets for emissions reductions and energy sector decarbonization.²¹ This highlights the importance of investing in renewable energy projects across the region, to facilitate a shift to decarbonized economies.

Sustainalytics is of the opinion that AC Energy's financing of renewable energy projects is expected to promote the transition to low carbon economies in the APAC region.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 and form part of an agenda for achieving sustainable development by the year 2030. The bonds and loans issued under the Framework are expected to advance the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy Projects	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

¹⁴ BP, "Statistical Review of World Energy" (2021), at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-full-report.pdf>

¹⁵ IHS Markit, "Asia could drive global climate transition: financiers" (2021), at: <https://cleanenergynews.ihsmarkit.com/research-analysis/asia-could-drive-global-climate-transition-financiers.html>

¹⁶ Asian Development Bank, "Asia and the Pacific Renewable Energy Status Report" (2019), at:

<https://www.adb.org/sites/default/files/publication/611911/asia-pacific-renewable-energy-status.pdf>

¹⁷ International Energy Agency, "Energy subsidies", at: <https://www.iea.org/topics/energy-subsidies>

¹⁸ Carbon Brief, "Global coal power" (2019), at: <https://www.carbonbrief.org/mapped-worlds-coal-power-plants/>

¹⁹ BP, "Statistical Review of World Energy" (2021), at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-full-report.pdf>

²⁰ BCG, "Riding the Renewables Wave in Asia-Pacific" (2021), at: <https://www.bcg.com/publications/2021/asia-pacific-renewable-energy-opportunities>

²¹ Asian Development Bank, "Asia and the Pacific Renewable Energy Status Report" (2019), at:

<https://www.adb.org/sites/default/files/publication/611911/asia-pacific-renewable-energy-status.pdf>

Conclusion

AC Energy has developed its Green Financing Framework under which it may issue green bonds and loans and use the proceeds to finance or refinance renewable energy projects. Sustainalytics considers that the projects funded by the bond and loan proceeds are expected to promote renewable energy in the APAC region.

The ACEN Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the ACEN Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that AC Energy has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that AC Energy and Infrastructure Corporation is well-positioned to issue green bonds and loans and that the ACEN Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2022.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	AC Energy and Infrastructure Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	ACEN Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 04, 2022
Publication date of review publication:	This is an update of a SPO originally completed in August 2021

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will promote renewable energy in the APAC region and advance the UN Sustainable Development Goals, specifically SDG 7.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

AC Energy's internal process in evaluating and selecting projects is executed by the joint collaboration of representatives from the business development, finance and sustainability teams. The Board of Directors and senior management are responsible for the validation and approval of the shortlisted projects. AC Energy has processes in place to identify and mitigate common environmental and social risks associated with the eligible projects, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers AC Energy's risk management system to be adequate and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Proceeds of the green bonds and loans will be registered separately and tracked internally through AC Energy's information systems. Pending full allocation, the unallocated green bond and loan proceeds will be invested in cash or cash equivalents, used to repay existing credit obligations of the AC Energy Group²² or transferred to other entities within the AC Energy Group according to AC Energy's own internal liquidity management policies. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

AC Energy intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. The reports will include a list of approved projects, amount of allocated and unallocated proceeds and case studies or examples when feasible. AC Energy is also committed to reporting on relevant impact metrics. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

²² AC Energy has confirmed to Sustainalytics that the Company will exclude any debt refinance that is associated with carbon-intensive activities.

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Energy generated from renewable sources (kWh) |

Frequency

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): AC Energy's website and/or in the Integrated Reports |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

AC Energy corporate website: <https://www.acenergy.com.ph/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2022 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

