



# Table of Contents

	Page
<b>Executive Summary</b>	<b>3</b>
<b>Introduction to the Survey</b>	<b>5</b>
<b>Board Evaluation Highlights</b>	<b>9</b>
<b>Highlights on the Lowest Rated 5 Questions</b>	<b>12</b>
<b>Board Benchmarking with Peers</b>	<b>16</b>
<b>Guide to Action</b>	<b>18</b>
<b>Appendix</b>	
I. Individual Effectiveness	35
II. Committee Effectiveness	39
III. Board Evaluation Results	50
IV. Comments from Directors	82



# Executive Summary

---

- In a landscape of rising competitive and regulatory pressures, oversight from a strong and effective board goes a long way in guiding the company to success. As such, best boards engage in a regular process of self-assessment and evaluation of their performance in order to identify key strengths and areas for improvement.
- This report details the results and analyses of AC Energy's Board Evaluation in 2020. It includes highlights on the board's performance across several categories and its relative standing against the market.
- Overall all categories are rated 3.5 and above on a 5-point rating scale.
- Among the categories surveyed, **Managing Company's Performance** and **Roles & Functions** are the top two rated categories at 4.55 and 4.45 respectively.
- Conversely, **Senior Executives' Performance Management and Succession Planning** and **Director Development and Management** are the lowest two rated categories, rated 3.60 and 3.98 respectively. **Prioritization for Board Agenda Activities** (page 11) shows a desire of the board to increase time spent on **Building trust and confidence with shareholders and stakeholders** and **Leadership and Talent Management**.
- In comparison to the market, AC Energy is above the market 50<sup>th</sup> percentile across all categories except, **Senior Executives' Performance Management and Succession Planning**, which is below market 50<sup>th</sup> percentile.
- Suggested practices are provide in the Guide to Action, in three areas of:
  - **Driving Growth Strategy,**
  - **Accelerating Director Development and Board Refresh,**
  - **Planning for Talent Succession,** and
  - **Improving Information flow between Board and Shareholders/Stakeholders**



# Background

---

## **Board evaluation categories covered in the questionnaire are:**

- Board Composition
- Roles & Functions
- Information Management
- Representation of Shareholders and Environment, Social and Governance (ESG) Factors
- Managing Company's Performance
- Senior Executives' Performance Management and Succession Planning
- Director Development and Management
- Risk Management and Internal Control
- Overall Perception

Total number of completed questionnaires received: 11 out of 11 Directors

Total number of questions: 53

# Guidelines for Interpretation (1/2)

---

## 5 – Point Rating Scale



- Rating of 5: Exemplary
- Rating of 4: Exceeds expectations
- Rating of 3: Meets expectations
- Rating of 2: Partially meets expectations
- Rating of 1: Needs significant improvement

## Guidelines for Interpretation (2/2)

---

- **Evaluation Category:** The group of questions for effectiveness evaluation
- **Question:** The question for which responses were sought from the respondents
- **Maximum:** The maximum rating on the question, provided by at least one of the respondents
- **Minimum:** The minimum rating on the question, provided by at least one of the respondents
- **Average:** The simple average of ratings received from all respondents on the particular question
- **Median:** The 50th percentile of the distribution of ratings, meaning that half the number of ratings lie on either side of the median. The closer the median is to the maximum or minimum, the greater the concentration of data points to the maximum or minimum respectively





# Comparison of Evaluation Categories from Board Evaluation Survey

- All categories score between 3.50 and 5.00 out of a 5 point scale.
- The highest rated categories are **Managing Company's Performance** and **Roles & Functions**.
- **Senior Executives' Performance Management and Succession Planning** and **Director Development and Management** are the lowest rated categories.

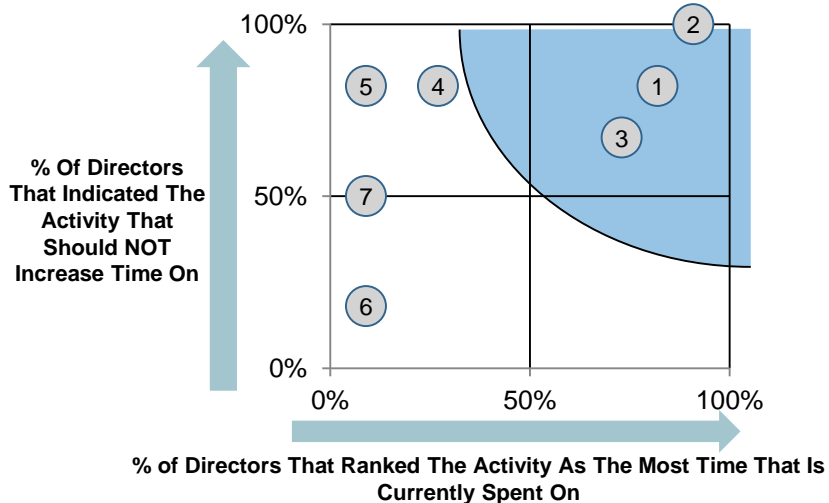
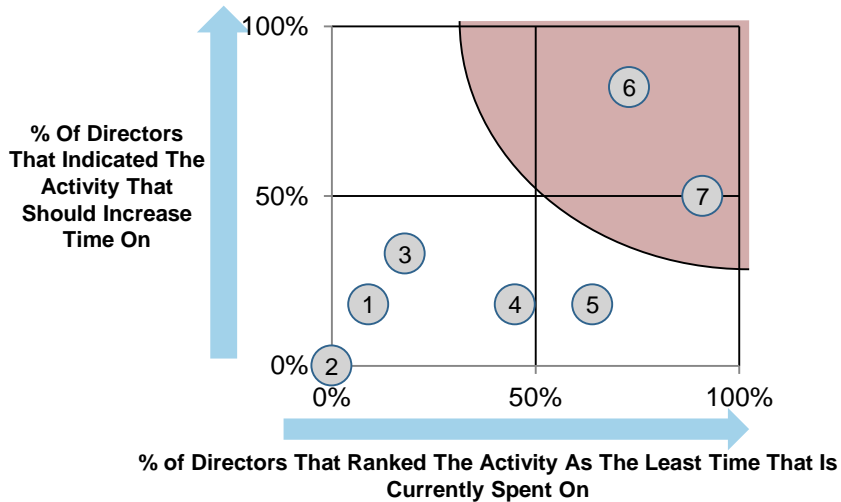
Board Average Scores by Categories	2020
Board Composition	4.44
Roles & Functions	4.45
Information Management	4.23
Representation of Shareholders and Environment, Social and Governance (ESG) Factors	4.32
Managing Company's Performance	4.55
Senior Executives' Performance Management and Succession Planning	3.60
Director Development and Management	3.98
Risk Management and Internal Control	4.04
Overall Perception	4.22

Note: Overall Perception of the Board refers to Q53: "Compared with other boards on which you serve, this board..."

Top 2

Bottom 2

# Prioritization of Board Agenda



- 1 Strategy (e.g. development, competitive analysis and prioritizing of strategies that maximize shareholder value)
- 2 Execution (e.g. prioritizing key initiatives against strategy, approval of M&A transactions, and restructuring projects)
- 3 Performance management (e.g. development of metrics, incentives, monitoring, and tracking of performance)
- 4 Corporate governance and compliance (e.g. nominations, compensation, audit, and disclosure)
- 5 Sustainability and risk management (e.g., brand management, enterprise risk, disruptive risk, reputation risk, and climate risk)
- 6 Leadership and talent management (e.g., succession planning, high potential program, talent retention program, and training and development)
- 7 Building trust and confidence with shareholders and stakeholders (e.g., public statements, shareholder and stakeholder engagements, and general meetings)

## Aon's Comments:

- Directors feel that sufficient time has been invested in **Execution, Strategy and Performance Management**.
- **50%** directors and **73%** directors indicate that more time should be spent on **Building trust and confidence with shareholders and stakeholders** and **Leadership and talent management** respectively, which are also the items Directors' spend the least time on.
- Directors also indicate that focusing on talent and implementation of strategy is crucial for AC Energy in this growth phase.



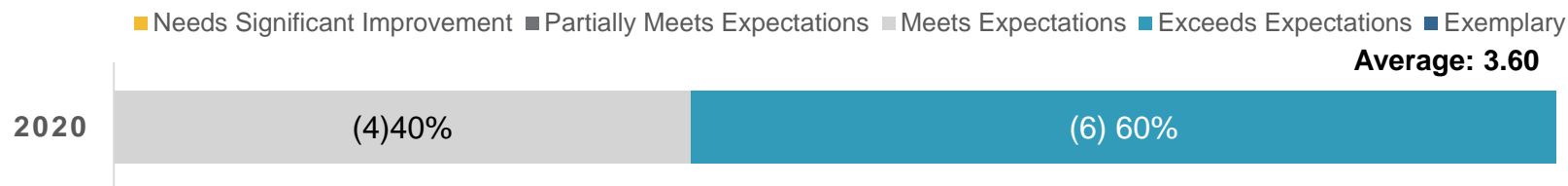
# Highlights on the Lowest Rated 5 Questions based on Average Ratings (1/3)

## Senior Executives' Performance Management and Succession Planning

**Q39** The board conducts periodic reviews of the development and succession plans for senior executives.



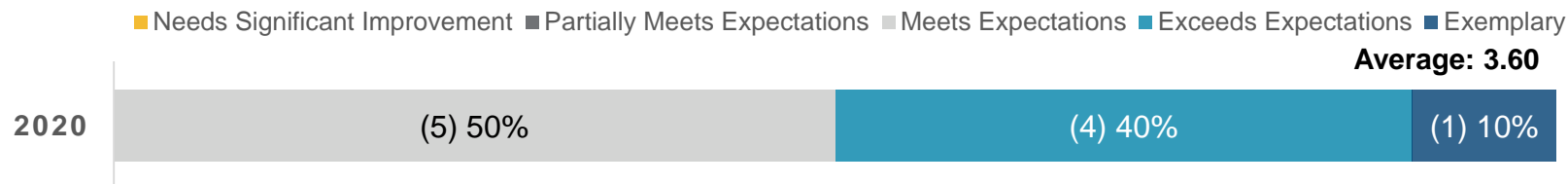
**Q40** The board is able to provide mentorship to senior executives.



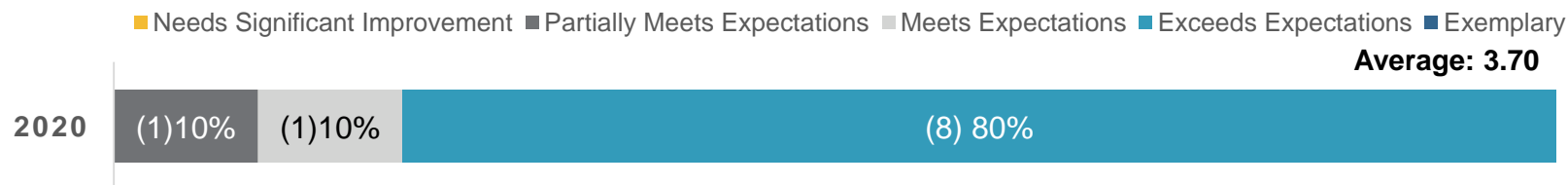
# Highlights on the Lowest Rated 5 Questions based on Average Ratings (2/3)

## Senior Executives' Performance Management and Succession Planning

**Q37** The board focuses on management succession and aligns CEO leadership with the company's strategic challenges.



**Q38** The board formally evaluates the performance of senior executives each year, together with the corresponding rewards and remuneration, and sets new performance expectations that consider the growth agenda of the company.



# Highlights on the Lowest Rated 5 Questions based on Average Ratings (3/3)

## Representation of Shareholders and Environment, Social and Governance (ESG) Factors

**Q22** The board establishes and maintains regular dialogue with shareholders to gather views or inputs and address their concerns.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary

**Average: 3.67**

2020



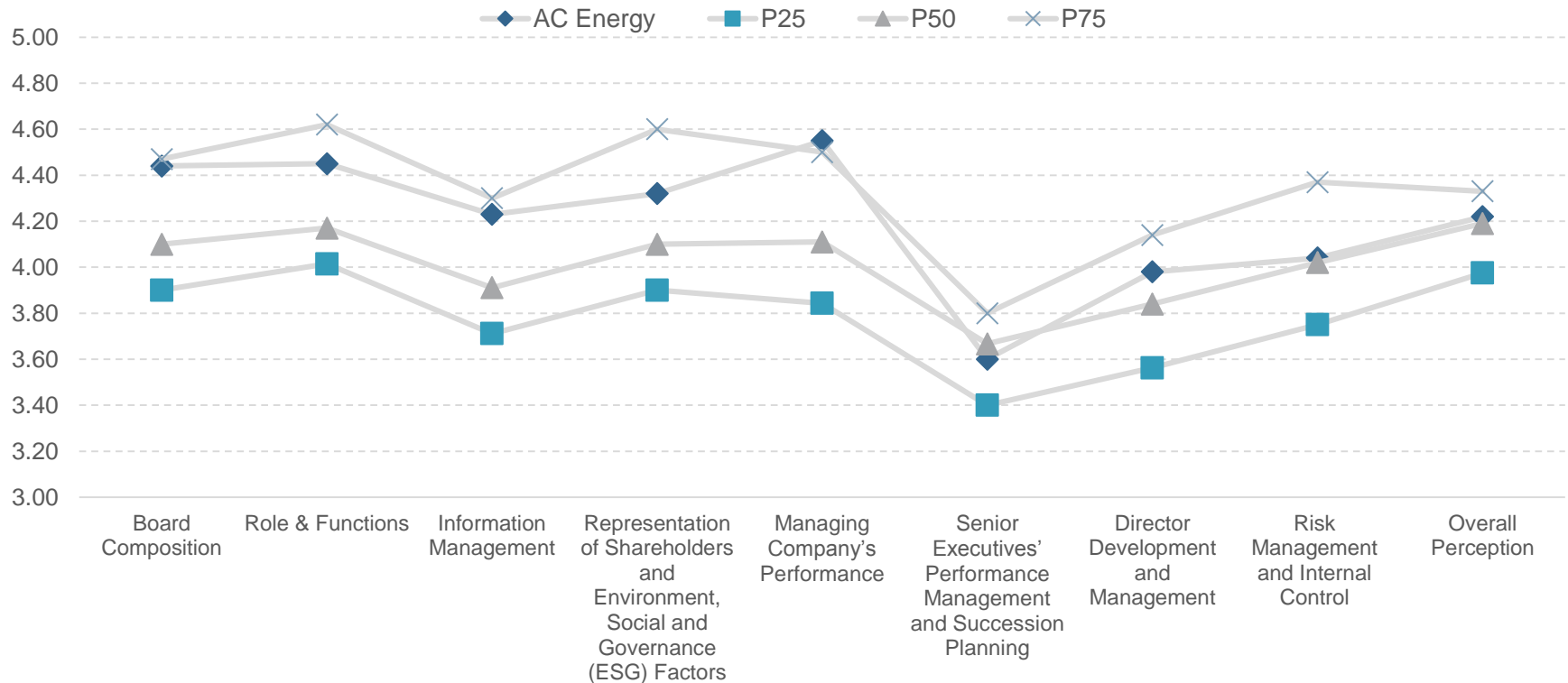




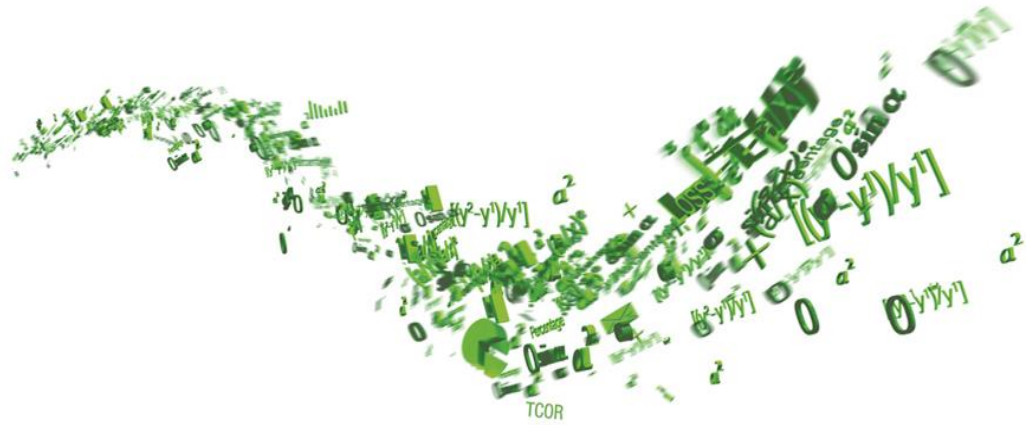
# External Comparison: Relative Position in Market

## Aon's Comments:

- When compared to other boards, AC energy rates above P50 on all but 1 category, Senior Executives' Performance Management and Succession Planning, which is in between P25 and P50 of the market.
- Managing Company's Performance is the only category which is above market P75.



Note: Market data is compiled based on the Board Evaluation surveys that Aon conducted for 21 leading companies from 2019 to 2020 in Southeast Asia, with the majority being Singapore and Philippines-based companies.



## Guide to Action

# Guide to Action

Based on the synthesis of the findings from the questionnaire responses and comments from directors, we arrived at the following 4 focus areas accompanied by some research and good practices for the board's consideration.

1

## Driving Growth Strategy

Though directors indicate that sufficient time is being invested in Strategy and Execution, they need to continue to focus on these as implementation of strategy is crucial for AC Energy in this growth phase.

The directors have emphasized in their comments that dealing with the changing industrial environment, regulatory issues, impact of the covid-19 pandemic are some of the most imminent challenges and priorities for the board as well as the management.

As one director commented *"More of the board meeting time devoted to strategic issues & related risks..."*.

2

## Accelerating Director Development and Board Refresh

The second lowest rated category in the board evaluation is **Director Development and Management**.

As one director commented, *"More board education and industry exposure"* is needed to refresh the Board. Another commented *"The company is expanding into different countries where markets and regulatory environments are different...More frequent sessions on these areas outside of board meetings will be helpful."*

Directors feel that more trainings, sessions and continuous updates will help improve the Board's productivity.

3

## Planning for Talent Succession

**Senior Executives' Performance Management and Succession Planning is the lowest rated category.** All 4 questions in this category are amongst the lowest 5 rated questions. **Q39 "The board conducts periodic reviews of the development and succession plans for senior executives."** is the lowest rated question, with a score of 3.50.

**73% of the directors indicate that more time should be spent on Leadership and Talent Management** as this is the activity which has the least amount of time being spent on.

One director has commented that *"Greater focus on talent and leadership development, including the performance evaluation and succession management of the CEO and the company's key leaders"*

4

## Improving Information flow between Board and Shareholders/Stakeholders

**50% of the board feels that more time should be spent on Building trust and confidence with shareholders and stakeholders.** As one director commented *"shareholder communication..."* is a priority area for improvement.

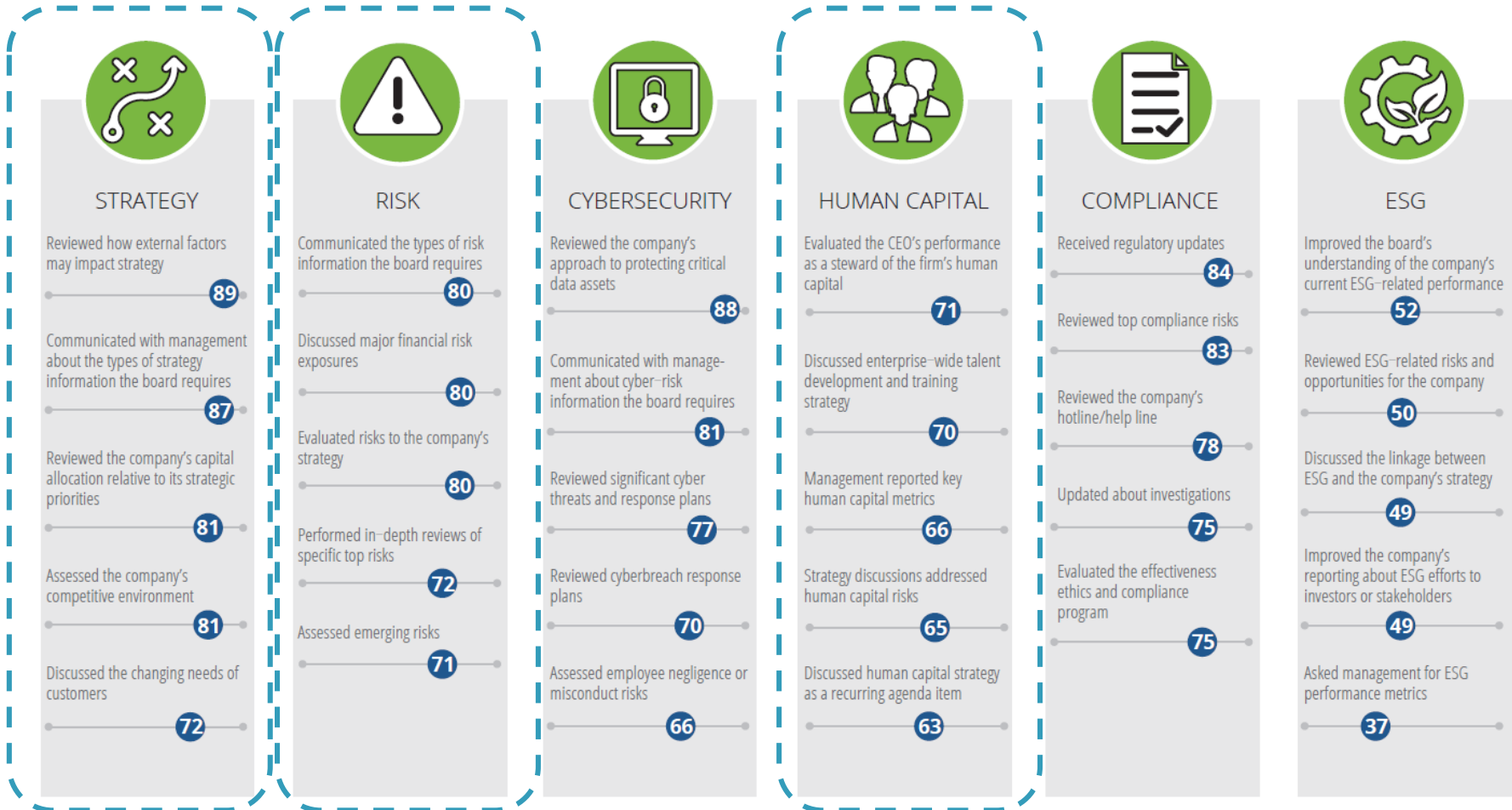
**One of the lowest rated questions** is Q22 **"The board establishes and maintains regular dialogue with shareholders to gather views or inputs and address their concerns."** with a score of 3.67.

Communication and engagement with material stakeholders has taken on more emphasis in the new Code of Corporate Governance in the effort to enhance long-term sustainability. To meet these challenges, we suggest some best practices to engage the larger stakeholders and specifically the shareholders.

# Five Top Oversight Practices Starts from Strategy to Risk, People and Governance for Global Companies

1

Oversight on the company's **Strategy** is the most common practice by other boards surveyed by the NACD, with its associated activities. **Risk and Human Capital** also emerge as key topics in the 2019-2020 survey.



Source: 2019 – 2020 NACD Public Company Governance Survey

# Five Top Oversight Practices Starts from Strategy to Risk, People and Governance for Global Companies

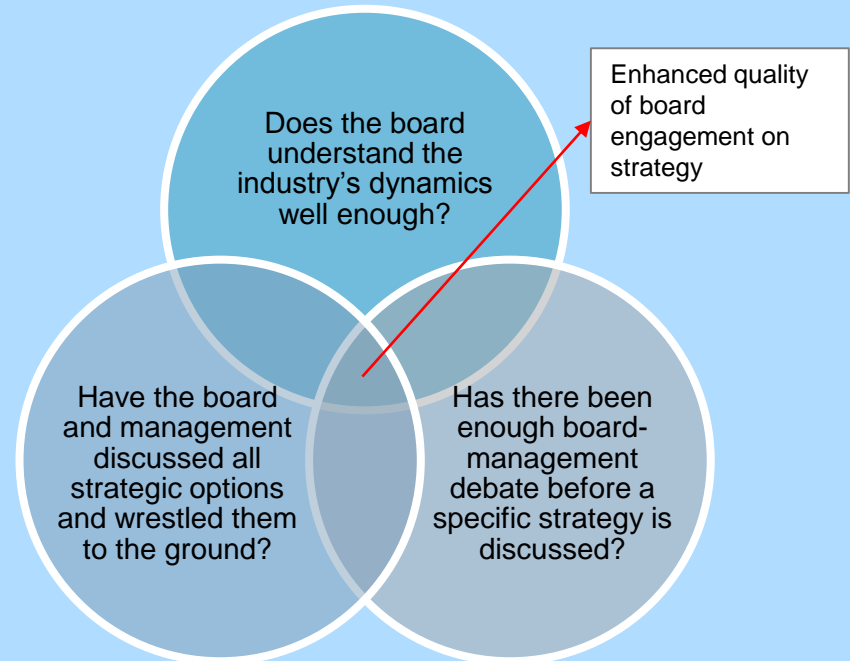
1

Although corporate strategy is continually listed as a top priority by directors, boards often find that not enough time is spent on the topic. Finding ways to engage with management teams in strategic discussions is critical to long-term corporate success.

## The Strategy Challenge for Boards

- Mismatch between time horizons of board members (longer) and top executives (shorter)
  - this lack of alignment can diminish a board's ability to engage in well-informed give-and-take about strategic trade-offs.
- For example, a chairman has 10 years but a CEO has 3 years to make their mark. If a CEO comes up with a strategy that looks beyond the current cycle, the CEO would be unlikely to deliver.
- Most boards have about 6-8 meetings a year and often struggle to get beyond compliance-related topics to secure time for developing strategy.
- 67% of boards surveyed expressed that they would like to spend additional time on strategy
- One likely reason for such limited engagement is an expertise gap – only 10% of directors surveyed felt that they fully understood industry dynamics in which their companies operated.

## Three questions to spur high quality engagement



Companies are rethinking their strategic rhythm so that it becomes less calendar-driven and formulaic and more a journey involving frequent and regular dialogue.

Source: *Tapping the Strategic Potential of Boards*, McKinsey Quarterly, 2013

# Enhancing Board Engagement in Strategy and Business

1

## 5 Steps to Enhance Board Engagement

- Based on a study by McKinsey on board governance:

- 44% of directors said their boards simply reviewed and approved management's proposed strategies.
- Only 10% of directors felt that they fully understood the home industry dynamics, and only 21% claimed to completely understand current strategy.

Subsequently, 5-step approaches were proposed to enhance board engagement.

- For ACEPH, based on directors' comments, the Board is can work with the management further to improve the company's performance.**

### 1. Engage between meetings

- Interaction should happen between board and executives beyond specified meetings to stay current.

### 2. Engage in strategy formation

- Board participates early in strategy formation, taking a proactive approach, as opposed to only reviewing a strategy backed by executives.

### 3. Engage on talent

- Board is actively involved in recruiting for candidates and mentoring hi-potential executives.

### 4. Engage in the field

- Board assigns directors specific operational areas, or projects to work on.

### 5. Engage on the tough questions

- Board has some directors with industry expertise and take the stance to probe executives on difficult strategic topics.

## ACEPH Directors' Comments

*"More regular dialogue informally."*

*"Continue the formal and informal discussions between the Board and Management."*

*"Good for the Board to conduct an annual offsite strategy session together with key Management leaders to help develop strategy and plans for the following three years. This can then be followed by semi-annual reviews of how execution is tracking to the agreed strategy.."*

*"Greater focus on talent and leadership development, including the performance evaluation and succession management of the CEO and the company's key leaders.."*

*"Directors' training and development should include plant/site visits."*

*"More of the board meeting time could be devoted to strategic issues & possible strategy-related risks, rather than on performance reporting."*

Source: "Changing the nature of board engagement," McKinsey & Company, April 2015

# 20 Questions for an Effective Discussion on the Future of the Business 1

## Understanding the Evolving Business Environment

1. What are the implications of the interrelations between megatrends—including exponential digital technological change, climate change, increasing geopolitical instability, heightened investor and social activism, and hyper-transparency—for our business over the next five years?
2. Given the megatrends, what do we have to do?
3. How will our organization's purpose evolve over the next 5 years and over the next 10 years?
4. How might our license to operate be constrained or expanded in an evolving business context?

## Assumptions and Risks Underlying the Strategy

5. What are the key assumptions underlying our strategy and business model, and what plausible business-environment scenarios might disrupt our long-term vision and planning assumptions?
6. What are the risks we are assuming as part of this strategy, and are our risks concentrated or dispersed across business areas?
7. Are we just doing “line extension,” or are we doing real innovation? If not, why not?
8. Given our strategy, what could we do to accelerate the achievement of our strategic goals?
9. How does this strategy strengthen the future of the organization?

*Source: Fit for the Future: An Urgent Imperative for Board Leadership, NACD, 2019*

## Evolving Customers and Competitors

10. What are our beliefs about evolving customer preferences and how our customers will want to consume the core value we offer?
11. How do we reach, acquire, and serve customers in the future?
12. What will be the biggest shifts in our customer base? What is the time frame for these shifts?
13. How do we create and maintain differentiation against our competitors?
14. Who—or what—will be our competitors in the future? Are these competitors emerging from within our current sector, or are future competitors arising from other evolving industries?

## Evolving Role in the Digital Ecosystem Economy

15. How is our ecosystem economy evolving, and what or who is entering or exiting our ecosystem?
16. How will our role in the ecosystem shift, and what friction and latency will we remove?
17. Where are we the friction and latency in the ecosystem, and where and how could we be disintermediated?

## Strategy Requirements

18. Which capabilities do we need to acquire and retain to achieve our strategy (including talent, production, technical, partners, etc.).
19. How can we best (re)organize our assets and business model to drive future revenues?
20. Does the organization have the necessary agility to respond to new opportunities and a changing risk environment, and where do we need to focus to improve our agility?

# Develop Boards Skill Matrix to Guide Director Development

2

## Board Skills Matrix:

- Board Skills Matrix is used to assist organisations develop a skills matrix for their Board and find areas of development for Directors. It is designed to ensure Board consists of individuals with balance of skills to oversee the organization, achieve the strategic goals, and direct the organization's future.
- The skills and attributes of the Board can be broadly categorised as follows:
  - **Governance skills** (skills directly relevant to performing the Board's key functions);
  - **Industry skills** (skills relevant to the industry, membership services);
  - **Personal attributes** or qualities that are considered desirable to be an effective Director
- The skill areas in the matrix will be regularly reviewed to ensure that the composition of skills on the Board remains aligned with the stage of development and strategic direction of the organisation, whilst regular Board performance evaluations are required to address Board skills and personal attributes of Directors.

## Director Development:

- The skills, knowledge and experience required on the Board will change as the organisation evolves. In relation to each skill identified in the matrix, the **Board will use it as a guide to systematically define needs for expertise and address gaps in board skills.**
- Targeted improvement of board skills can then be achieved through:
  - Sending directors for outside conferences and include time for directors' to share key takeaways and benefits of the conference at board meetings
  - Regularly schedule briefings on specific industry, legislative and governance issues, global economic trends, updates from corporate functions
- Engage in Board mentoring program:
  - Pairing each high-potential manager with a board member enables Protégés (high-potential managers) benefit from learning and growing through mentors (Board members), while mentors benefit from more detailed intelligence in areas of the company



# A Periodic Review of Directors on the Boards Skills Matrix Can Aid Decisions on Director Selection and Development

2

Skill area	Description	Importance of Skill (essential, desirable, able to rely on external advice)	Key director strengths			
			Director Ruslan Kogan	Director David Shafer	Director Greg Ridder	Director Harry Debney
Strategy	Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies for the Company.	Essential	✓	✓	✓	✓
Financial Performance	Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>analyse key financial statements</li> <li>critically assess financial viability and performance</li> <li>contribute to strategic financial planning</li> <li>oversee budgets and the efficient use of resources</li> <li>oversee funding arrangements and accountability</li> </ul>	Essential	✓	✓	✓	✓
Risk and compliance oversight	Ability to identify key risks in a wide range of areas including on-line and retail industry developments, legal and regulatory compliance, and monitor risk and compliance management frameworks and systems.	Essential	✓	✓		✓
Information technology strategy and governance	Knowledge and experience in the strategic use and governance of information management and information technology, including personal information privacy and security risk management.	Desirable		✓	x	x

Example

# E-enabling the Boards for Higher Productivity and Learning

The conventional way of conducting board meetings is time consuming and laborious not only for employees who are coordinating, but also for the director's who need to keep track of processes and collaborate with one another.

In the digitally enhanced world, organizations around the globe are transitioning to technology for corporate governance as well. They are adopting board management software's to enhance efficiency and effectiveness of board processes.

**Following are some key benefits:**



- Increased connectivity and collaboration between all board members
- Small group meetings can be conducted at short notice to address any critical/urgent issues
- Directors can store, share, edit and review documents securely
- Advance review of board meeting documents by directors
- Easy to manage and control user access and track actions; a more steady and efficient workflow
- Board meeting time can be used efficiently to take decisions as everyone is prepared for it
- Offline voting and e-signing consents
- Board members can leave notes for other directors, make submissions, accept/decline what other directors submit
- Directors can keep track of progress, see updated information
- Paperless board meetings
- Huge savings on cost and time invested to conduct board meetings

Source: Board Portal Review 2020

# Enhancing Director Productivity: Continuous Education for Directors

2

## Case Example

**BMO** (*Bank of Montreal*) assists their board of directors in understanding their responsibilities and updating their knowledge of issues affecting businesses through an ongoing education program.

The Bank's Governance and Nominating Committee is responsible for:

- Overseeing the orientation program for new directors and committee members with respect to their Board responsibilities, the role of the board and its committees and the contribution individual directors are expected to make
- Overseeing the programs for providing continuing education to all directors and committee members

**On an on-going basis**, the Bank provides many opportunities for directors to read and hear about specialized and complex topics relevant to the Bank's operations, and to make site visits. In particular, directors:

- A** Receive timely access to comprehensive materials and relevant information prior to each board and committee meeting
- B** Receive regular deep dive presentations on relevant topics, including technology and technological innovation
- C** Have full access to the senior management and employees and participate in their Executives Meet

During the year gone by, directors participated in educational sessions and roundtable sessions and received educational materials such as, key industry trends and relevant case studies. They also received quarterly and ad hoc briefings on regulatory developments,

Source: *Fit for the Future: An Urgent Imperative for Board Leadership*, NACD, 2019

# Increasing Board Involvement In Succession Planning and Talent Management

3

## Aon' Comments:

- Directors have rated Q39 “The board conducts periodic reviews of the development and succession plans for senior executives.” as the lowest rated question.
- 73% directors indicate that they spend the least amount of time on leadership and talent management.

## Board can increase its involvement in Talent Management by the following:

Defining Talent Strategy	Maintaining & Develop Internal Pipeline	Increasing Management & CEO Commitment
<ul style="list-style-type: none"> <li>▪ Set clear expectations about board requirements for human capital strategy</li> <li>▪ Ensure companies maintain multi-year, multi-level internal pipeline</li> <li>▪ Ask questions on:                             <ul style="list-style-type: none"> <li>- Key milestones</li> <li>- Metrics</li> <li>- Executive bench strength</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct in-depth executive assessments to create a profile of the high potential management                             <ul style="list-style-type: none"> <li>- Identify strengths, development needs, aspirations, strategic capabilities, blind spots, capabilities</li> </ul> </li> <li>▪ Formal &amp; informal interactions with members of C-suite and C-1 levels</li> <li>▪ Board mentoring programme                             <ul style="list-style-type: none"> <li>- Develop internal pipeline of high potentials Board will have more detailed intelligence in areas of the company</li> <li>- Surface people issues</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Peg people-development metrics to CEO goals &amp; performance</li> <li>▪ Base a proportion of senior management's long-term incentive plan on succession planning</li> <li>▪ Engage with employees through town halls                             <ul style="list-style-type: none"> <li>- Get employees talking about issues in the company</li> <li>- Interact with high potentials</li> </ul> </li> </ul>

## Aon's Comments:

- Set clear expectations about the board's requirements for a talent strategy that is needed to support the business.
- Link talent development to incentives through KPIs to reinforce management's focus on succession planning.
  - For example, number of designated successors for key positions to be “ready now” and “ready in 2-3 years”, strategic hiring needs, change in employee engagement survey results, especially in periods of industry disruption and transformation.

Source: Adapted from : Board Oversight of Talent Strategy, National Association of Corporate Directors, 2016

# 7 Checklists for Succession and Talent Management

3

## What Companies Must Get Right

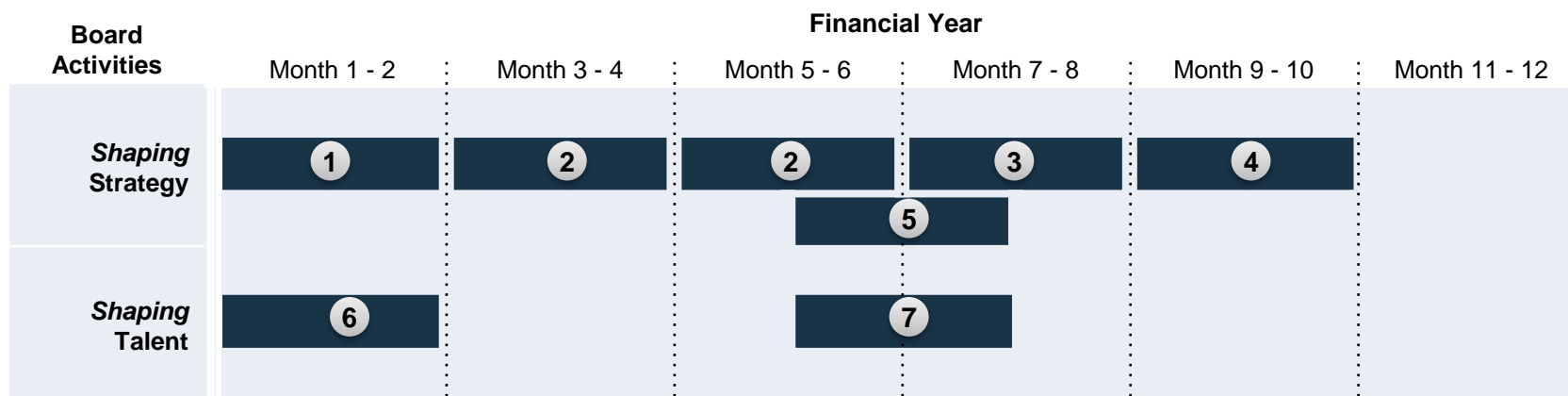


Source: Aon Top Companies for Leaders, 2014

# Suggested Board Talent Review Activity Schedule As a Part of Business Review

3

**Aon's Comments:** The board may want to allocate board time to address some of the identified talent challenges based on the suggested schedule below:



## Shaping Strategy

- ① Set framework for the year
- ② Define broad options
- ③ Outline/select options
- ④ Approve final strategy approach
- ⑤ Evaluate performance of new initiatives/projects

## Shaping Talent

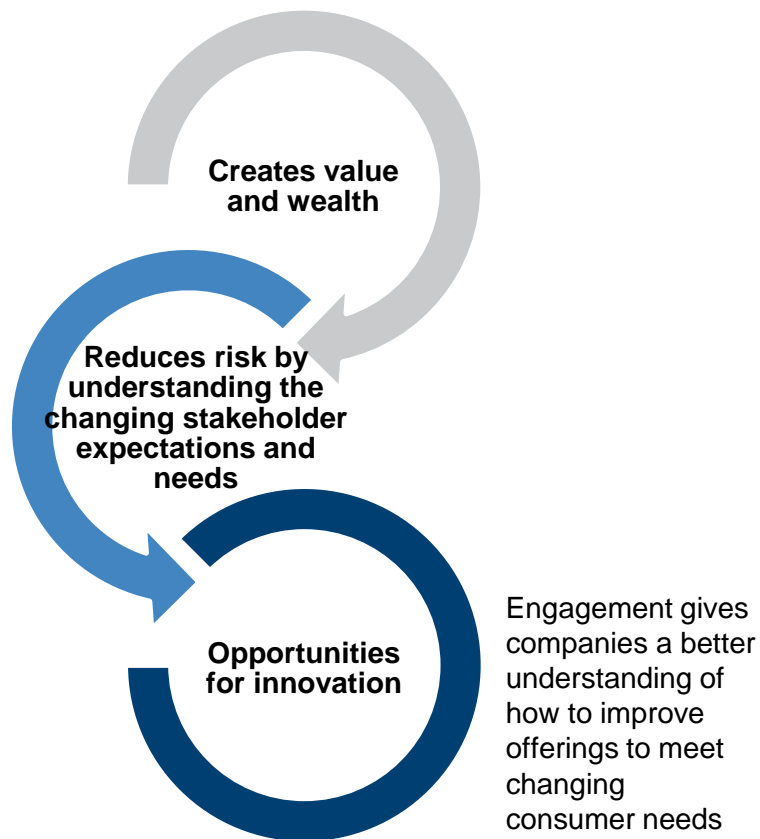
- ⑥ Set talent-review objectives for the year
- ⑦ Review top 30-50 people

Source: Adapted from: *Building a Forward-looking Board*, McKinsey Quarterly, Feb 2014.

# Board's Engagement with Material Stakeholders

4

Companies that excel at stakeholder engagement excel in business. The skills developed through effective stakeholder engagement are invaluable in an increasingly complex world where companies deal with many different relationships that all potentially impact their business.



As part of the nonfinancial reporting process, more and more companies are having stakeholder groups review and comment on the company's approach to assessing and reporting on social and environmental performance related to corporate activities.

## Independent Advisory Committee

- Having a non-executive director involved in the group can ensure that recommendations are being shared with the board, allowing the board to take a direct interest in these issues and the way they might inform key decisions.

## Stakeholder Panel

- Serves as a proxy for stakeholder groups

Source: *Stakeholder Engagement and the Board*, Global Corporate Governance Forum, 2009

# Considerations When Planning for Shareholder Engagement (1/2)

4



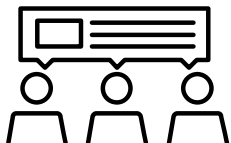
Ensure policies are clear and up to date

- Address requirements related to confidential information and discussions
- Underscore the need to protect material, non-public information from selective disclosure
- Identify representative to speak on behalf of company and the board



Never go it alone

- Directors should inform the full board and management if they receive a request for engagement from a shareholder
- Not speak to or meet shareholders alone unless authorized
- Counsel should be considered for involvement to review documents and points, and highlight areas of potential concern



Get briefed on discussion topics

- Briefing could be through advanced discussions to discuss the board's position
- Directors to have a list of potential questions to ensure consistent messaging



Study up on the shareholder

- Understand shareholder's voting history, history of communications with investor relations and the corporate secretary, and approach to activism on discussion topics

Source: NACD 2016 Sidley Austin LLP; Considerations for Directors When Preparing for Discussions With Shareholders



## Considerations When Planning for Shareholder Engagement (2/2)

4



Articulate justifications for decisions

- Shareholders may be willing to support the board and management if they understand the specific rationale for a particular course of action



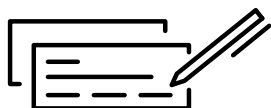
Comply with Regulation Fair Disclosure (Reg FD)

- Directors to be given a refresher on Reg FD's ban on selective disclosure before meeting and announce a sensitivity to Reg FD
- Management to brief directors on materials and have debrief with directors after meetings



Actively listen

- Listen for valuable insights into shareholder motivations and priorities which can inform decision making
- Director should generally be in "listen only" mode unless on corporate governance matters



Follow up

- Directors who have engagement with shareholders should report to the full board or the appropriate board committee on their discussions
- To determine if any actions are required

Source: NACD 2016 Sidley Austin LLP; Considerations for Directors When Preparing for Discussions With Shareholders

# Board-Shareholder Communications Recommendations

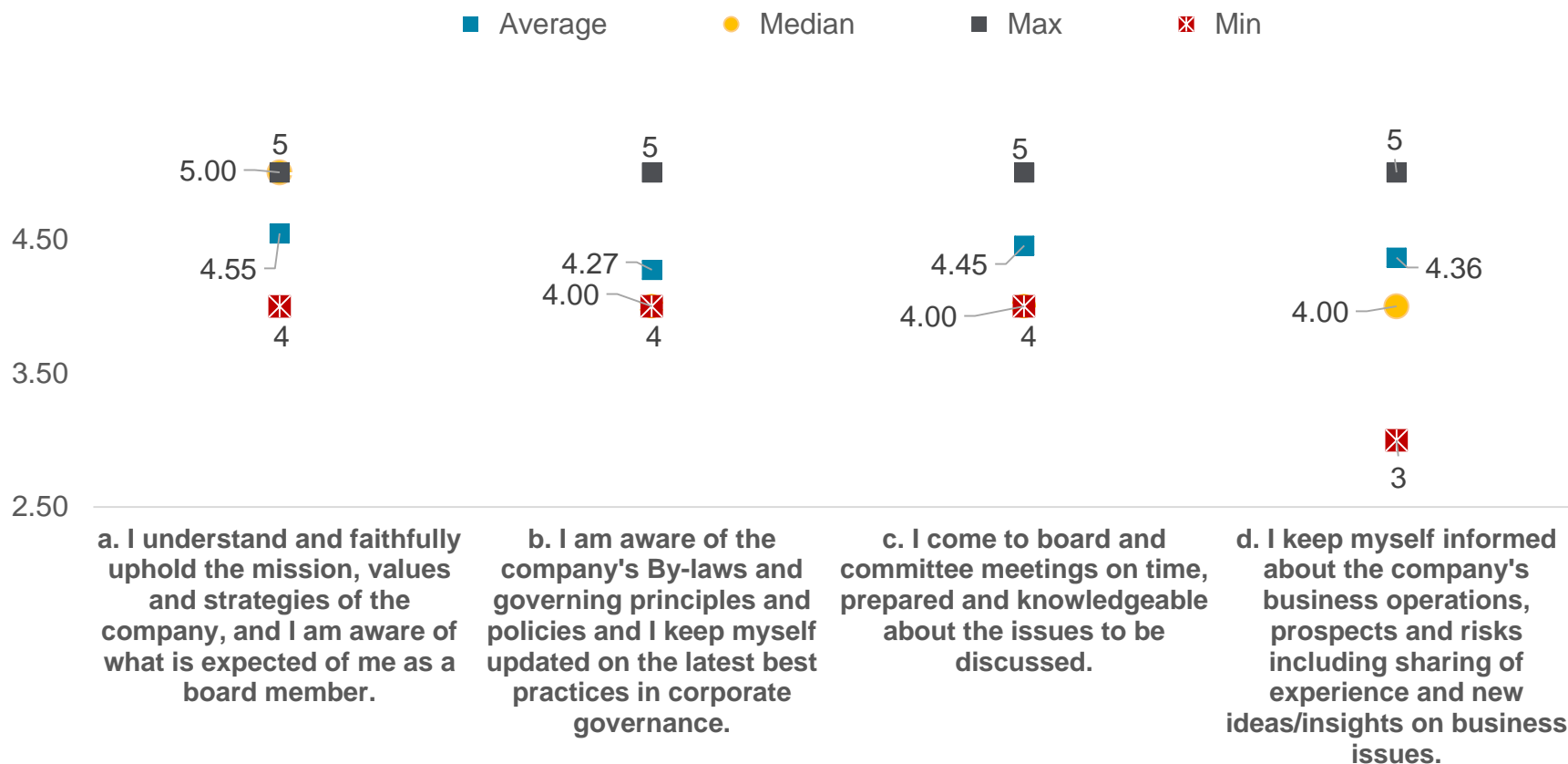
4

Role of Key Players	
Individual Directors	<ul style="list-style-type: none"> <li>▪ To be the contact for shareholders</li> <li>▪ The view of one director is not necessarily the view of the board as a whole</li> </ul>
Full Board or Board Committee	<ul style="list-style-type: none"> <li>▪ Communications responsibility should be delegated to a specific committee with an independent chair, or an independent committee</li> <li>▪ Boards should listen actively to shareholder concerns</li> </ul>
Management	<ul style="list-style-type: none"> <li>▪ Facilitate communication process between board and the shareholders, but the process should not be a barrier for direct communication</li> <li>▪ Designated member of management to organize and review communication materials for the board</li> </ul>
Communication Topics	
Regulation Fair Disclosure	<ul style="list-style-type: none"> <li>▪ Directors should be educated and well-informed</li> <li>▪ Consult with management or legal counsel to assist with compliance</li> </ul>
Communications Timings	
Annual Meeting	<ul style="list-style-type: none"> <li>▪ Consider open meetings in connection with the annual meetings</li> <li>▪ Broadcast annual meetings for shareholders who are unable to attend physically</li> <li>▪ There should be a process to respond to shareholder questions</li> <li>▪ Set aside time during meeting for shareholders to submit questions and responses</li> </ul>
Shareholder Proposals	<ul style="list-style-type: none"> <li>▪ The board should address decisions adopted or not with shareholders and interested parties</li> <li>▪ Disclosure to be included in proxy materials</li> </ul>
Accomplishing Effective Communication	
Communication Policy and Procedure	<ul style="list-style-type: none"> <li>▪ There should be ongoing communications programs which are up to date and effective</li> <li>▪ Communications should be consistent, clear, and candid</li> <li>▪ Respond in timely manner</li> <li>▪ Transparent – to disclose who manages communications, how information is forwarded, and how often they are forwarded to directors</li> </ul>

Source: NACD 2017 Blue Ribbon Commission on Board-Shareholder Communications



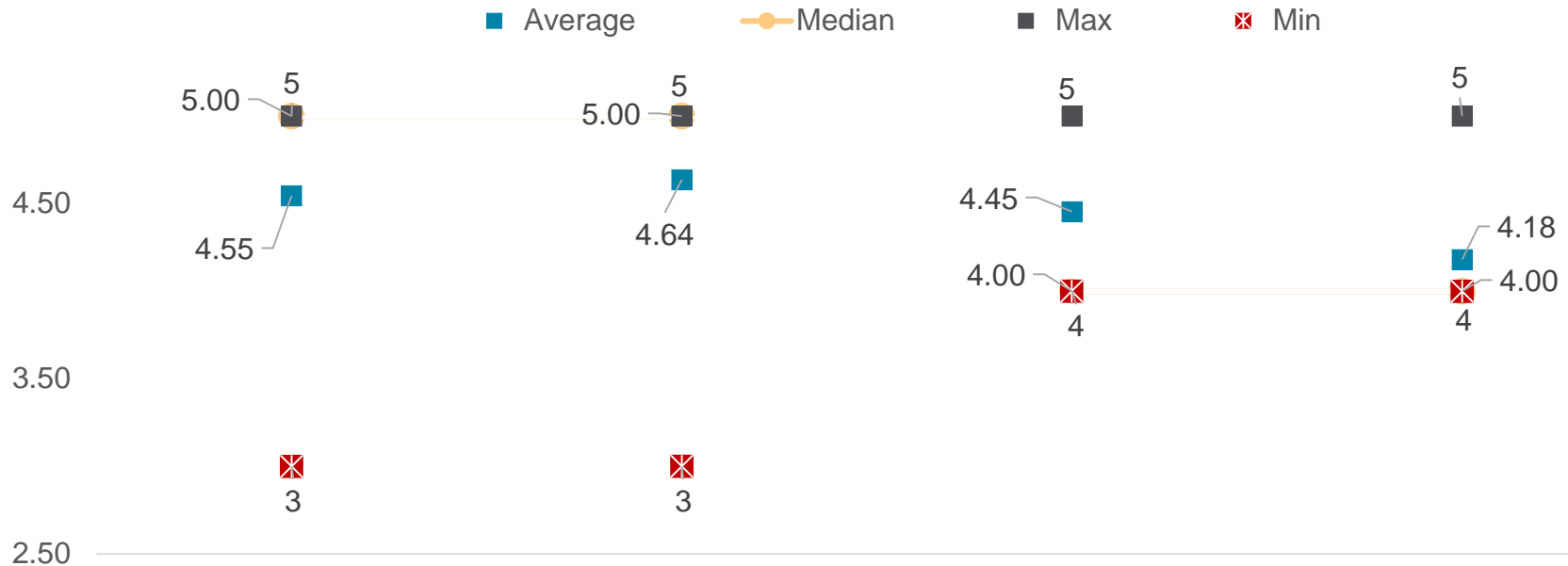
## Individual Effectiveness Results (1/3)



### Directors Comments

- My one year experience in this Board has enhanced my skills and enriched my experience as a Director. I have applied some of the best practices in my work with the other companies where I am also a Board Director.

## Individual Effectiveness Results (2/3)



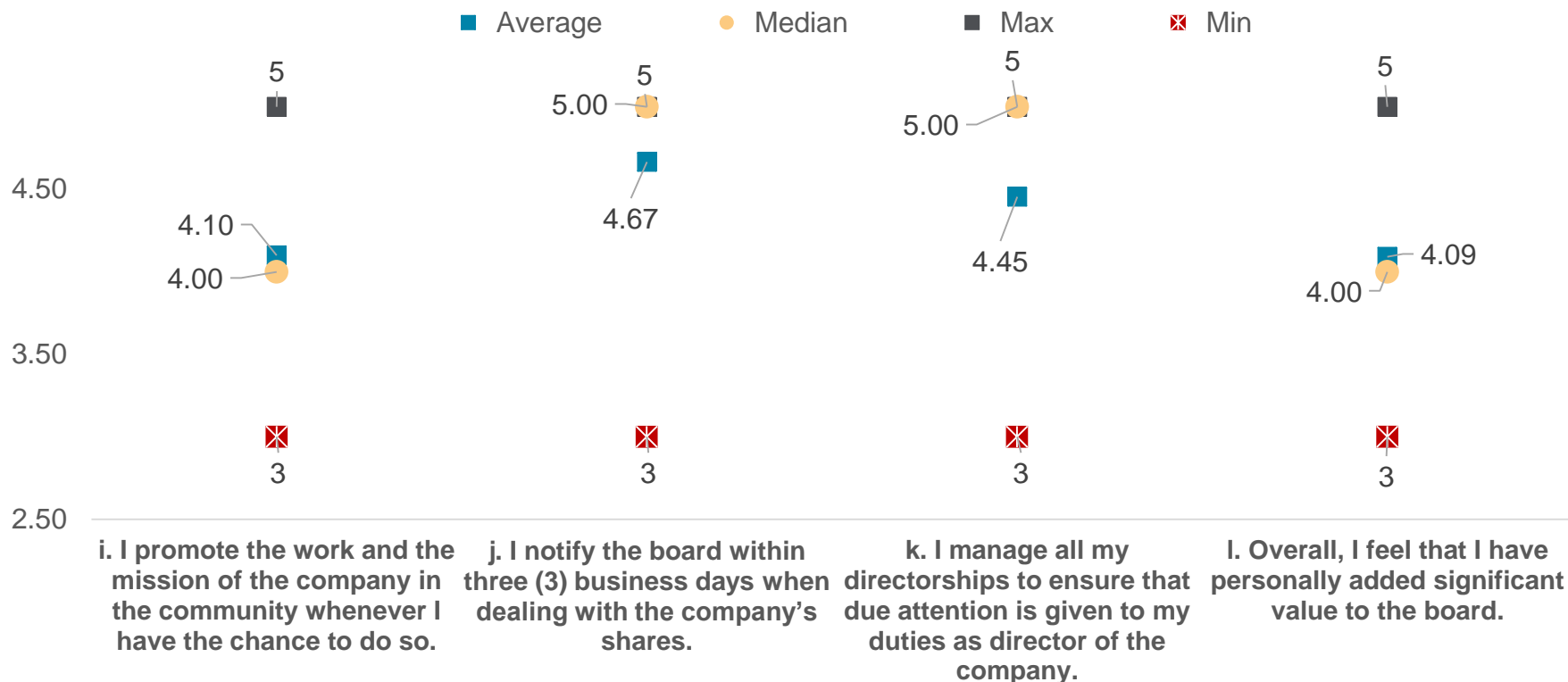
e. As a board member, I consciously avoid situations where there may be conflict of interest with that of the company, and if such a potential conflict exists or appears, I disclose this immediately to the rest of the board.

f. I faithfully attend meetings of the board and the committees (where I am a member) with at least 75% attendance rate.

g. I actively participate in board discussions with a sense of independence and objectivity.

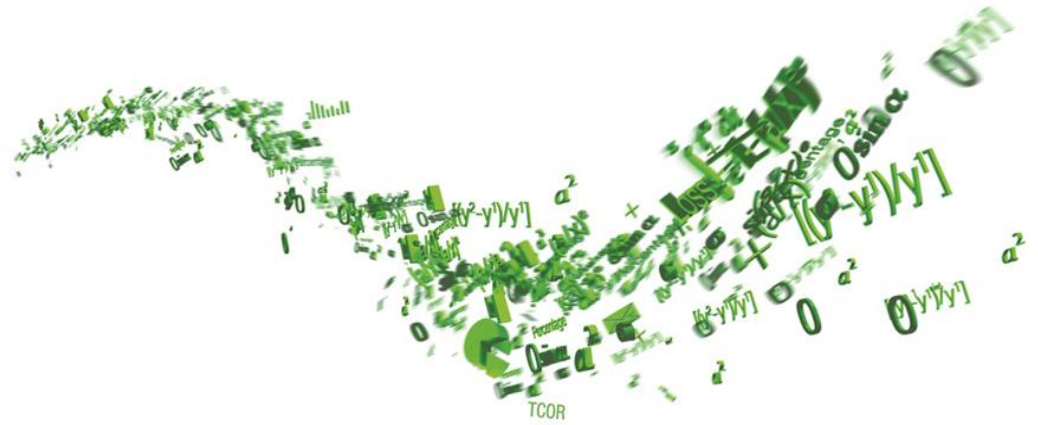
h. I encourage other board members to express different opinions as much as possible and actively challenge their opinions, when necessary, but I support all board decisions once they are made.

## Individual Effectiveness Results (3/3)



### Directors Comments

- First, in board committee meetings where I am either the Chairman or a member, I have participated actively in the discussions, resolution of issues and the decision making. This has resulted in improvements in the charters and policies that were up for revision and in better disclosures on financial and audit issues. I have kept myself up to date on the power industry especially in the renewable sector not just in the Philippines but also in other countries and have regularly shared relevant information with the board. During board meetings, I have shared my views in financial markets and audit where I am a subject matter expert. Over-all, I believe I have made a meaningful contribution as a board member.

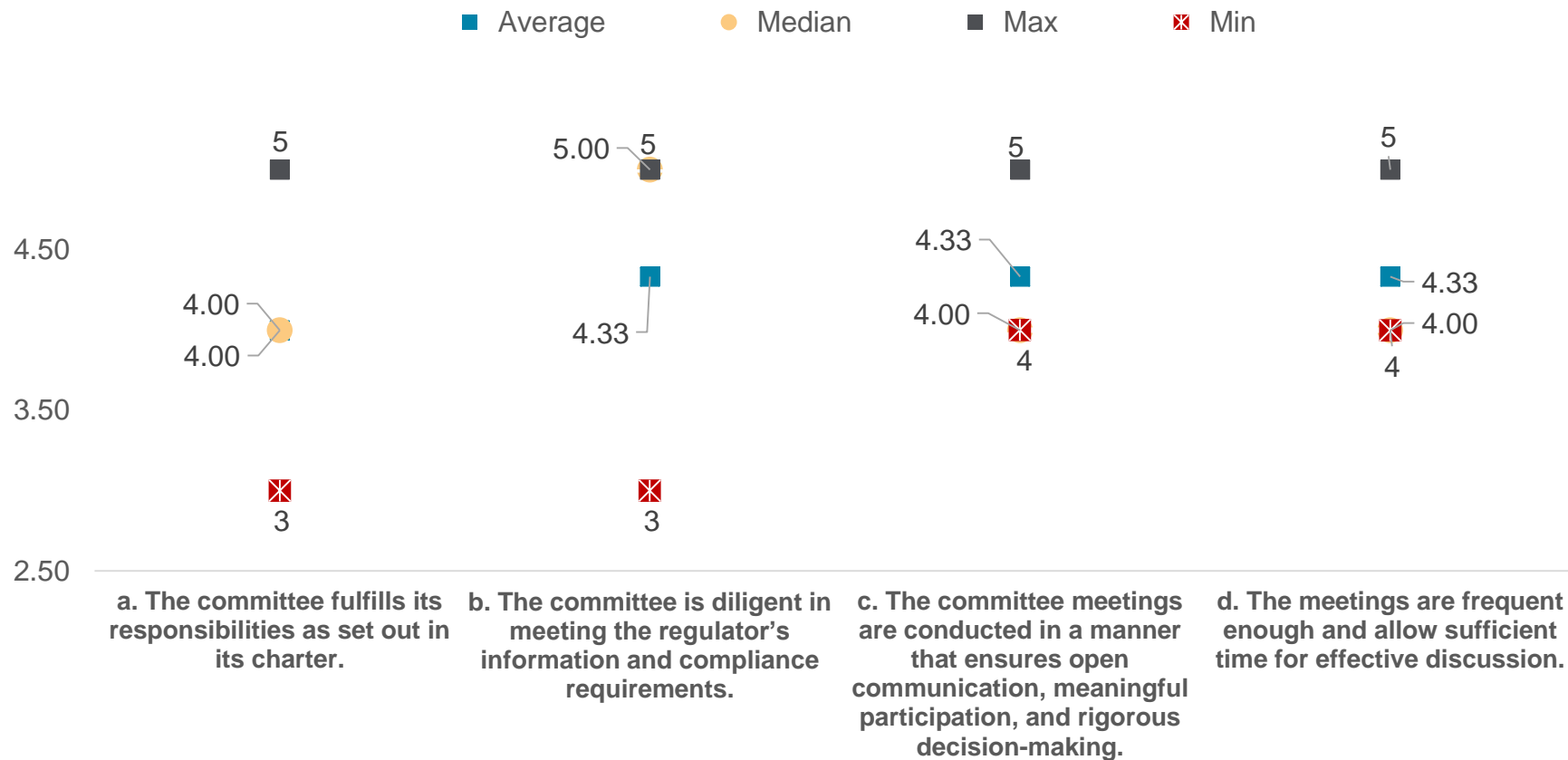


# Appendix II

## Committee Effectiveness

# Committee Effectiveness Results (1/10)

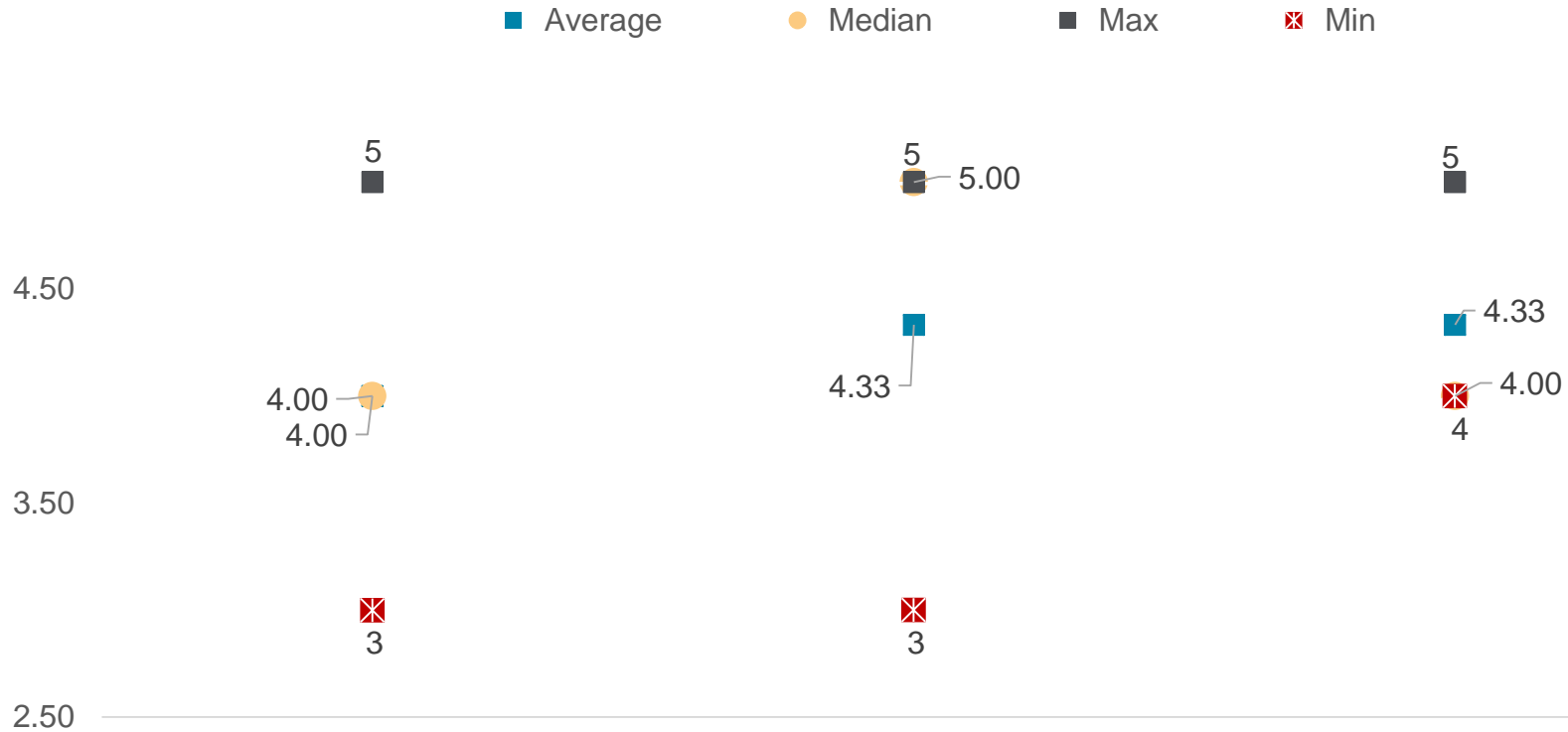
**Executive Committee** scores an average of **4.24** out of 5 in 2020





## Committee Effectiveness Results (2/10)

**Executive Committee** scores an average of **4.24** out of 5 in 2020



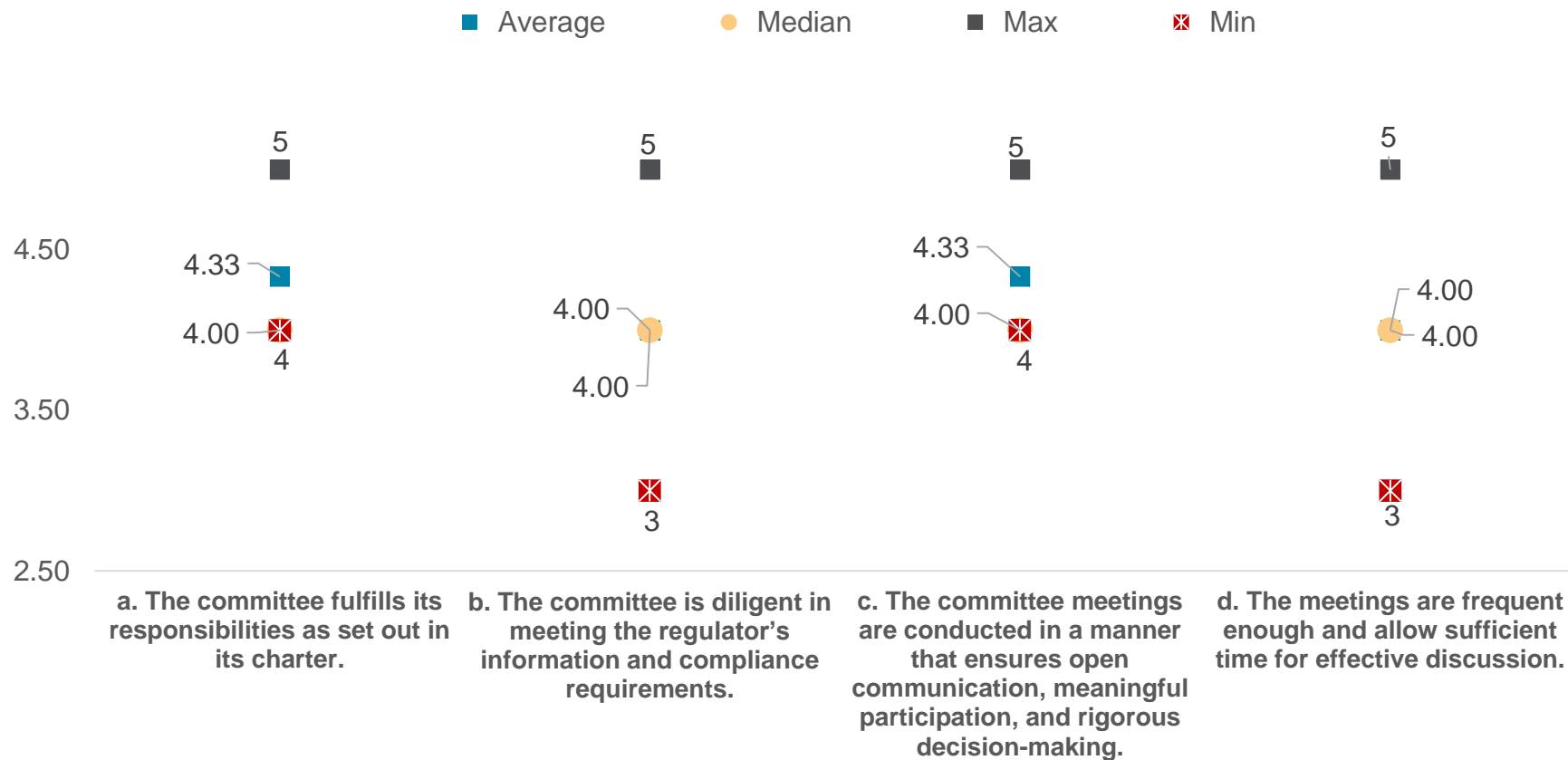
e. The committee has the right mix of capabilities, experiences, and skills to fulfill its responsibilities.

f. A calendar of regular agenda items for the scheduled committee meetings is prepared.

g. Discussion points and decisions made by the committee are accessible to the other directors, where appropriate.

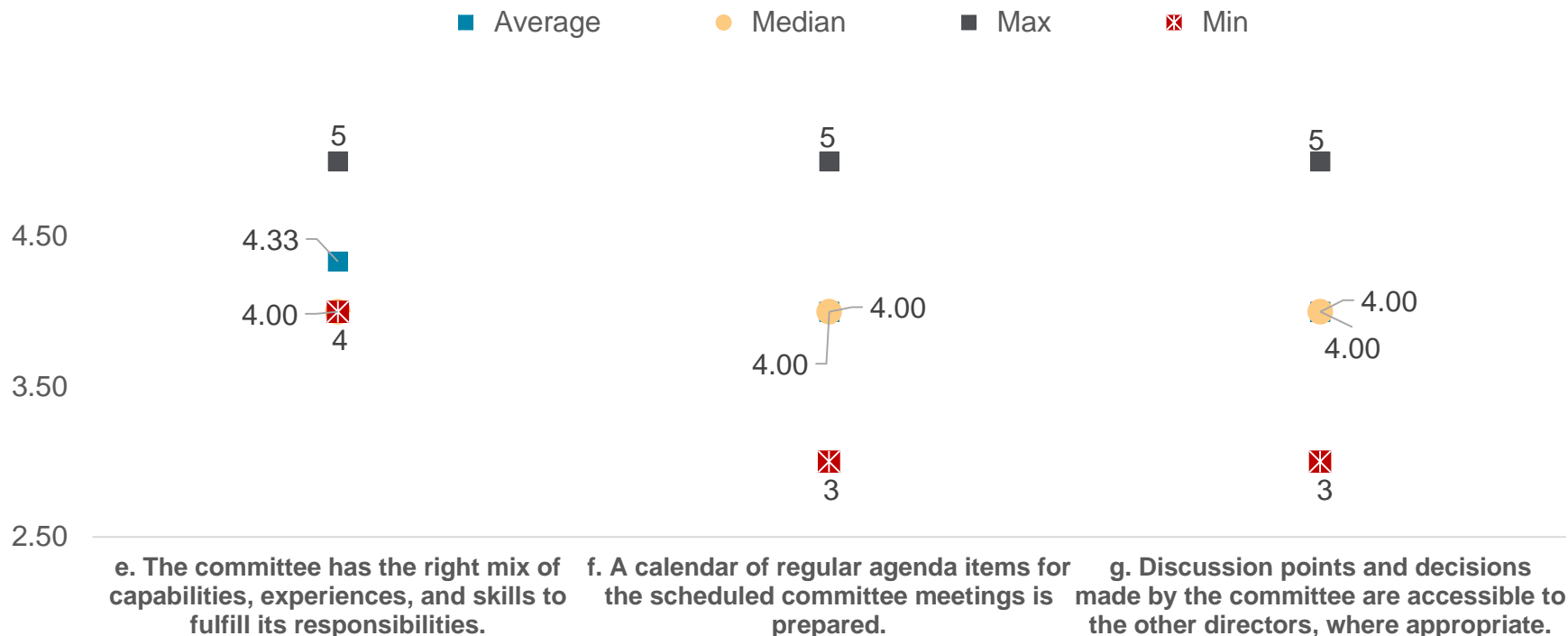
## Committee Effectiveness Results (3/10)

**Corporate Governance and Nomination Committee** scores an average of **4.14 out of 5** in 2020



# Committee Effectiveness Results (4/10)

**Corporate Governance and Nomination Committee** scores an average of **4.14 out of 5** in 2020

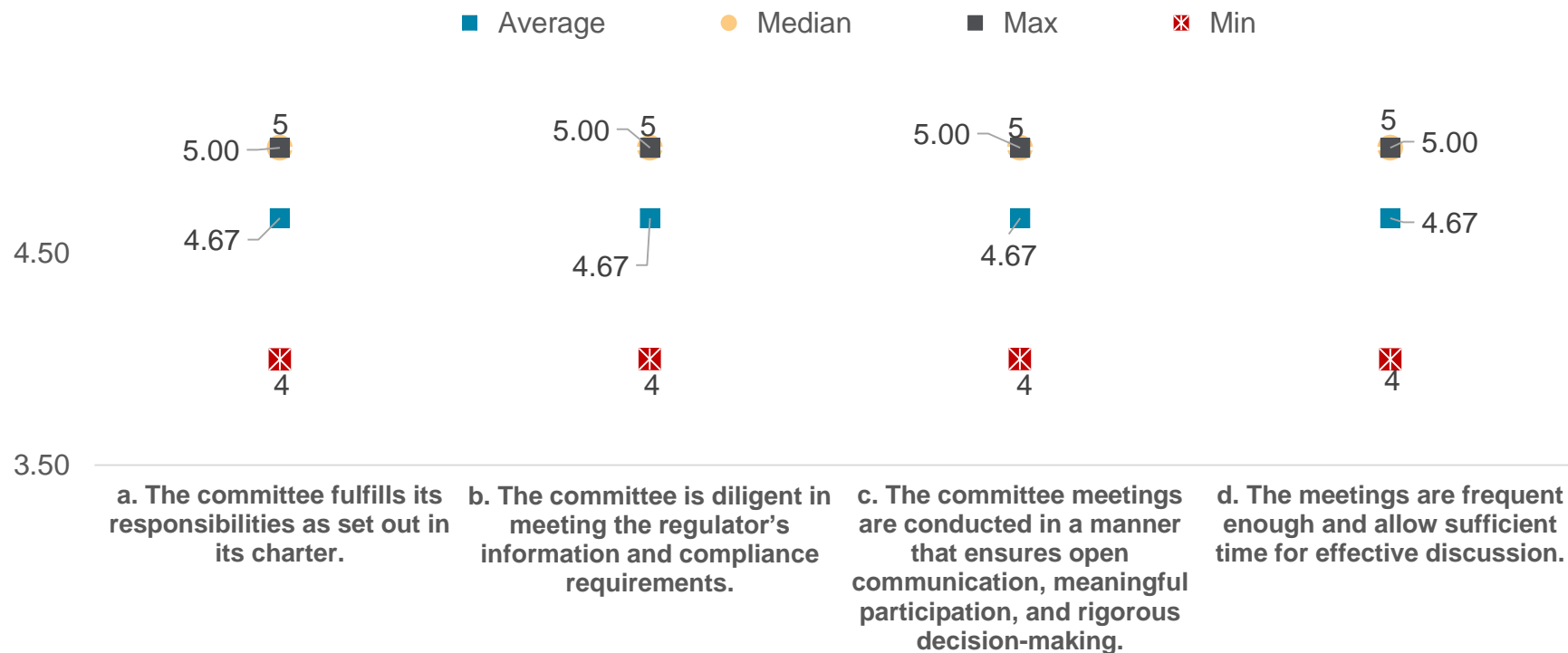


## Directors Comments

- *We have a change of membership in the committee because of the untimely demise of a member, but our members are a diverse group with skills set that are much needed by the committee. The focus this year is revising and strengthening the policies and charters, and these changes have been thoroughly reviewed and subjected to exhaustive discussions. We have also closely monitored the company's compliance with the SEC's guidelines for corporate governance for listed companies.*

# Committee Effectiveness Results (5/10)

**Audit Committee** scores an average of **4.62 out of 5** in 2020

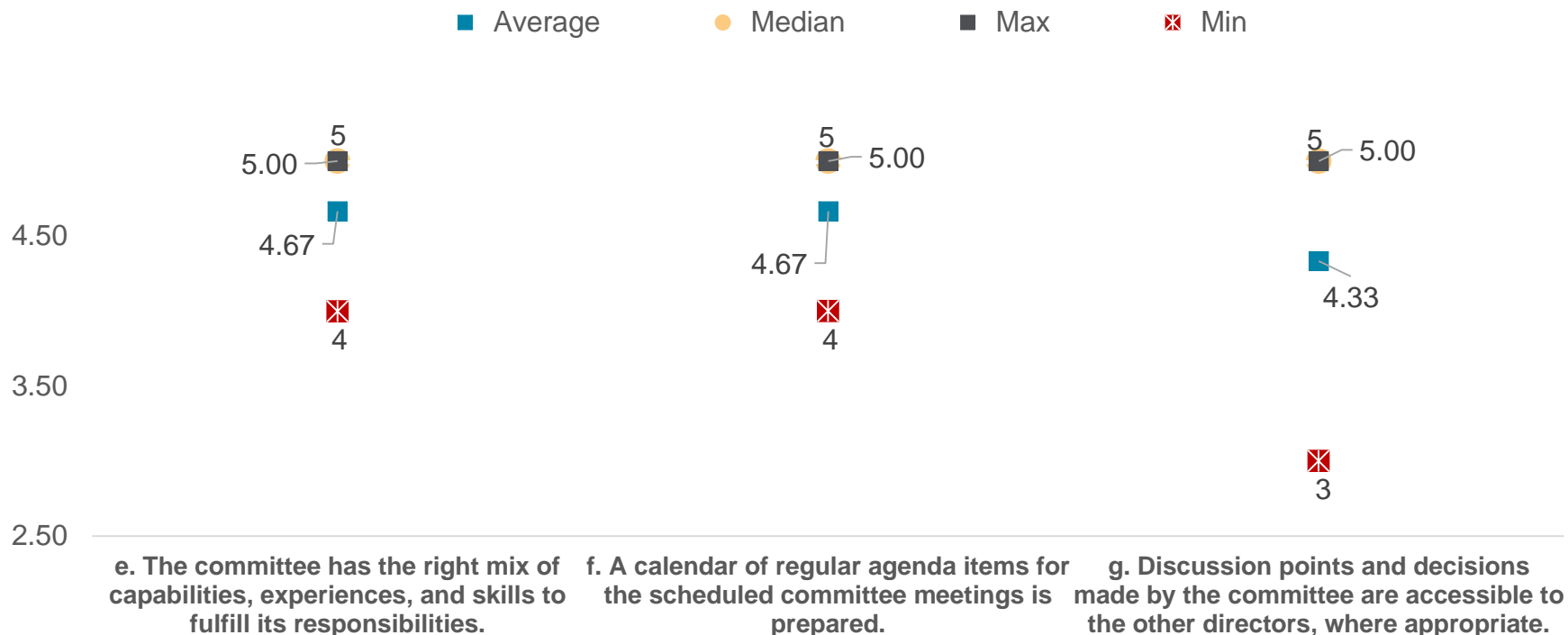


## Directors Comments

- Audit committee meeting have briefing sessions prior to the committee meetings to allow a deeper dive in the companies performance and audit issues. Meetings are with both the external and internal auditors and with management. The discussions are open and exhaustive. Committee members are given sufficient time to review the materials.

# Committee Effectiveness Results (6/10)

**Audit Committee** scores an average of **4.62 out of 5** in 2020

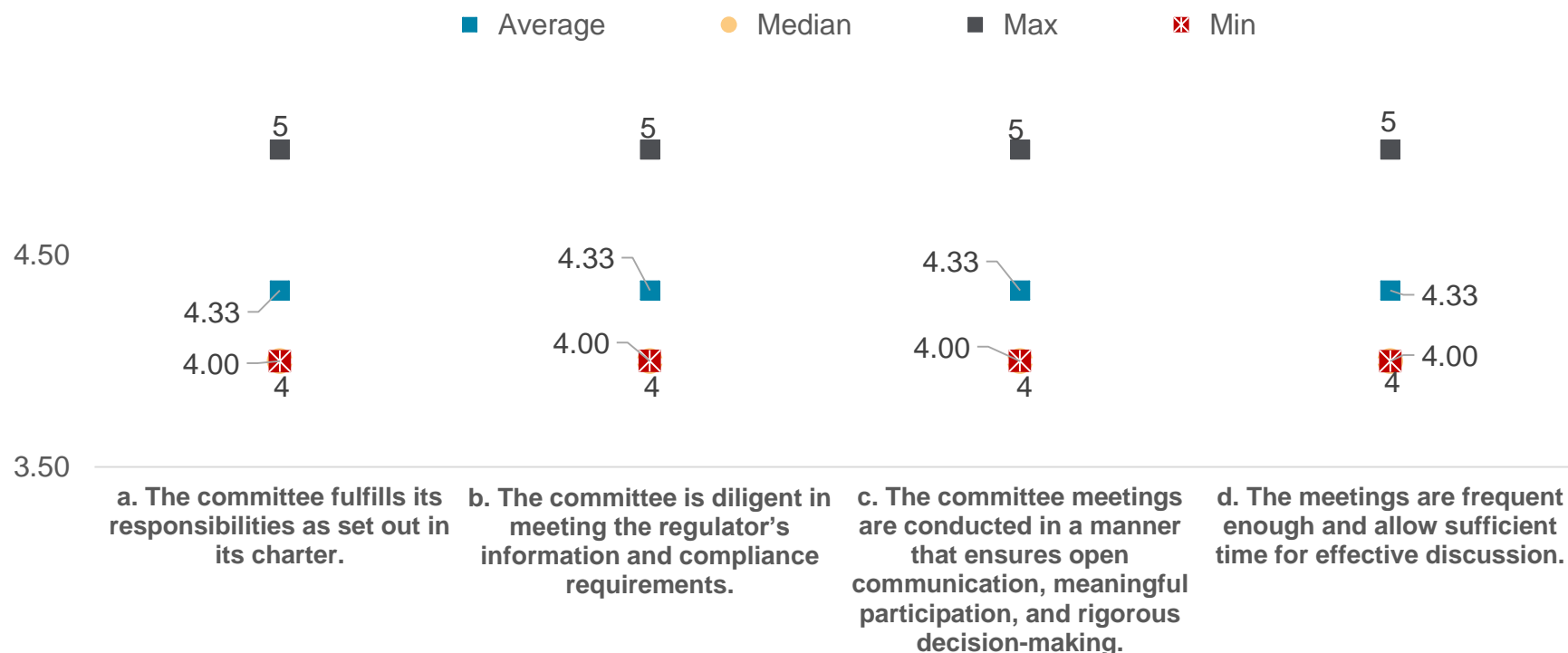


## Directors Comments

- During the one year that I chaired this Committee I believe that it has performed well given the dedicated and competent members , competent support team and external consultants, who all together have a good professional working relationship. Meetings were held regularly, discussions were open and thorough and results reported to the Board. The Committee was able to comply with the requirements of regulators in a timely manner.

# Committee Effectiveness Results (7/10)

**Board Risk Management and Related Party Transactions Committee** scores an average of **4.29** out of 5 in 2020

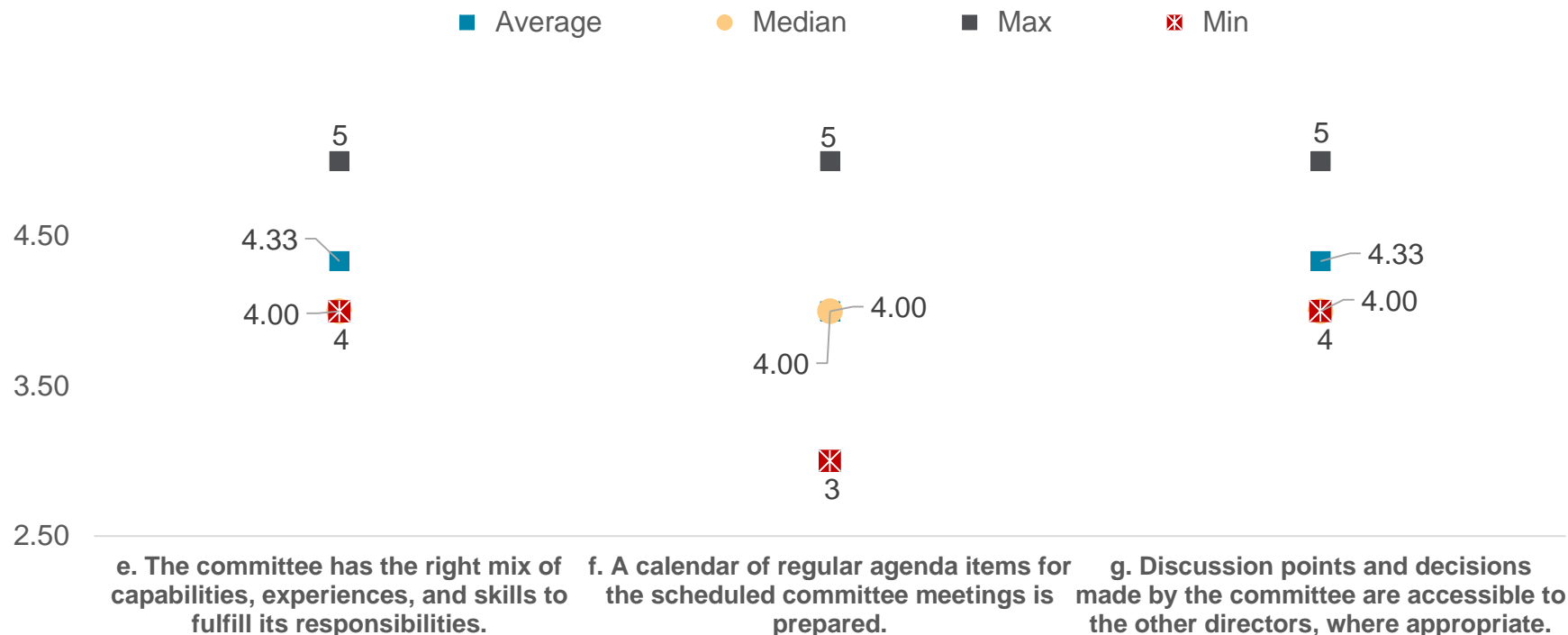


## Directors Comments

- I also think that this Committee was able to fulfill its responsibilities as provided in its Charter. As the company is in the process of integrating various businesses involving related parties, the Committee participated in evaluating the transactions to ensure that these are transparent and fair especially to minority stockholders, being a publicly listed company, The Committee has a good mix of members with varied finance and accounting skills, industry backgrounds including energy, and work in the private and public sectors.

## Committee Effectiveness Results (8/10)

**Board Risk Management and Related Party Transactions Committee** scores an average of **4.29** out of 5 in 2020

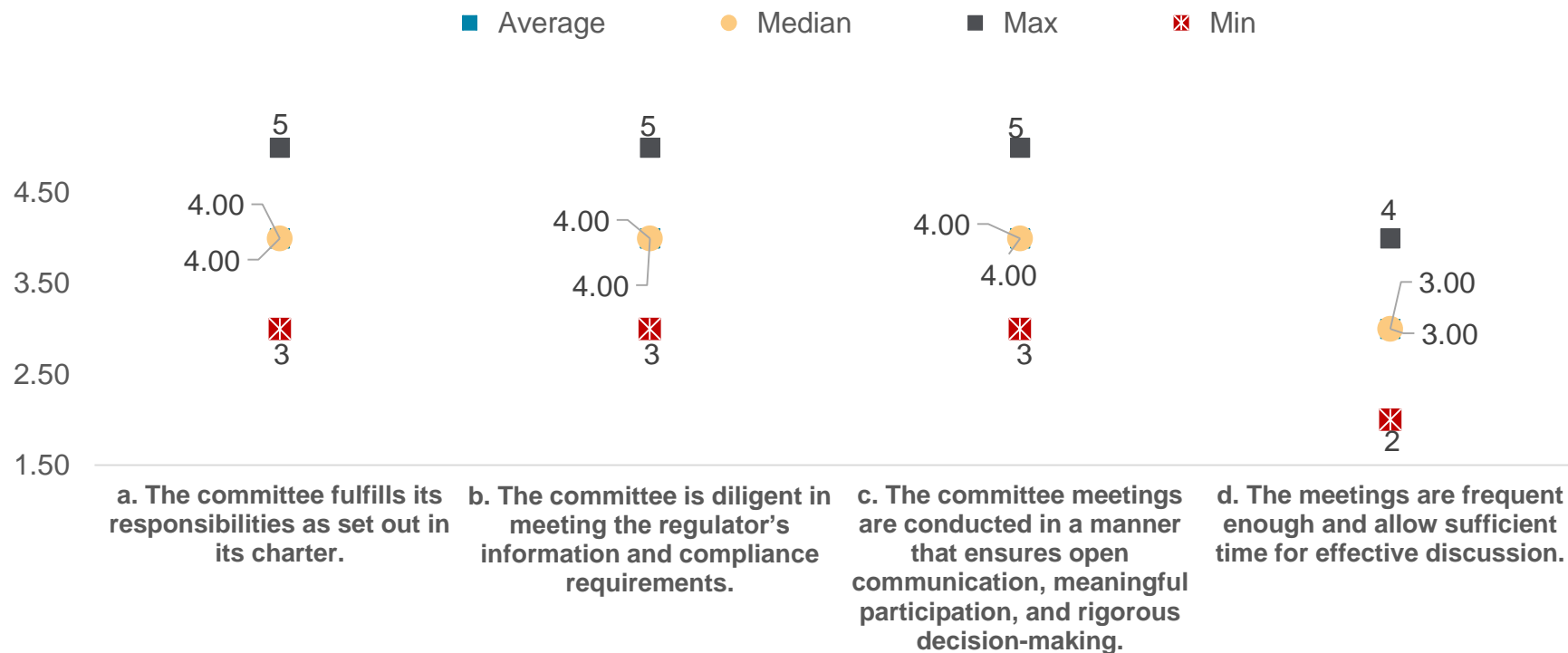


### Directors Comments

- More discussions could be allocated to business threats that could possibly derail or affect key strategies.

# Committee Effectiveness Results (9/10)

**Personnel and Compensation Committee** scores an average of **3.76** out of **5** in **2020**



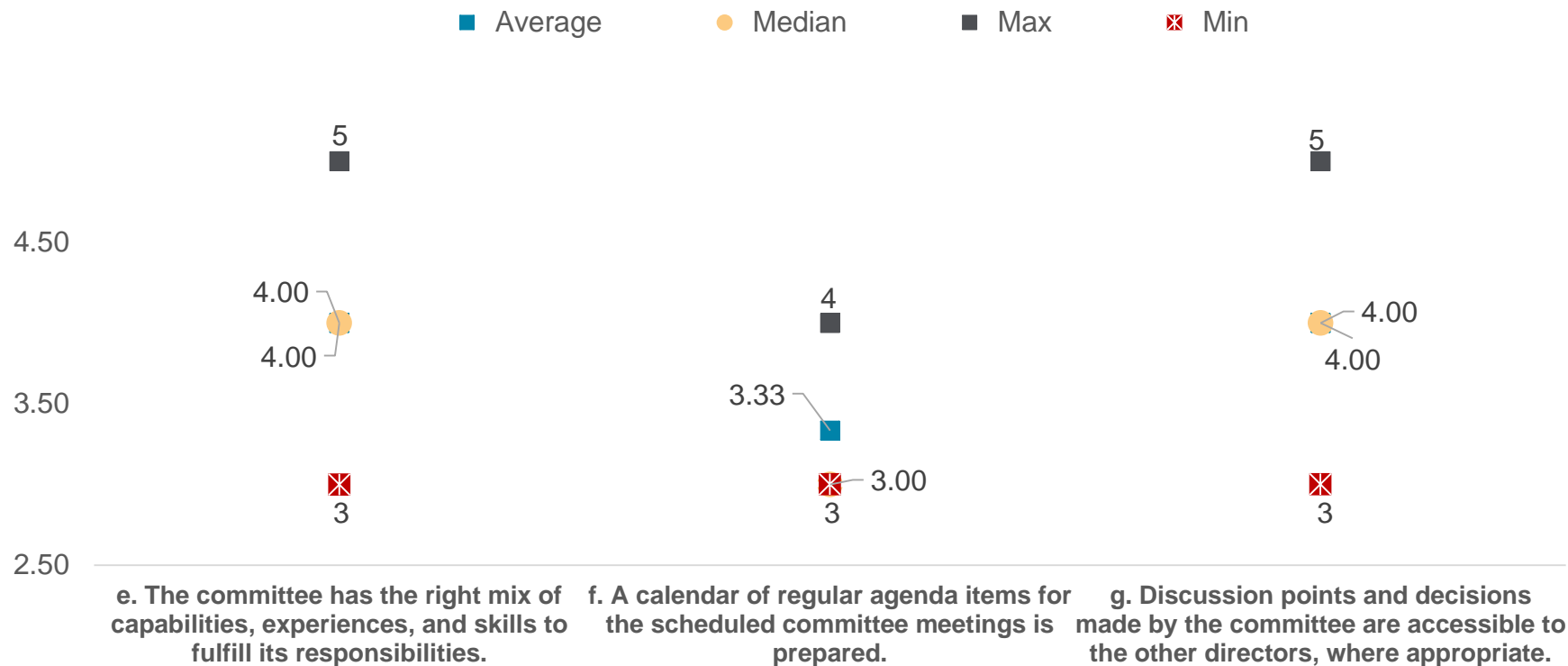
## Directors Comments

- Review of succession planning and corporate incentive policies should be calendared at the appropriate time.



# Committee Effectiveness Results (10/10)

**Personnel and Compensation Committee** scores an average of **3.76 out of 5** in 2020





# Board Evaluation Results (1/31)

## Board Composition scores an average of 4.44 out of 5 in 2020

**Q1** The board has the right mix and appropriate balance of diversity of skills, experience, gender, knowledge and industry background considering the company's anticipated future strategic direction, risks, and opportunities.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary

**Average: 4.64**

2020



**Q2** The different capabilities, experience, and skills of the directors are being properly applied to the various issues that come before the board.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary

**Average: 4.36**

2020



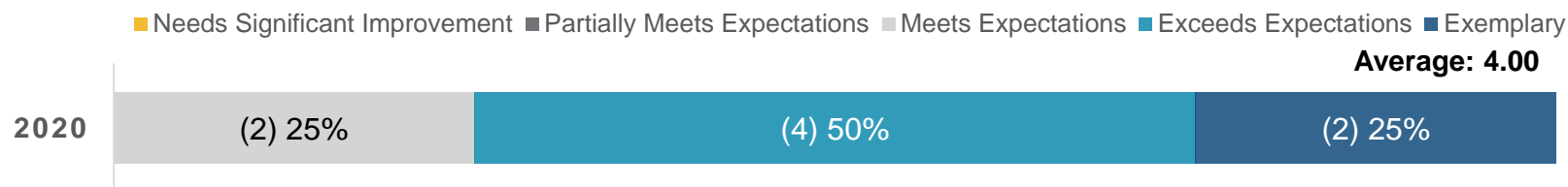
### Directors' Comments

- The board has higher than the minimum number of required Independent Directors ( 5 out of 11 are IDs), and it has good gender diversity ( 4 out of 11 are female, all of whom are IDs). Most of the board members are current CEOs or former CEOs of successful businesses in different industries. The diversity in gender, skills and the depth and wealth of experience are brought to the fore during board discussions before major decisions are made.
- In my view, the ACEN Board has excellent diversity in terms of gender, competence and experience and in the number of independent directors.
- Good diversity of views in board discussions yet achieve very constructive resolutions to complex issues.

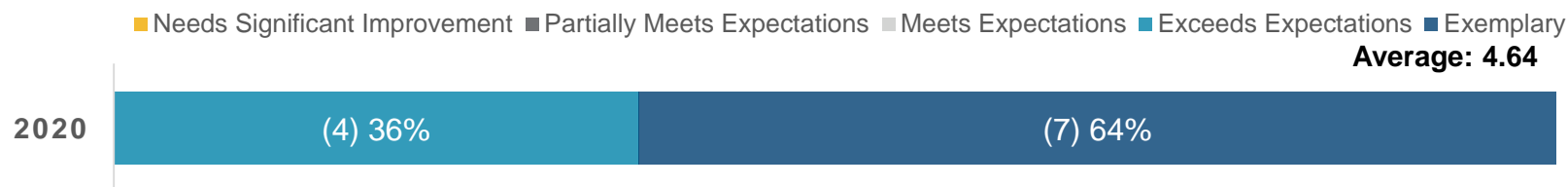
# Board Evaluation Results (2/31)

## Board Composition scores an average of 4.44 out of 5 in 2020

**Q3** The board plans for a “refresh”, taking into consideration its composition and competencies, and the strategic priorities of the company.



**Q4** The board has an adequate degree of independence to deal with the company's issues (keep in mind the definition of “independence” as from management, controlling shareholders, and any business or relationship which could materially interfere with the board's exercise of its independent judgment).



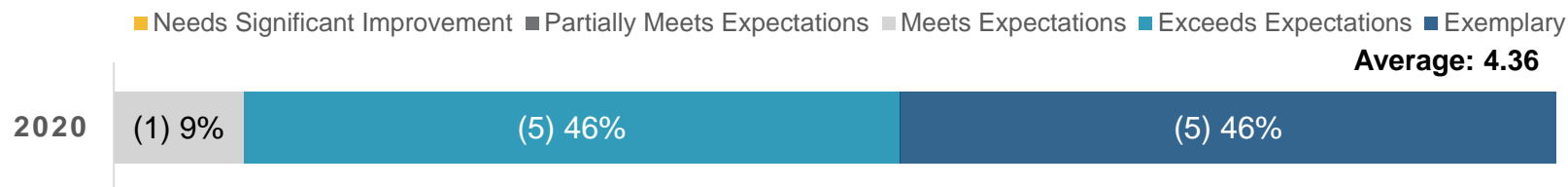
### Directors' Comments

- The current Board is diverse in many dimensions, gender, age, experience, skills, industry knowledge , among others. Such diversity is beneficial to the company as the views and opinions from different perspectives are considered in decision making.
- Regarding no.3, I think I need to be clarified on the word "refresh" If you are referring to the possibility of reshuffling then I would like to call your attention on my answers in nos. 1 and 2. If you are referring to retooling the members of the board by introducing trainings then it is most welcome and my answer will be no.4. The different fields of discipline, experiences and expertise of the members of the board have been beneficial to foster active and fruitful collaborations.
- There are five independent directors, of varying backgrounds and skills, and four are women.
- Board members are engaged in strategic issues, and routinely raise concerns as appropriate.

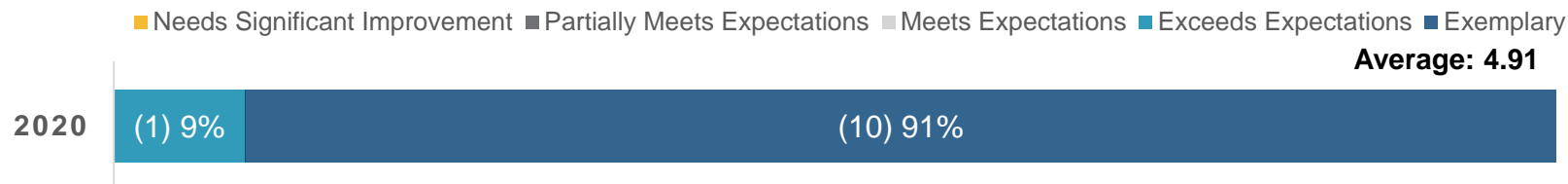
# Board Evaluation Results (3/31)

## Roles & Functions scores an average of 4.45 out of 5 in 2020

**Q5** The board sets aside sufficient time to critically explore strategic issues, threats of emerging risks and opportunities, the competitive landscape and other relevant factors that may impact the business of the company.



**Q6** There is a high degree of mutual respect, trust and candor among board members and management.



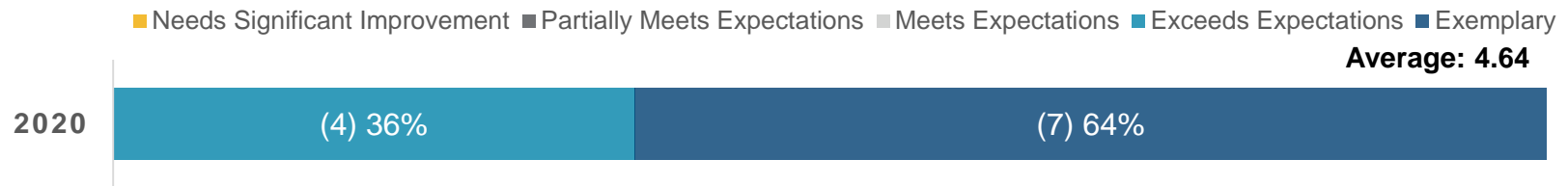
### Directors' Comments

- *The company has an ambitious target to be a dominant player in renewable energy in Asia. This requires major decisions on investments for organic growth, acquisitions of new businesses and forging partnerships. There are additional sessions initiated by either senior management or the Independent Directors for a more in-depth discussion of the 5 year strategic roadmap, economic and governance structures of partnerships and choice of markets and technology.*

# Board Evaluation Results (4/31)

## Roles & Functions scores an average of 4.45 out of 5 in 2020

**Q7** As a whole, the board's partnership with the management team provides value to the company (e.g., extending its global network, providing strategic wisdom, etc.).



**Q8** The board converges on an agreed action plan after a decision is made.



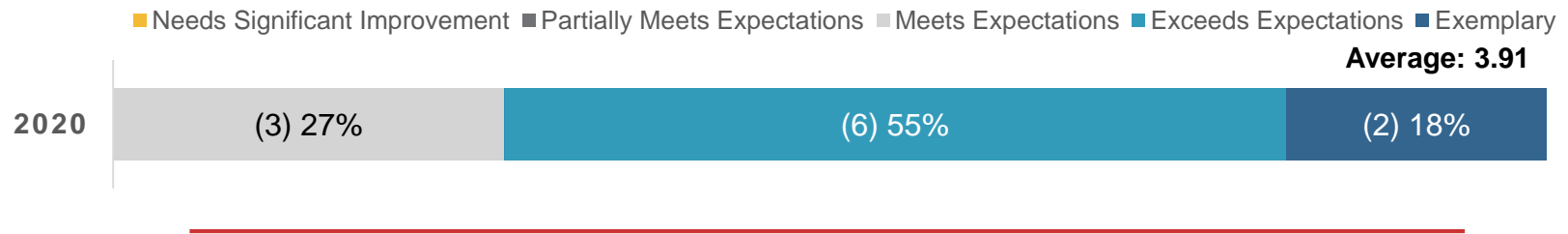
### Directors' Comments

- *The Board culture is professional and at the same time congenial. Independent directors like myself can freely voice their opinions during meetings.*

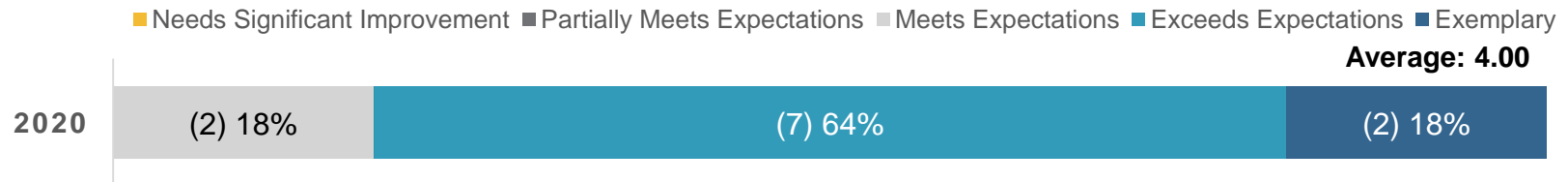
# Board Evaluation Results (5/31)

## Roles & Functions scores an average of 4.45 out of 5 in 2020

**Q9** The board and committees periodically review their respective charters to ensure their relevance.



**Q10** The role of the lead independent director in board meetings, executive sessions, preparation of board agendas and information, and communications with directors and external stakeholders is well-defined and understood by all.



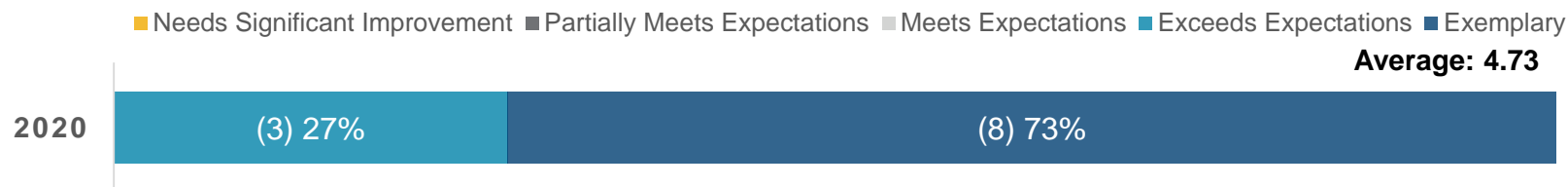
### Directors' Comments

- *Whenever necessary, the members of the board are more than willing to share their knowledge just to be able to arrive at a better decision that will guide the management team who are implementing the policies approved by the board.*

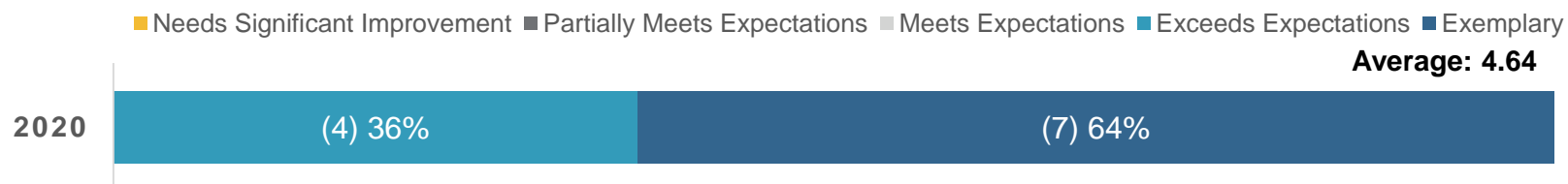
# Board Evaluation Results (6/31)

## Roles & Functions scores an average of 4.45 out of 5 in 2020

**Q11** The chairman leads the board, ensuring that key alternatives are considered, and that concerns of directors are addressed before reaching a decision.



**Q12** The chairman creates and maintains an openness of relationships to reach a shared understanding of the nature and strategic purpose of the business, its internal and external challenges, and the direction to take in the future.



### Directors' Comments

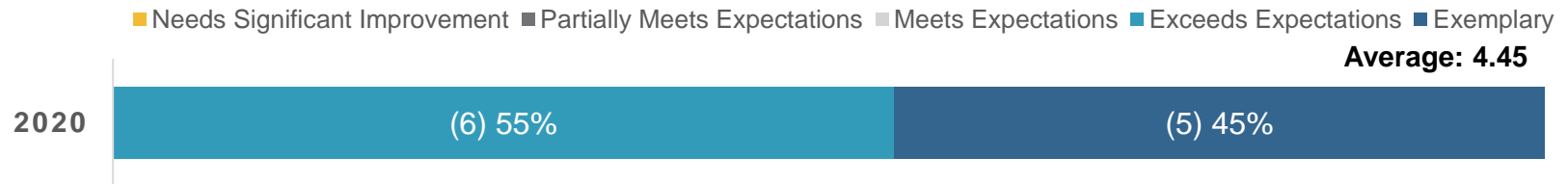
- Board directors get additional briefings apart from formal board deliberations.
- Board and management work effectively with each other; directors also consult with each other as needed.



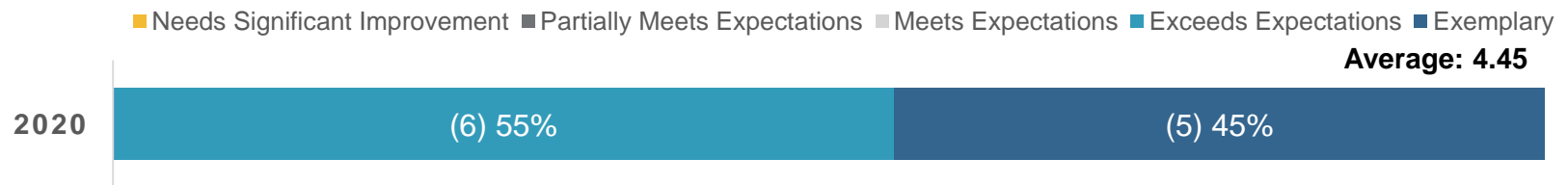
# Board Evaluation Results (7/31)

## Roles & Functions scores an average of 4.45 out of 5 in 2020

**Q13** The chairman encourages feedback and provides suggestions to improve corporate governance and board practices.



**Q14** Board meetings achieve a proper balance between reviews of past performance and discussions about the future.



# Board Evaluation Results (8/31)

**Information Management** scores an average of **4.23 out of 5** in 2020

**Q15a** Overall, the information on the subject matter provided, prior to and during board presentations, sufficiently enable the board to make good and timely decisions in the following areas: Financial Management (e.g., revenue, profit before taxation, attributable profits, return on shareholders' equity, and return on assets).

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary



**Q15b** Overall, the information on the subject matter provided, prior to and during board presentations, sufficiently enable the board to make good and timely decisions in the following areas: Operations (e.g., process, productivity, and technology support).

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary



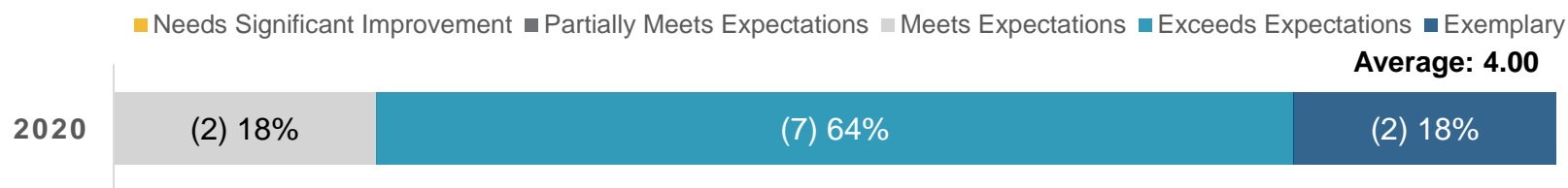
## Directors' Comments

- Materials are provided early for Board meetings and Board Committee meetings. Discussions on operational and financial performance at the Board Committee levels are exhaustive and there is good engagement with the management team during these meetings.

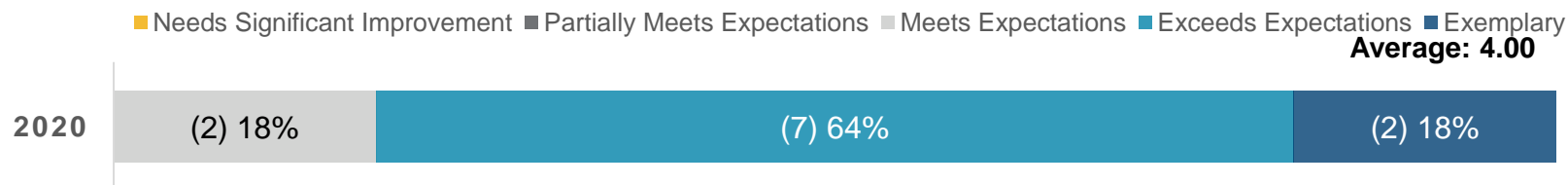
# Board Evaluation Results (9/31)

**Information Management** scores an average of **4.23 out of 5** in 2020

**Q15c** Overall, the information on the subject matter provided, prior to and during board presentations, sufficiently enable the board to make good and timely decisions in the following areas: Marketing (e.g., customer satisfaction, brand positioning, and competitor's market share).



**Q15d** Overall, the information on the subject matter provided, prior to and during board presentations, sufficiently enable the board to make good and timely decisions in the following areas: Organizational Development (e.g., employee engagement, capabilities and skills, culture, and organizational structure).



## Directors' Comments

- Aside from the formal Board and Committee meetings, independent / nonexecutive directors are given a pre-briefing on important matters to allow us to ask more detailed questions and gain a better and clearer understanding of the business as basis for decision making. During this first year of my tenure as director, we have also been briefed separately on industry trends and updates on the company's strategic plans. and during the recent crisis in one of the plants, we were regularly updated on the situation and the actions that have been taken by management.

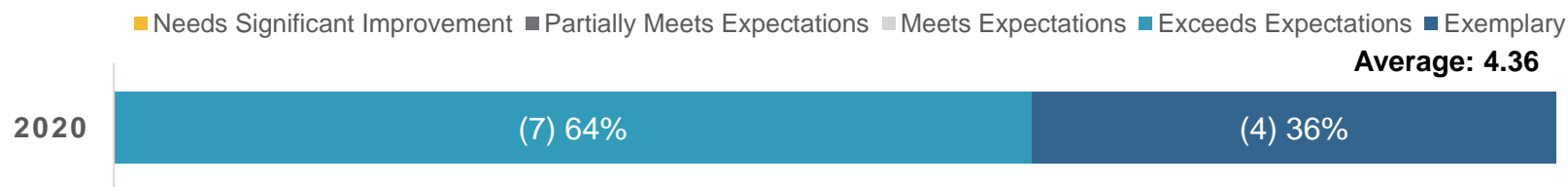
# Board Evaluation Results (10/31)

**Information Management** scores an average of **4.23 out of 5** in 2020

**Q15e** Overall, the information on the subject matter provided, prior to and during board presentations, sufficiently enable the board to make good and timely decisions in the following areas: Business Environment (e.g., government policies, regulatory changes, and public opinion).



**Q15f** Overall, the information on the subject matter provided, prior to and during board presentations, sufficiently enable the board to make good and timely decisions in the following areas: Company's new strategies and development of new ideas.



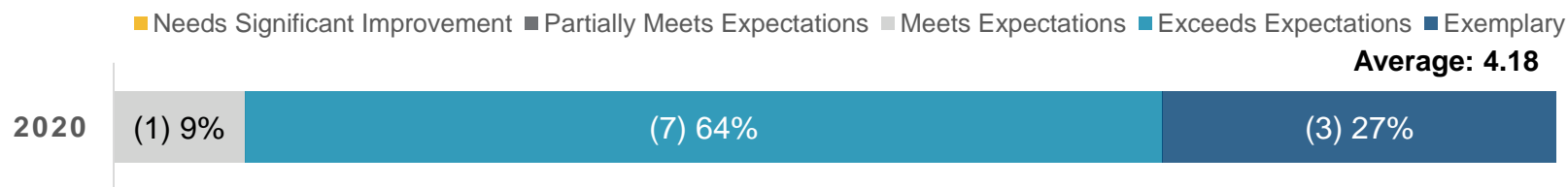
## Directors' Comments

- The members of the board are more than willing to share their expertise and experiences to the management even out of the scheduled board meetings.

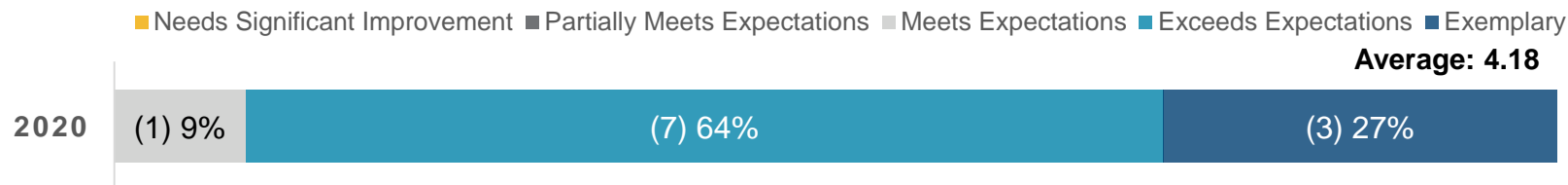
# Board Evaluation Results (11/31)

**Information Management** scores an average of **4.23 out of 5** in 2020

**Q16** The board receives pre-meeting materials that provide a view of past performance and future business conditions, opportunities, risks and emerging trends.



**Q17** The directors are provided with timely information by management on all potential material risks facing the business (e.g. market, competition, liquidity, legal, reputation, and operational risks).



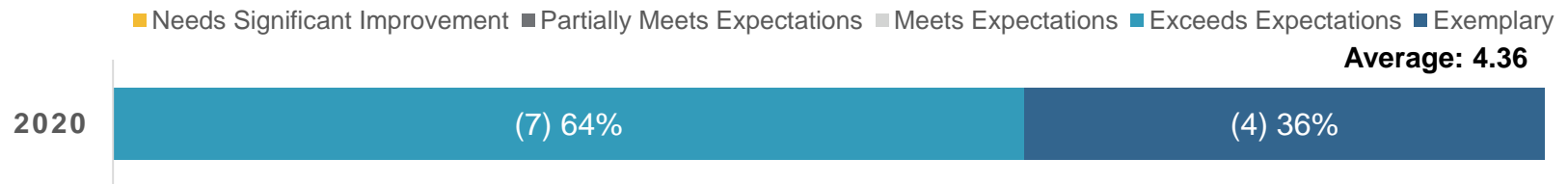
## ***Directors' Comments***

- Major issues and insights are discussed extensively at committee levels, prior to formal board meetings.
- Directors routinely request for additional information to assist in their roles, management in turn is quite open and responsive.

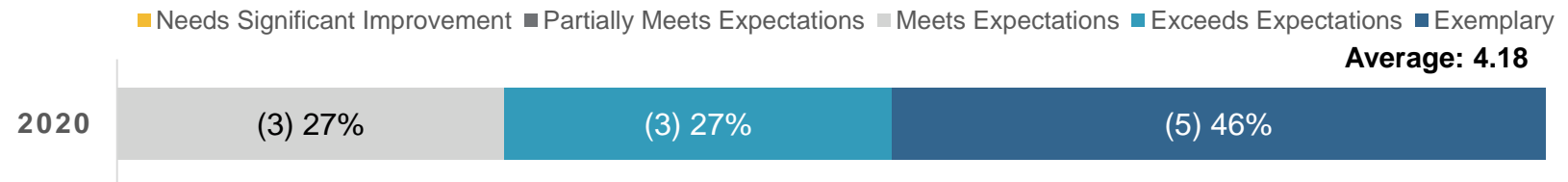
# Board Evaluation Results (12/31)

**Information Management** scores an average of **4.23 out of 5** in 2020

**Q18** The board takes the initiative to request management for additional information, as appropriate, so as to fulfill its duties effectively.



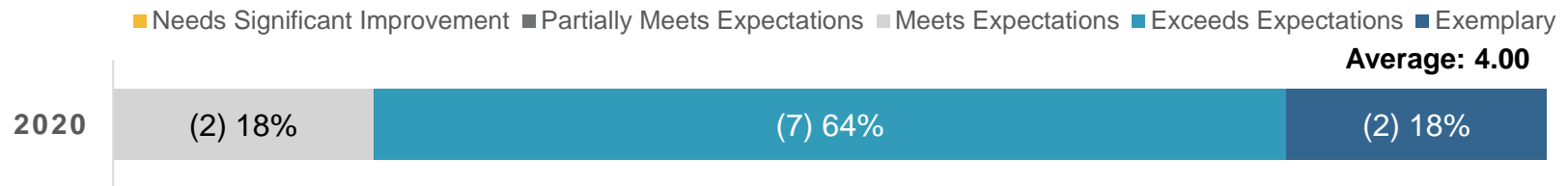
**Q19** The board welcomes new insights that may be offered by industry leaders/experts in areas of new businesses, or in the digitization of certain aspects of the business where it lacks experience or industry depth.



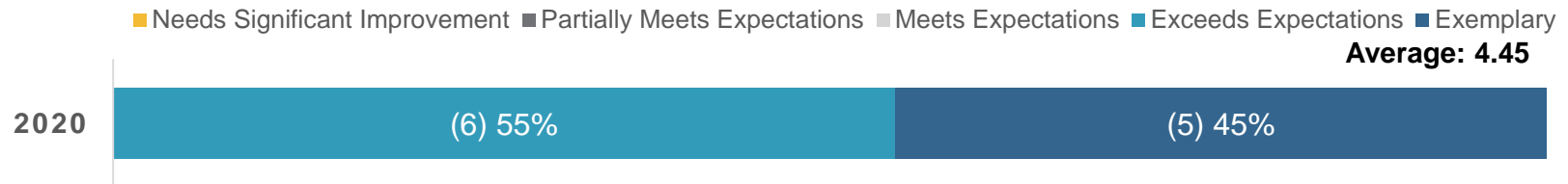
# Board Evaluation Results (13/31)

**Information Management** scores an average of **4.23 out of 5** in 2020

**Q20** The board requests for timely reporting of developments of the group's subsidiaries which may have a significant and material impact on the value of the company.



**Q21** Thresholds for escalating information on material, strategic, or operational issues to the board are appropriate and well-understood by directors and management.



# Board Evaluation Results (14/31)

**Representation of Shareholders and Environment, Social and Governance (ESG) Factors scores an average of 4.32 out of 5 in 2020**

**Q22** The board establishes and maintains regular dialogue with shareholders to gather views or inputs and address their concerns.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary

**Average: 3.67**

2020



**Q23** The board defines the material stakeholders (including shareholders) for the company's long-term sustainable growth and takes into consideration their interests in the pursuit of the company's long-term goals.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary

**Average: 4.22**

2020



## Directors' Comments

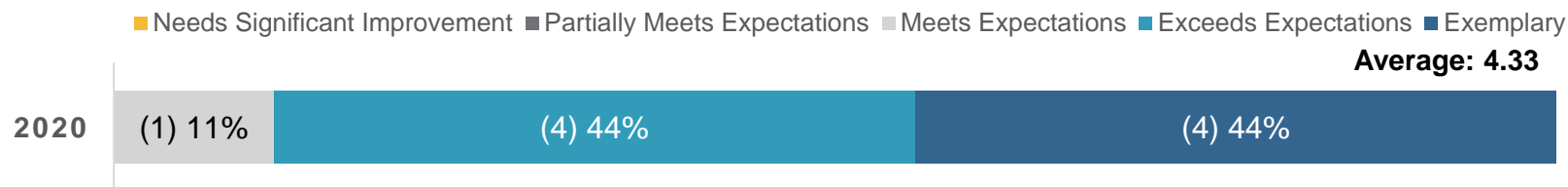
- Stockholders' meeting is held only once a year. More than 70% of the company is owned by one conglomerate pending regulatory approvals for stock-rights offering and follow on offerings to broaden ownership. In the last quarter of 2019, the company became part of a conglomerate that is publicly known for strong corporate governance, high ethical standards, and its commitment to ESG principles. So since last year and this year, policies and charters have been revised to align the provisions to the conglomerate's high standards of corporate governance.



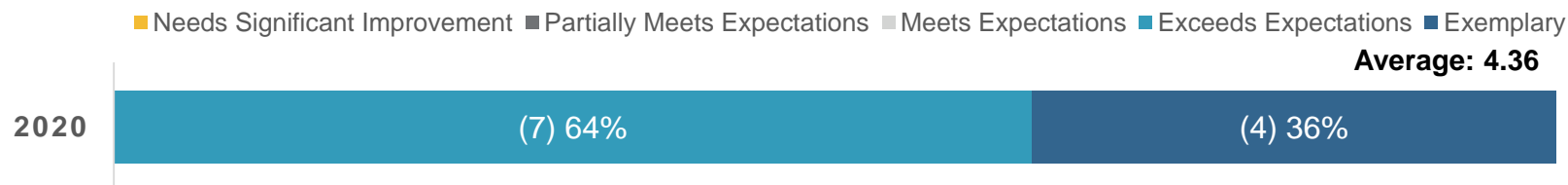
# Board Evaluation Results (15/31)

**Representation of Shareholders and Environment, Social and Governance (ESG) Factors scores an average of 4.32 out of 5 in 2020**

**Q24** The board takes into consideration a balance between the short-term objectives and the longer-term sustainability of the company and ensures that this is communicated effectively by management to its shareholders and other stakeholders.



**Q25** The board understands sustainability reporting standards, considers sustainability issues as part of the company's strategy formulation, determines material ESG factors, and oversees the management and monitoring of these factors.



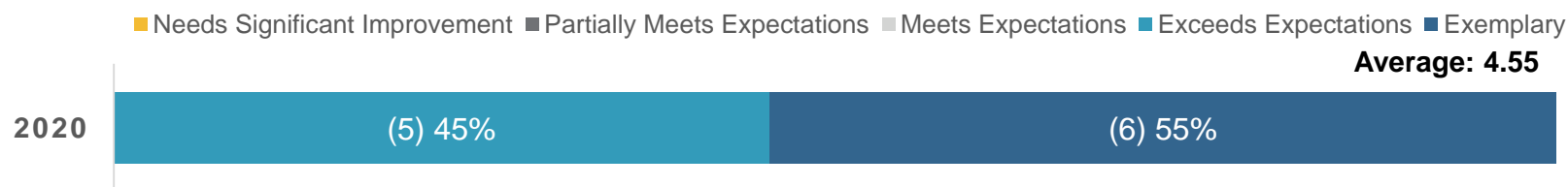
## Directors' Comments

- Being in a regulated industry which has to deal with environmental issues among others, the Board is conscious of the importance and impact of ESG principles to our business. Being part of the Ayala conglomerate, the company is aligning and adopting its ESG practices to those of the group. The company also conducts regular investor briefings some of which I have attended to up date its stakeholders on developments.

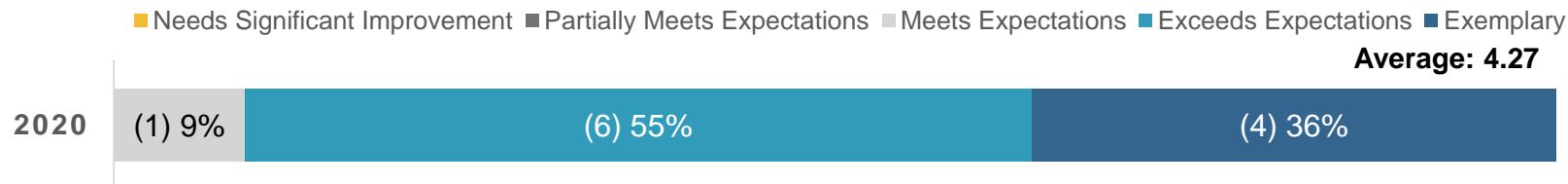
# Board Evaluation Results (16/31)

**Representation of Shareholders and Environment, Social and Governance (ESG) Factors scores an average of 4.32 out of 5 in 2020**

**Q26** The board ensures that ethical behavior and proper compliance standards are implemented throughout the company and sets the right “tone at the top” through its behavior.



**Q27** The board gives appropriate consideration to and proactively handles any actual or potential related-party transactions or any other conflict-of-interest issue.



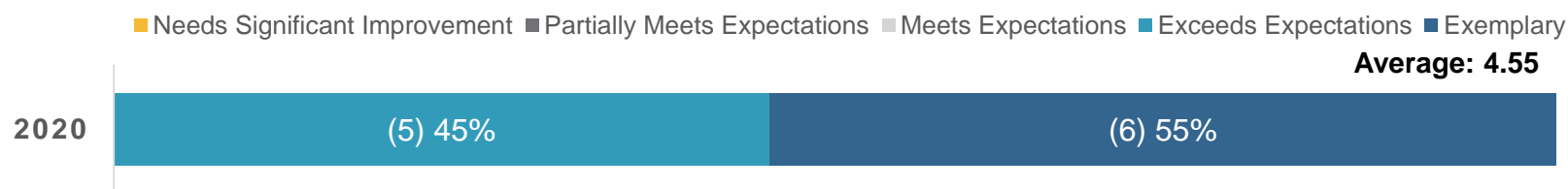
## Directors' Comments

- Re. nos. 22 to 24, I would like to clarify that the 1st stockholders' meeting I attended was in September 2019 and that was called due to turn over of PHINMA to AC Energy Phils. The 2nd was in April 2020 and this was via zoom because of the pandemic. Outside of these dates we never had a chance to do our regular business including dialogue with the stockholders due to lock down. On no. 29, so far the policy on this matter is scheduled for discussion in our Corporate Governance Committee.

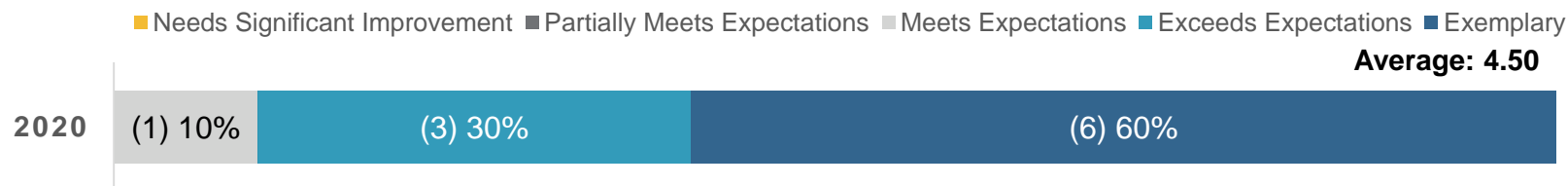
# Board Evaluation Results (17/31)

**Representation of Shareholders and Environment, Social and Governance (ESG) Factors scores an average of 4.32 out of 5 in 2020**

**Q28** Directors understand their fiduciary obligations.



**Q29** Directors declare conflicts of interest and abstain from voting or where necessary, recuse from discussions of transactions in which they have or may have a conflict of interest.



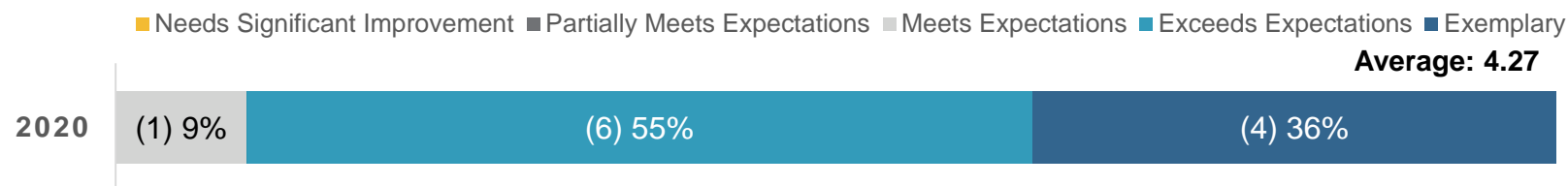
## Directors' Comments

- The board engages with shareholders during Annual SH Meetings or at investor briefings, through management.
- Board Risk & RPT Committee is active and discusses potential conflict of interest; management discloses transactions that might be considered sensitive.

## Board Evaluation Results (18/31)

**Representation of Shareholders and Environment, Social and Governance (ESG) Factors scores an average of 4.32 out of 5 in 2020**

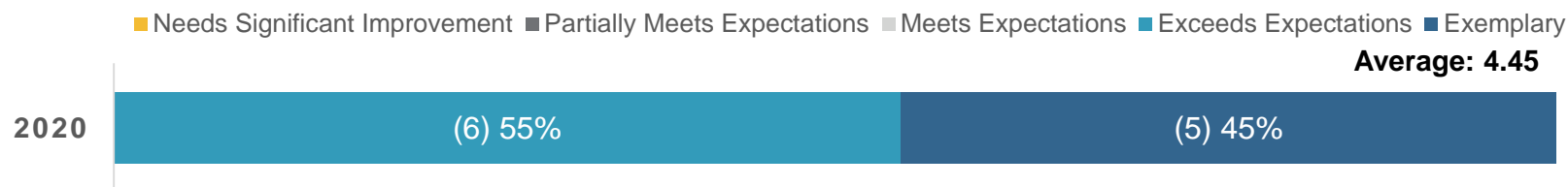
**Q30** The board ensures the company has in place appropriate corporate disclosure policies and procedures.



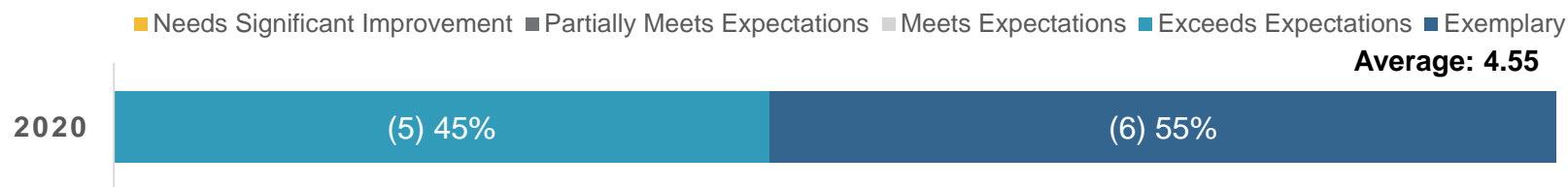
# Board Evaluation Results (19/31)

**Managing Company's Performance** scores an average of **4.55 out of 5** in 2020

**Q31a** The board devotes sufficient time learning about the company's business and understands it well enough to: provide critical stewardship.



**Q31b** The board devotes sufficient time learning about the company's business and understands it well enough to: guide the company's performance not just year-to-year, but in the long term.



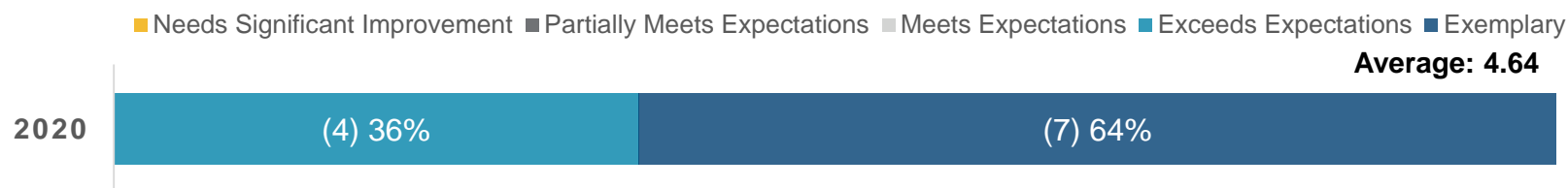
## Directors' Comments

- There is a quarterly review of operational and financial performance that is thoroughly discussed with external and internal auditor at the board committee level before being endorsed at the board level. There is a regular update on where the company is relative to its 5 year strategic roadmap and the opportunities that are being explored to attain the ambitious targets. This year has been particularly challenging because of the pandemic that impacted its employees and its market and because of the unfortunate mishap on one of its barges that resulted in financial losses and reputational risk. The strong collaboration and open lines of communication between management and the board resulted in better management of the risks.

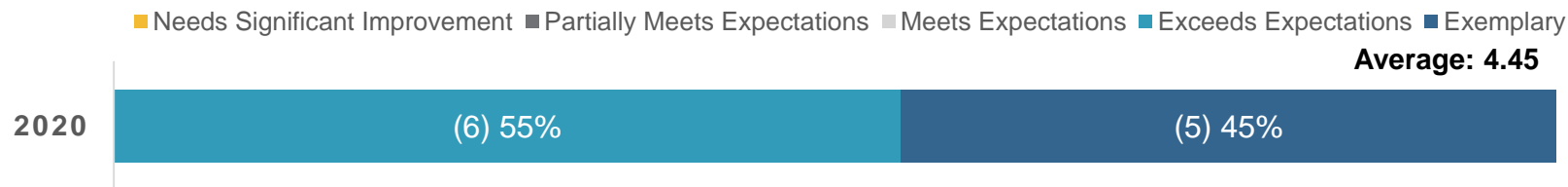
# Board Evaluation Results (20/31)

**Managing Company's Performance** scores an average of **4.55 out of 5** in 2020

**Q32** The board understands and respects the difference between its stewardship role and management's recommendation and execution role.



**Q33** The board approves action plans with specific timelines for implementation of recommendations and monitors their progress accordingly using appropriate financial indicators and industry benchmarks.



## Directors' Comments

- *The presence of a strong management team led by a competent President contributes to the effectiveness of the Board in steering the business to achieve its goals for rapid growth and expansion.*

# Board Evaluation Results (21/31)

**Managing Company's Performance** scores an average of **4.55 out of 5** in 2020

**Q34** The board is able to effectively steer the growth of the company while ensuring that the necessary compliance and risk management policies are in place.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary



**Q35** The board encourages and ensures open lines of communication between directors and management and is not averse to "bad" news received from management.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary



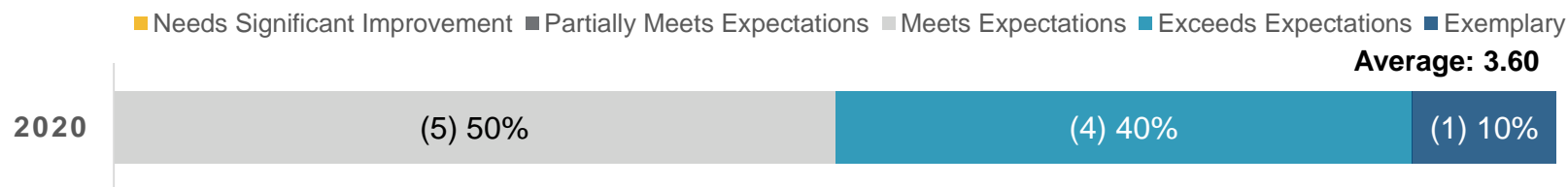
## Directors' Comments

- The members of the board were able to establish a good working relationship with the management and do respect the borderline created between the two to avoid conflict.

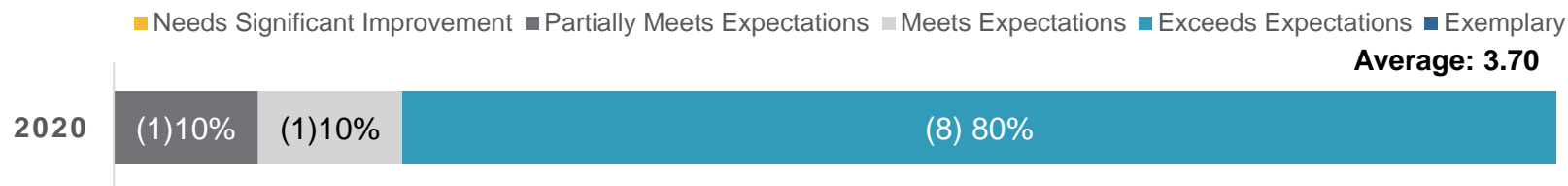
# Board Evaluation Results (22/31)

**Senior Executives' Performance Management and Succession Planning scores an average of 3.60 out of 5 in 2020**

**Q37** The board focuses on management succession and aligns CEO leadership with the company's strategic challenges.



**Q38** The board formally evaluates the performance of senior executives each year, together with the corresponding rewards and remuneration, and sets new performance expectations that consider the growth agenda of the company.



## Directors' Comments

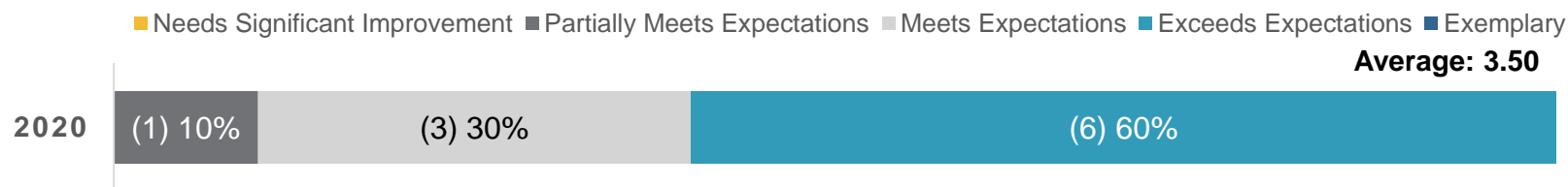
- The CEO is dynamic and forward looking. He just assumed the role when the conglomerate took control of the company late last year. Succession planning is not yet a major focus of the board and there is no visibility yet on rewards and compensation since 2020 will just be the first full year when the new owners are in control of the company.
- I believe that the performance evaluation of the CEO and his senior leaders is done in the Compensation Committee and with the Board Chairman. Similarly with succession planning. I think we should consider sharing these reviews and assessments with the full Board.



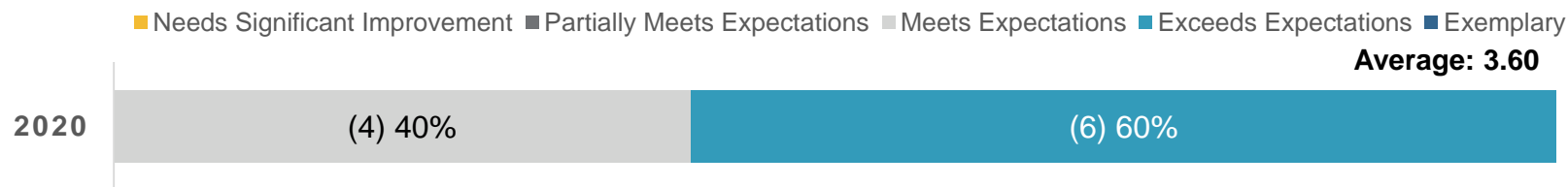
# Board Evaluation Results (23/31)

**Senior Executives' Performance Management and Succession Planning scores an average of 3.60 out of 5 in 2020**

**Q39** The board conducts periodic reviews of the development and succession plans for senior executives.



**Q40** The board is able to provide mentorship to senior executives.



## Directors' Comments

- The company has a young and dedicated management team led by a competent President. They are young and energetic and easy to work with. As the company is growing rapidly, the organization should train and prepare the executives who will take over the reins in the future.
- There are formal evaluation systems and structures in place, though process not conducted yet for this year.
- Board approves the plans and budget which become the basis for performance reviews.

# Board Evaluation Results (24/31)

**Director Development and Management** scores an average of **3.98 out of 5** in 2020

**Q41** The director on-boarding program gives new directors the opportunity to become familiar with the company's business and governance practices.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary



**Q42** Directors are encouraged to expand and improve their knowledge about the company and the industry in order to stay up to date with new developments and challenges.

■ Needs Significant Improvement ■ Partially Meets Expectations ■ Meets Expectations ■ Exceeds Expectations ■ Exemplary



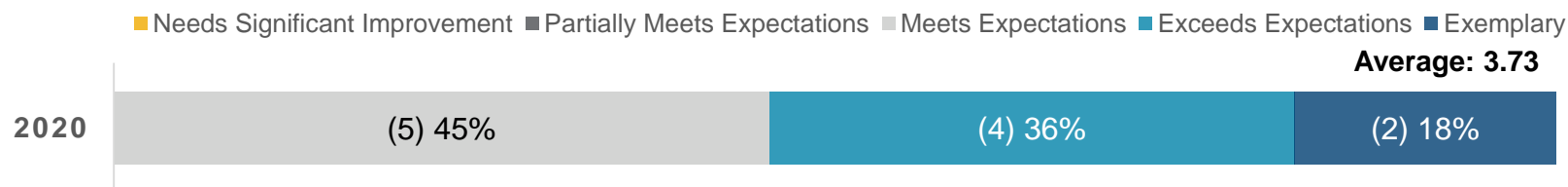
## Directors' Comments

- *The onboarding session and the additional sessions given to the board gave the members a good grasp of the strategic direction of the company and its business model vis a vis competition. This AON survey is a good first step for the board to measure its effectiveness as a working board.*

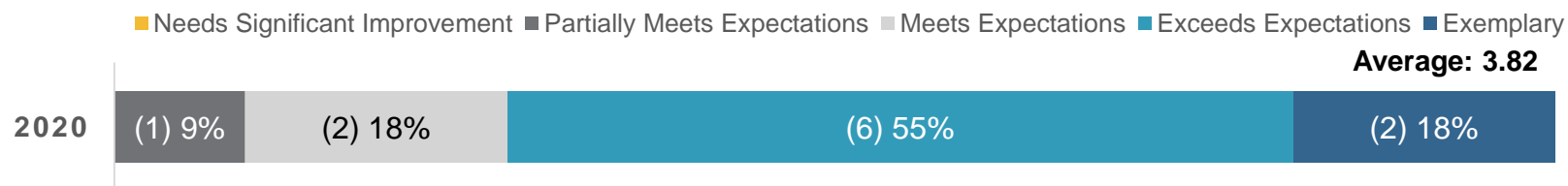
# Board Evaluation Results (25/31)

**Director Development and Management** scores an average of **3.98 out of 5** in 2020

**Q43** The board systematically defines its needs for expertise, and addresses gaps in skills through education, continuing training, or targeted recruitment.



**Q44** The board has an effective process to evaluate its own performance, and proactively takes action to address any gaps and to work on improvement opportunities identified in the evaluation.



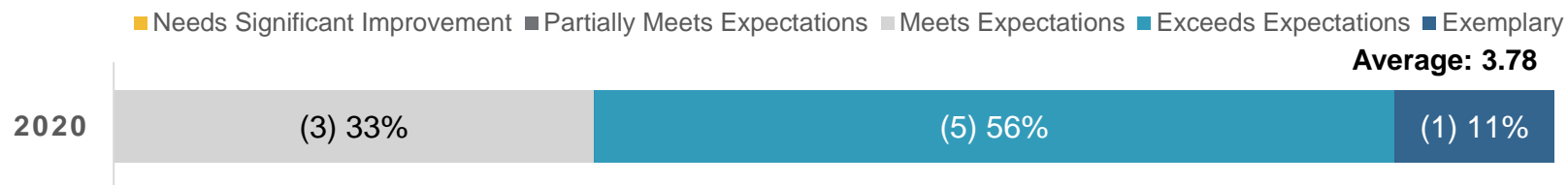
## Directors' Comments

- *I believe that the independent directors are provided with good orientation and on-boarding programs. We should provide the same to AC-designated Board reps.*
- *This Board is still quite new (less than 2 years old). We have not yet undertaken self-evaluation of our performance as a Board as of yet. I think this survey is a step in the right direction.*

## Board Evaluation Results (26/31)

**Director Development and Management** scores an average of **3.98 out of 5** in 2020

**Q45** The compensation of non-executive directors is structured to align with the long-term interests of the company.



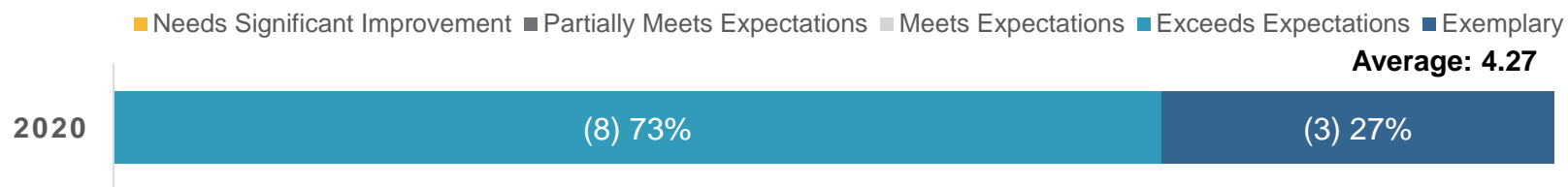
### Directors' Comments

- *The current nonexecutive/ independent directors underwent an on boarding program upon our appointment. In addition, we also received additional briefings on the business, and industry as well as developments in its environment. Such regular briefings outside of the scheduled meetings are initiated by the directors themselves and accommodated my management. Management likewise provide briefings at their initiative, as appropriate.*
- *Regulatory and industry briefings are given to directors.*

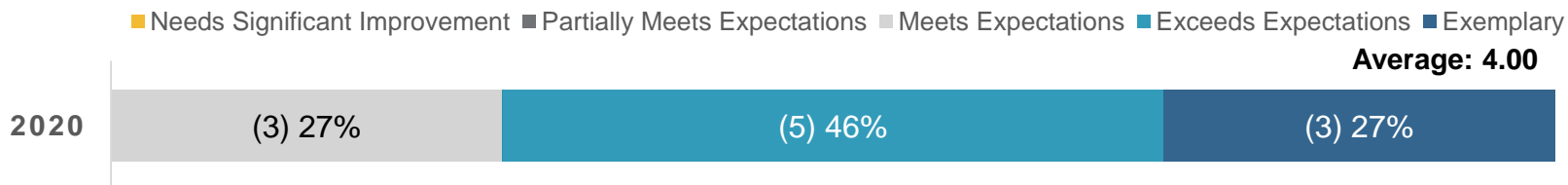
# Board Evaluation Results (27/31)

**Risk Management and Internal Control scores an average of 4.04 out of 5 in 2020**

**Q46** The board fully understands the top-tier risks and the key risk registers, and agrees on the appropriate risk mitigation strategies and control measures to treat such risks.



**Q47** The board ensures that management has an ongoing process to evaluate the adequacy of internal controls, and is able to resolve control issues in a timely manner.



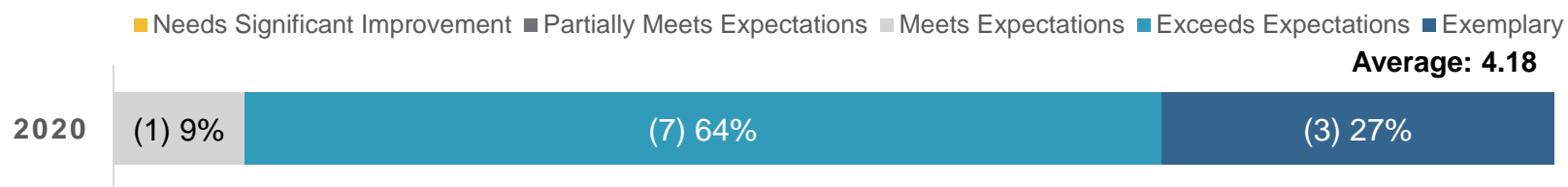
## Directors' Comments

- *The change of management happened only late last year when the conglomerate took control of the company. So the charters and policies have just been revised to align with the conglomerates standards on corporate governance. Getting the whole organization behind these changes is a work in progress.*

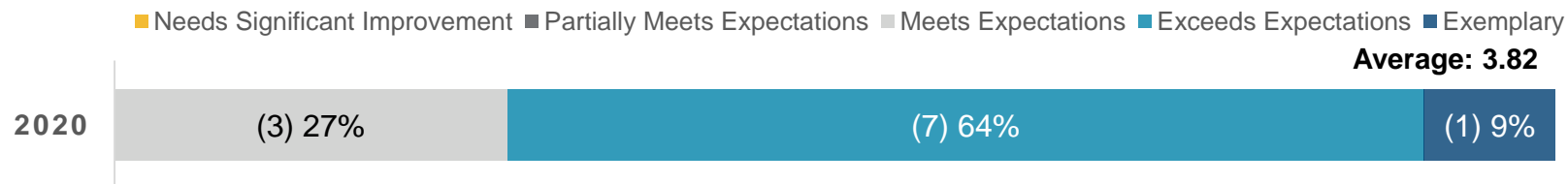
## Board Evaluation Results (28/31)

**Risk Management and Internal Control scores an average of 4.04 out of 5 in 2020**

**Q48** The board ensures that the proper risk management systems are in place, and that timely and quality information on risks is provided to the board.



**Q49** The board reviews annually the adequacy and effectiveness of the company's risk management processes and measures, and its ability to respond to changes in the risk environment or business objectives.



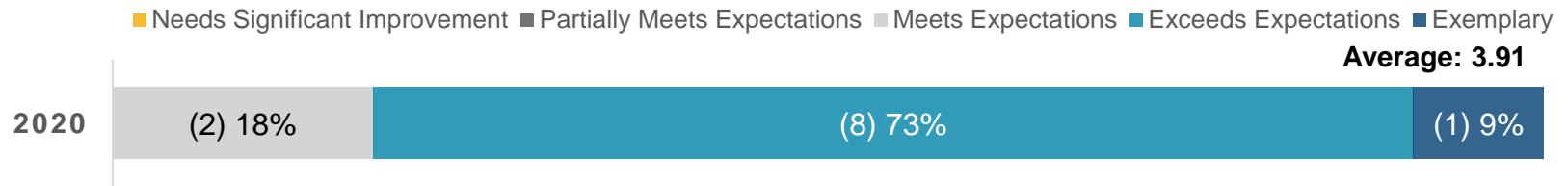
### Directors' Comments

- The Board has a committee where I am a member which oversees the risk concerns of the business. The Audit committee which I Chair, deals with the internal control issues. These Committees have set their charters and governing policies and meet regularly or as needed.

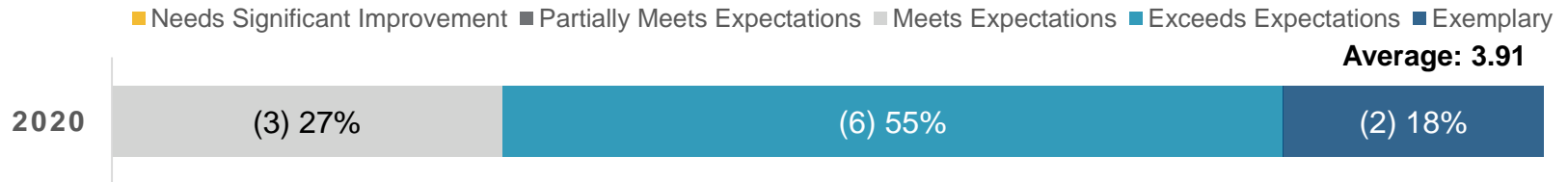
# Board Evaluation Results (29/31)

**Risk Management and Internal Control** scores an average of **4.04 out of 5** in 2020

**Q50** Accountability in managing risks across the company is recognized and appropriately allocated to the respective board committees, management committees, management representatives, and the overall board.



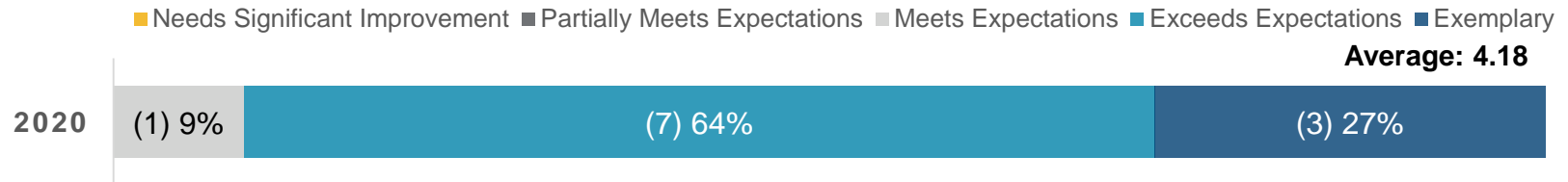
**Q51** The board understands and is able to address new or disruptive risks in the context of the company's specific circumstances, strategic assumptions, and objectives.



## Board Evaluation Results (30/31)

**Risk Management and Internal Control** scores an average of **4.04 out of 5** in 2020

**Q52** The board actively discusses with management the company's risk mitigation strategies to address current, as well as new and emerging, risks, and determine the company's levels of risk tolerance and risk policies for the identified risks.

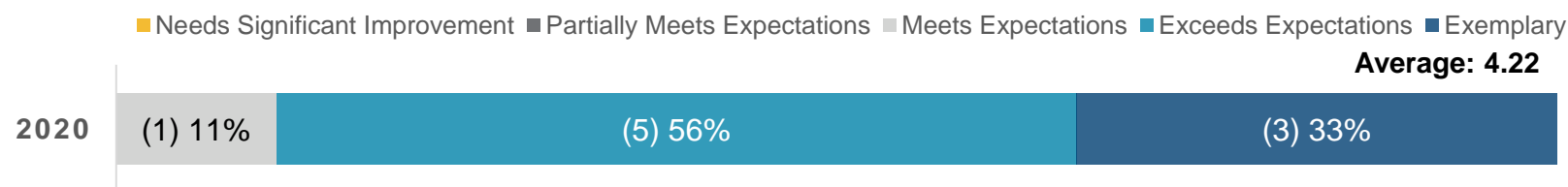




# Board Evaluation Results (31/31)

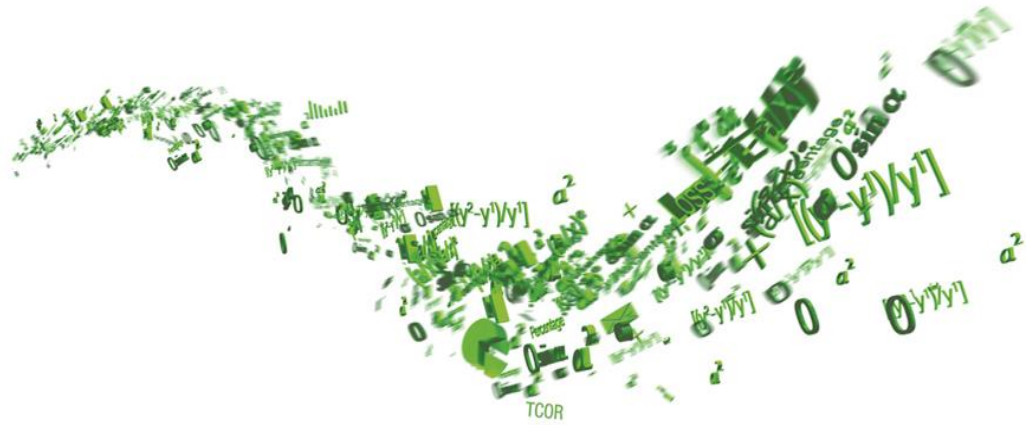
**Overall Perception** scores an average of **4.22 out of 5** in 2020

**Q53** Compared with other boards on which you serve, this board...



## Directors' Comments

- *This is my only corporate board membership at the moment.*
- *This is my first time to be a board member of a listed company. The other boards I served in are mostly boards of professional organizations. And I chaired the Mancom of my bank which acted as the board, but a foreign bank has a different set-up as a local listed corporate.*
- *This is a relatively young Board, and is still developing. But already, it is performing well in governing ACEN. It is a diverse Board and therefore is able to generate a good range of insights that serve the business well. Directors are candid and open about their thoughts and comments, and the Chairman encourages active Board participation. There are, of course, further opportunities for improvement as can be gleaned from my responses to the various questions; thus my rating.*
- *The Ayala group has a good image and reputation in the business community and the country. I am happy to be part of a company which seeks to support the energy requirements of our country using technologies which are protective of the environment.*
- *Board is engaged, proactive, and responsive.*



## Appendix II

## Comments from Directors

# Comments from Directors (1/5)

---

## 1. What is needed in order to further refresh the board?

- *More board education and industry exposure.*
- *The company is expanding into different countries where markets and regulatory environments are different. Sources of renewable energy is also expanding and there are rapid changes in technology. More frequent sessions on these areas outside of board meetings will be helpful.*
- *Nothing for now.*
- *I think it might be good for the Board to conduct an annual offsite strategy session together with key Management leaders to help develop strategy and plans for the following three years. This can then be followed by semi-annual reviews of how execution is tracking to the agreed strategy.*
- *It would also be good for the Board to perform an annual evaluation of its own performance vs it's charter, determine gaps and establish actions for improvement.*
- *Deeper understanding of changing industry dynamics.*
- *Diversify capability with someone with deep knowledge of global / technology trends are.*
- *Regular briefings outside formal Board of Directors meetings on developments in the industry, opportunities and challenges as well as risks.*
- *An annual 'blue sky session on how to improve the board and the companies performance.*
- *This Board is effective and able to fulfill its responsibilities. It should continue to implement its current practices and continually review them for enhancements and improvements as necessary.*
- *If your are referring to retooling then, more trainings.*
- *Strategy refresh, given the radically changed environment.*
- *Continued updates on industry developments and expansion plans.*

## Comments from Directors (2/5)

---

### 2. List the most improved areas in corporate governance and board management over the last financial year.

- *Cant comment because I've been in the board for just about 6 months.*
- *The revision of the policies and charters to align them to the conglomerates policies is a major first step. The next step is to make sure that these are communicated and implemented company wide.*
- *Quality of information and clarity of 5 yr plan.*
- *The manner of evaluating emerging business opportunities and in making the appropriate investment decisions in response to these opportunities.*
- *Analysis of opportunities.*
- *Deep dive on Strategy.*
- *Separate briefings of independent and non-executive directors by management.*
- *Keeping the board abreast with what is happening in the industry.*
- *Having just taken over the company for more than a year from the old owners, the Board has significantly improved the management of its affairs and the corporate governance practices.*
- *Independent Audit.*
- *Compliance matters, updates policies and charters- Performance monitoring has become more operational, not just financial- Extensive discussion of M&A plans- More briefings for directors (including on regulatory matters, plus joint committee meetings).*

## Comments from Directors (3/5)

---

### 3. List the priority areas for improvement for the next financial year.

- *Shareholder's communication and succession planning.*
- *A more defined governance structure on partnerships for its international operations.*
- *Assessment of risks given geographic spread.*
- *Greater focus on talent and leadership development, including the performance evaluation and succession management of the CEO and the company's key leaders.*
- *Risk analysis.*
- *Leadership development and succession.*
- *A lot of strategic moves have been made. Now is the time for execution to realize the gains from these strategic initiatives.*
- *I would expect that by the next financial year, the company would have aligned its policies and practices with those of the Ayala group to the extent these are applicable to its business. Perhaps an area for improvement is the maintenance and safety of the plants to avert similar incidents as the oil spill in the future.*
- *Focus more on the regulatory and policy aspect of the energy sector and better comprehension of the rules of Electricity Trading.*
- *More of the board meeting time could be devoted to strategic issues & possible strategy-related risks, rather than on performance reporting.*
- *Directors' training and development should include plant/site visits (when allowed by pandemic rules).*

## Comments from Directors (4/5)

---

### 4. How can the board work more effectively with management in achieving the company's short-term and longer-term goals?

- *More frequent dialogue.*
- *Management will be pursuing M&A opportunities to scale. A regular review of the competitive landscape in the international markets will be helpful. The Philippine government is also making a dramatic shift in its energy policy, A regular review of how the local players are likely to move either defensively or offensively in line with these changes will also be helpful.*
- *Closer coordination when needed.*
- *I think that the current Board/Management processes and mode of interaction works well.*
- *More regular dialogue informally.*
- *Board is already highly engaged.*
- *Continue the formal and informal discussions between the Board and Management.*
- *Topic specific meeting with selected board members who are focusing on certain areas of the company.*
- *The Board and management have a good working relationship. Communication lines are open and directors can freely seek information to help them in their work. The regular briefings especially for the independent directors should be continued.*
- *To provide the Management with clear policies to aid in efficiency and become more effective in achieving the Company's goal of being the biggest producer of clean energy in the Philippines.*
- *Board directors should engage with all stakeholders, and strengthen stewardship role.*

## Comments from Directors (5/5)

---

### Strategy Review: Prioritization of Board Agenda

- *The company has an ambitious target to be a dominant player in renewable energy in Asia. It is a competitive market so the management focus with the board support is to identify opportunities, prioritize and move quickly on these opportunities and strictly monitor whether those investment and M&A decisions are achieving the desired metrics. The expansion will also create pressure on the management bandwidth so talent management is key.*
- *Allocation of capital, by geography, business line, etc.*
- *Periodic evaluation of partners and the relationship with them, abuse our business model relies on strong and effective partnerships.*
- *Since the company is in a growth and expansion mode, the Board needs to give priority to defining its strategic direction and oversee the proper implementation of such strategies. The Board should likewise ensure that the appropriate governance and compliance policies are in place and shareholders expectations are met.*
- *Since AC Energy is still young in the power sector I suggest that we divert more attention to the regulatory and policy aspects of the energy sector including understanding the rules of Electricity Trading.*
- *Strategic shifts that might be necessitated by the prevailing crisis, also emerging opportunities.*
- *Possible business threats that might arise, or reprioritizing risks and related action plans.*
- *Key industry developments, including regulatory issues.*

## About Aon

---

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

The information contained herein and the statements expressed are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© Copyright 2020 Aon plc