

NEWS

Exploration is underway
in West Palawan.

Indigenous energy for a bright future

The Power of Potential

Marine seismic surveys use sound energy to generate a three-dimensional digital image of the earth. These surveys are essential in offshore petroleum exploration as they provide information on the depth, position, shape, and size of underground geological features that may contain oil and gas.





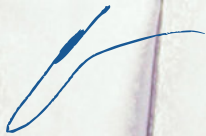
ACE Enexor is a subsidiary of AC Energy Philippines, with a primary focus on oil and gas exploration and production in the Asia Pacific region. With plans to develop the gas field prospect off the West Palawan coast, ACE Enexor aims to play a significant role in helping the Philippines secure its next indigenous energy source.

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Pursuing Energy Security for the Nation

This is an exciting time for ACE Enexor as it faces major investment decisions in the near term. There will be challenges ahead, but we are confident that the company will move towards a significant role in helping the country's energy security in due course.



JOHN ERIC T. FRANCIA

Chairman and Chief Executive Officer

Dear Fellow Shareholders,

For the global upstream oil and gas industry, the year 2019 was marked by oversupply, low prices, few reserves replacement, and modest annual increase in capital spending.

The US\$80 per barrel price of Brent crude recorded in October 2018 fell back to US\$60 by year-end and remained at that level through most of the ensuing year. OPEC and Russia continued to intervene in the market through production cutbacks to at least maintain prices. Meanwhile, geopolitical tensions dominated the year until early 2020, but their effects were momentary and hardly made impact on the supply-demand balance.

The local upstream sector has been in dormancy in the last four years. As in 2018, no exploratory well was drilled in 2019 and no new service contract was awarded during the same period. Malampaya production was nearly flat compared to its 2018 output, but the forecast for its depletion between 2024 and 2027 remains unchanged. On the other hand, the yield from the Galoc field, now the country's only oil producer following abandonment of the Nido and Matinloc fields in late 2019, continues to decline.

Investor interest in domestic exploration remained weak notwithstanding the international arbitral decision on the taxation issues related to Malampaya. The unresolved territorial dispute with China is a lingering cause of concern for many international oil players

eyeing opportunities in offshore West Palawan. Efforts to revitalize exploration have so far not achieved the desired results, despite the latest petroleum bid round that was formally launched in November 2018. Of the 14 Predetermined Areas (PDAs) offered, only five received applications and two of these were subsequently disqualified. Five areas outside of the PDAs attracted nominations that have been qualified for further substantive evaluation.

Your Company is well aware of the country's dire need for replacement reserves. Palawan55 Exploration and Production Corporation, ACE Enexor's subsidiary, has responded proactively by bringing its primary asset, Service Contract 55, closer to exploratory drilling. Encouraged by the results of its technical studies centered on a gas discovery made in the area in 2015, Palawan55 acquired the entire participating interest of its erstwhile foreign partner, thereby doubling its stake in SC 55 to 75 percent. Furthermore, Palawan55 requested the DOE to confirm the entry of SC 55 into the Appraisal Period with a commitment to drill one exploratory well within the first two years of said time frame. Palawan55 is looking forward to receiving a positive response from the DOE shortly.

This is an exciting time for your Company as it faces major investment decisions in the near term. There will be challenges ahead, but with your continuing support, we are confident that ACE Enexor will move towards a significant role in helping the country's energy security in due course.

"We are confident that ACE Enexor will move towards a significant role in helping the country's energy security in due course."



Operational Highlights

SC 6 Block A – Northwest Palawan (7.78%; 2.475% carried)

In January 2019 the Department of Energy approved the Consortium's 2019 Work Program and Budget consisting of seismic attribute analysis and preliminary well-drilling design.

The Consortium completed seismic attribute analysis of the Galoc Clastic Unit in the northern block and review of subsurface work done by a prospective farminee on the Octon Field.

SC 6 Block B – Northwest Palawan (2.475% carried)

The DOE approved the farm-in of Manta Oil into the block. The Consortium intends to redevelop the Cadlao Oil Field which was shut down in 1990.

SC 55 – Ultra Deepwater West Palawan (75.00%)

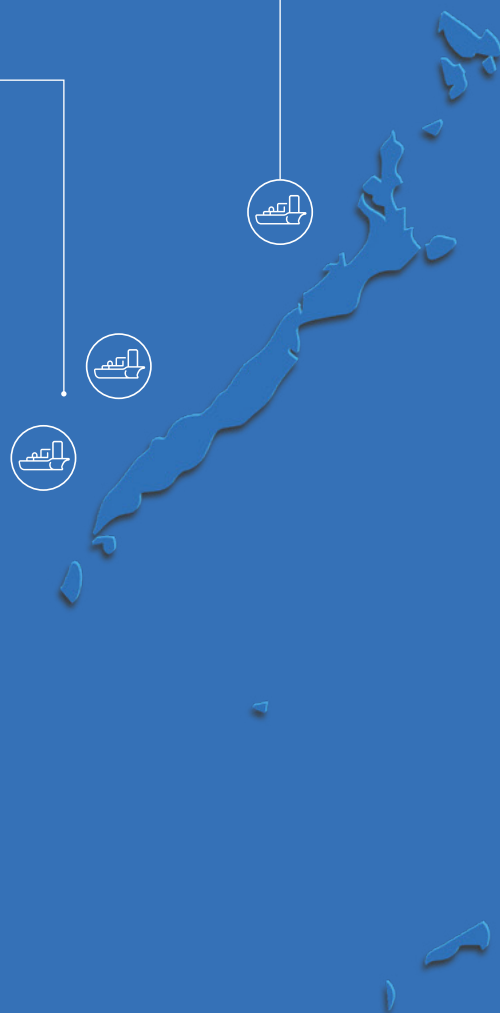
Palawan55, subsidiary of ACE Enexor, completed Seismic Reprocessing of 1,000 sq. km. of 3D seismic data.

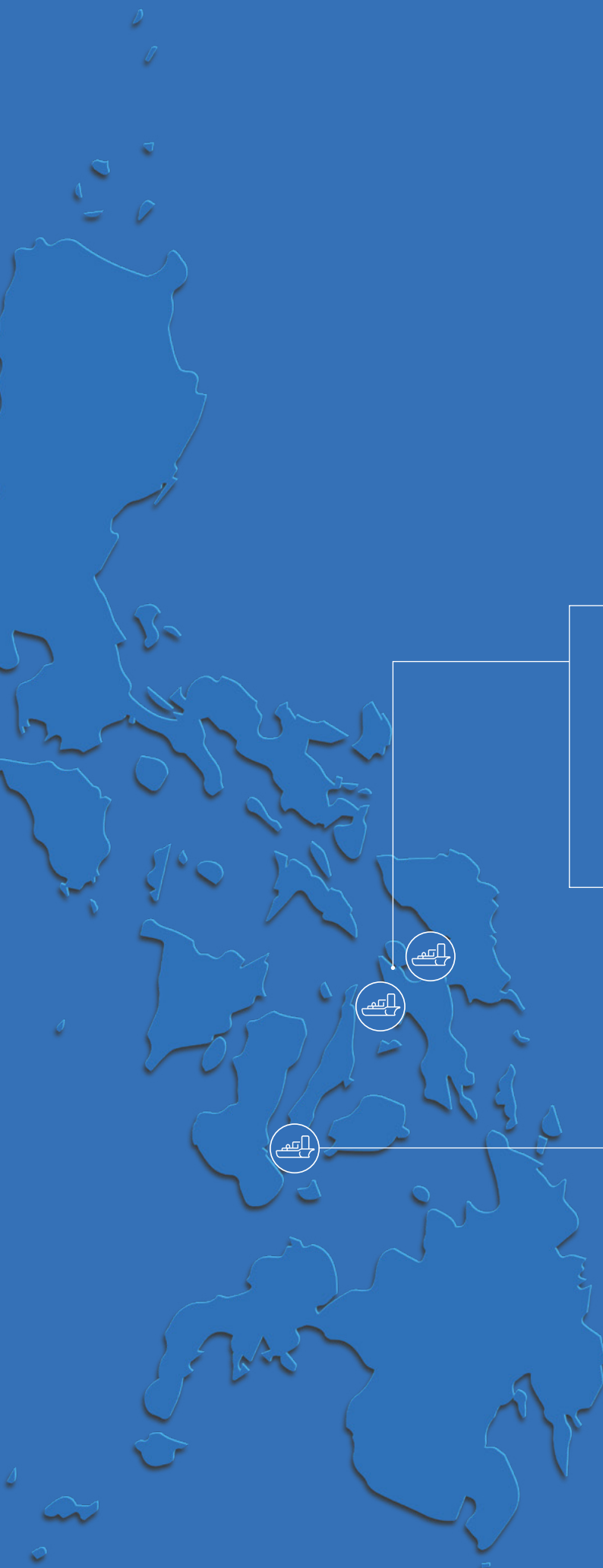
This includes Quantitative Interpretation Study aimed at identifying the gas-bearing zones in the contract area.

In August 2019, the SC 55 Consortium notified the DOE of its entry into the Appraisal Period and committed to drill one ultra deepwater well. The Consortium awaits DOE's confirmation of the same.

The Company completed the first phase of drilling preparations including well design, issuance of tenders for long lead items such as wellhead, conductor pipes and casing, and a rig market survey.

Palawan55 requested for DOE approval of the transfer of Century Red's entire 37.50% participating interest to itself as a result of the latter's withdrawal from the block. DOE granted the approval in February 2020.





SC 51 – East Visayas

In July 2019, the DOE approved the Consortium's relinquishment of SC 51. Subsequently, ACE Enexor paid the DOE its share of outstanding training and development funds.

SC 69 – Central Visayas

In July 2019, the DOE approved the Consortium's relinquishment of SC 69. Subsequently, ACE Enexor settled the Consortium's outstanding training and development funds.

Board of Directors

Raphael Perpetuo Lotilla

Maria Corazon Dizon

John Eric Francia

Ma. Aurora Geotina-Garcia

Jaime Alfonso Zobel de Ayala



Augusto Cesar Bengzon

Raymundo Reyes, Jr.

Jaime Urquijo

Alberto Lim

John Eric Francia

Mr. Francia is Managing Director and member of the Management Committee of Ayala Corporation since 2009. He is President and Chief Executive Officer of AC Energy, Inc.

In his previous role as Head of Ayala's Corporate Strategy and Development group, Mr. Francia led Ayala's entry into the energy and transport infrastructure sectors. Under his leadership, Ayala established its energy platform from a standing start in 2011, growing to 1,800 MW of attributable capacity by 2019. Mr. Francia also helped establish Ayala's infrastructure business, securing over US\$1 billion worth of PPP projects in the transport infrastructure space between 2011 and 2014.

Mr. Francia is a Director of various Ayala group companies including AC Infrastructure, AC Health and AC Ventures. In 2019, he was elected by the board of two listed companies: AC Energy Philippines as President and CEO and ACE Enexor, as Chairman and CEO.

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

Maria Corazon Dizon

Ms. Dizon is the Treasurer and CFO of AC Energy, Inc., AC Energy Philippines, ACE Enexor, Inc. and the Director of various AC Energy's subsidiaries.

Ms. Dizon is also the Chief Risk Officer of AC Energy Philippines. In 2019, She was elected as a Director of ACE Enexor, Inc.

Ms. Dizon joined Ayala's Energy and Infrastructure Group in 2016 after spending 28 years with Ayala Land, Inc., the publicly listed real estate vehicle of Ayala Corporation, where she previously held the positions of Head of ALI Capital Corp., Head of Business Development and Strategic Planning of the Commercial Business Group, Head of Asset Management Group of Shopping

Centers, Head of Control and Analysis, Head of Investor Relations as well as Chief Financial Officer of Residential Buildings, Office Buildings and Shopping Centers groups.

Prior to joining Ayala Land, Ms. Dizon was connected with SGV & Co. for three years. She graduated with a degree in Accountancy from the University of Santo Tomas, graduating Cum laude and is a Certified Public Accountant. She completed the academic units for a Master's Degree in Business Administration from De La Salle University Graduate School of Business, and attended an Executive Management Program at Wharton University of Pennsylvania.

Raymundo Reyes, Jr.

Mr. Reyes is the Chief Operating Officer of ACE Enexor, Inc. He has been a member of the Board of Directors of the Company since February 2013. After a short teaching and graduate assistantship stint at the U.P. Department of Chemistry and Department of Geology and Geography, he started his career as a geologist with the Philippine National Oil Company in 1976 and was subsequently seconded to the Department of Energy and its predecessor agencies. He joined the Company as Exploration Manager in 1987, and became its Vice President for Exploration in 1994. He is concurrently

the President and COO of Palawan55 Exploration and Production Corporation, and Vice President of Maibarara Geothermal, Inc., a joint venture between AC Energy Philippines, PetroGreen Energy Corp., and PNOC Renewables. He is a Director of Palawan55 Exploration and Production Corporation since February 2013, and Maibarara Geothermal, Inc. since April 2016. Mr. Reyes holds a Bachelor of Science in Chemistry and Master of Science in Geology degrees from the University of the Philippines and is both a licensed geologist and chemist.

Augusto Cesar Bengzon

Mr. Bengzon joined Ayala Land Inc. (ALI) in December 2004 and currently serves as its Senior Vice President, Chief Finance Officer, Chief Compliance Officer, and Treasurer. He is a Director of Cebu Holdings Inc. and Prime Orion Philippines Inc., the publicly listed subsidiaries of ALI. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc.; Vice Chairman of CMPI Holdings Inc.; Director, Treasurer and Compliance Officer of Anvaya Cove Golf and Sports Club Inc.; Director and President of CMPI Land Inc.; Director and Assistant Treasurer of Ayala Greenfield Development Corp.; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc., and Vesta Property Holdings Inc.; Director of AG Counselors Corporation, Alabang Commercial Corporation, ALINet.Com Inc., Alviera Country Club Inc., Alveo Land Corp., Ayala Land Commercial Reit Inc.,

Ecozone Power Management Inc., Laguna Technopark Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of AKL Properties, Inc., Cebu Property Ventures and Development Corporation, and Hero Foundation, Inc., Assistant Treasurer of Ayala Greenfield Golf and Leisure Club, Inc. Prior to joining ALI, he was Vice President and Credit Officer at Citibank N.A. where he spent sixteen years in various line management roles covering Treasury, Corporate Finance and Relationship Management. In 2019, he was elected as Director of ACE Enexor, Inc.

He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Master's Degree in Business Management.

Jaime Urquijo

Mr. Urquijo is a Senior Business Development Manager of the International Business unit of AC Energy, Inc. Prior to this, he was a Strategy and Business Development Manager at Ayala Corporation. From 2014 to 2016, he was seconded to AF Payments, Inc. and served as head of Business Development. Prior to joining Ayala, he was an analyst and associate in JP Morgan Bank in New York from 2010 to 2013. He was a player for the Philippine national rugby team from 2010 to 2013

and currently serves as a board member of the Philippine Rugby Football Union. In 2019, he was elected as Director of ACE Enexor, Inc.

Mr. Urquijo received his Bachelor of Arts degree in Political Science from University of Notre Dame, Indiana, USA. He currently serves as the President of the Notre Dame Club of the Philippines. He obtained his Masters in Business Administration in INSEAD, France.

Jaime Alfonso Zobel de Ayala

Mr. Zobel de Ayala currently heads Business Development under Ayala Corporation's Corporate Strategy Group. He started as a Business Development Associate of Ayala Corporation in January 2015. He was then seconded to Globe Telecom, Inc. and was Head of Business Development (Prepaid Division) from April 2016 to May 2017, and Head of Fixed-Mobile Convergence (Product Management) from May 2017 to November 2018. Prior to joining Ayala,

he worked as a Macro-Sales analyst at Goldman Sachs in Singapore. In 2019, he was elected as Director of ACE Enexor, Inc.

He studied in Harvard University and took up Government as his primary concentration and Visual and Environmental Studies as his secondary concentration. He obtained a Master's Degree in Business Administration at Columbia Business School, New York.

Raphael Perpetuo Lotilla

Atty. Lotilla serves as an Independent Director of several private companies. He served as Secretary of Energy from 2005 to 2007 and was a former Professor of Law at the University of the Philippines. He has a varied experience in law, legislation, ocean law and marine affairs, energy, power sector reform, privatization, sustainable development, and justice and development. He is currently a member of the Board of Trustees of the Philippine Institute for Development Studies, and chairs the boards of the Center for Advancement of Trade Integration and Facilitation (CATIF) and the Asia-Pacific Pathways for Progress Foundation, Inc.

In 2019, he was elected Independent Director of ACE Enexor, Inc.

Atty. Lotilla obtained his degrees in Bachelor of Science in Psychology in 1979, and Bachelor of Arts in History in 1980 from the UP College of Arts and Sciences in Diliman. He graduated from the UP College of Law in 1984, and earned his Master of Laws degree from the University of Michigan, Ann Arbor in 1988. He was an undergraduate scholar of the National Science and Development Board and the Chief Justice Fred Ruiz Castro Foundation, and was also a De Witt Fellow.

Ma. Aurora Geotina-Garcia

Ms. Geotina-Garcia is currently the President of Mageo Consulting, Inc. and CIBA Capital Philippines, Inc. She is also currently an independent director of Queen City Development Bank and Cebu Landmasters, Inc. She was a director in the following companies and organizations: Bases Conversion and Development Authority (2011–2016), BCDA Management Holdings, Inc. (2011–2016), Fort Bonifacio Development Corporation (2011–2016), Heritage Park Management Corporation (2015–2016), Bonifacio Global City Estates Association, Inc. (2012–2016), Bonifacio Estates Services Corporation (2012–2016), and HBC, Inc. (2012–2016). She started her professional career at SyCip, Gorres, Velayo & Co. (SGV & Co.), where she

joined the Management Services Division in 1974. She joined SGV & Co.'s Economic and Financial Consulting Division in 1986 and was promoted to Partner in 1990. She headed SGV & Co.'s Global Corporate Finance Division from 1992 until her retirement from the partnership in 2001, after which she remained as Senior Adviser to SGV & Co. up to September 2006. In 2019, she was elected Independent Director of ACE Enexor, Inc.

She received a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines in 1973. She completed her Master of Business Administration from the same university in 1978.

Alberto Lim

Mr. Lim is the President of the Culion Foundation, Inc., and the Chairman of the El Nido Foundation, Inc. He was a former director of the Development Bank of the Philippines, and the Chairman of the DBP Leasing Corporation. He was a former president of the Makati Business Club, and served as the Secretary of Tourism from 30 June 2010 to 12 August 2011. In 2019, he was elected as Independent Director of ACE Enexor, Inc.

Mr. Lim holds a Bachelor's Degree in Economics from the Ateneo de Manila University, a Master's Degree in Business Administration from the Harvard Business School and a Master's Degree in Public Administration from the Kennedy School of Government, Harvard University.

Corporate Governance

The Luzon grid heavily relies on the natural gas extracted from the Malampaya field in offshore Northwest Palawan. With its sources nearing depletion and its service contract expiring in 2024, ACE Enexor is developing new upstream capabilities to complement AC Energy Philippines.

ACE Enexor regularly reviews its governance structures, systems, and procedures to improve and meet the changing expectations of regulators, investors and both its internal and external stakeholders. The Company was listed on 28 August 2014 and as mandated by the Securities and Exchange Commission (SEC) Memorandum Circular No. 3, Series of 2015, the Company submitted its first Annual Corporate Governance Report (ACGR) on 26 May 2016.

As of 31 December 2019, ACE Enexor has substantially complied with the principles and best practices contained in the Code of Corporate Governance for Publicly-Listed Companies ("PLC") set forth by the Securities and Exchange Commission (SEC). There were no sanctions imposed on any director, officer or employee for noncompliance of the Manual.

Board Structure and Process

Key Roles and Responsibilities

In keeping with its mandate to foster the sustained success and competitiveness of the Company amidst the evolving global environment in a manner consistent with its fiduciary responsibility, the Board takes the helm in promoting the best practices of corporate governance.

The Board's roles and responsibilities include overseeing the development of the Company's business objectives and strategies. This is carried out while adopting a professional development program for employees and officers,

adopting a system of internal checks and balances within the Board and the Company, and providing sound written policies and strategic guidelines for the performance of the Company's business plans. The Board always takes into consideration the best interest of the Company, its shareholders, and both its internal and external stakeholders when it exercises its powers and duties.

The Board reviews and ensures the adequacy of the Company's internal control mechanisms and risk management process for good governance, and the proper implementation of the Code of Conduct and Ethics. The Board reviews and affirms the true and fair representation of the annual financial statements, as it did for the financial statements for fiscal year 2019.

Board Composition

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

ACE Enexor is committed to having its Board comprised of qualified and dedicated Directors with a diverse mix of expertise, experience, skills and backgrounds. Diversity includes business experience, age, gender, and ethnicity. Nominees shall be selected based on merit. In order that no director or small group of directors can dominate the decision-making process, the Board is a combination of executive and nonexecutive directors.

- ACE Enexor's Board of Directors consists of nine (9) members, nominated in accordance with the By-laws of the Company. Majority of the Directors shall have no executive responsibility and do not perform any work related to the Company's operations ("Nonexecutive Directors").
- Directors hold office for one (1) year and until their successors are elected and qualified in accordance with the By-Laws.
- None of the independent directors own more than two (2) percent of the outstanding capital stock.
- In compliance with the requirement of the SEC for PLCs, ACE Enexor's Board of Directors includes three (3) independent directors. The independent directors are not officers or substantial shareholders of the Company and have no relationship with the Company that may

hinder their independence from the Company or management or would interfere with their exercise of independent judgment in carrying out their responsibilities.

- No person eighty (80) years of age or older shall be eligible for election, reelection, appointment or reappointments as a member of the Board.
- To ensure that its Directors devote adequate time and attention to their duties, ACE Enexor encourages its Independent Directors and Nonexecutive Directors to hold no more than five (5) board seats in publicly listed companies (PLCs), and its Executive Directors to hold no more than two (2) board seats in PLCs outside the group. These limits may be waived by the Board at its discretion provided the interests of our stockholders and stakeholders are not prejudiced. The Board may also allow Executive Directors to hold directorships that are necessary or desirable in the pursuit of the Company's business.

ACE Enexor ensures independent minority representation in the Board and the exercise by minority shareholders of their rights. This includes the right to cumulative voting in the election of directors and appraisal right.

Chairman and Vice Chairman

The Chairman of the Board is John Eric T. Francia, who assumed the position on 1 July 2019. The positions of Chairman of the Board and CEO are held by the same person. The Company's corporate governance principles, which include exercise of independent judgment, defined roles and responsibilities, as well as

a culture ensuring the continuing soundness, effectiveness, and adequacy of the Company's control environment, thus, the Board is enabled to maintain independent reviews and quality discussions at meetings.

Role of the Chairman

The Chairman ensures the effectiveness (of the Board) at all meetings of the Board and of the stockholders. This is carried out by promoting active participation, engagement and open discussion among the directors and other stakeholders during the annual stockholders' meeting, effectiveness is ensured. The Chairman further provides guidance to senior management, performs the duties enumerated under the By-Laws, Code of Corporate Governance for PLCs as well as such other responsibilities as the Board may impose upon him.

Lead Independent Director

As mandated by the Revised Corporate Governance Manual of the Company, a Lead Independent Director shall be appointed if the Chairman of the Board is not independent from Management. One example is when the positions of the Chairman of the Board and the CEO are held by one person.

On 17 September 2019, Ma. Aurora Geotina-Garcia was appointed Lead Independent Director by the Board at its organizational meeting.

Role of the Lead Independent Director

The Lead Independent Director shall, among others: intermediate between the Chairman of the Board and the other Directors, if and when needed; convene and chair the periodic meetings of the Nonexecutive

Directors with the external auditor and heads of internal audit, compliance and risk, as may be needed; and contribute to the performance evaluation of the Chairman of the Board.

Nonexecutive and Independent Directors (NEID)

The Board is currently composed of nine (9) members, including one lead independent director, two (2) independent directors, and three (3) nonexecutive directors.

ACE Enexor has set a term limit of nine (9) years for its independent directors in accordance with the rules set by the SEC. In accordance with SEC Memorandum Circular No. 9, Series of 2011, an Independent Director, after serving for nine (9) years, shall be perpetually barred from being elected as such in the Company, without prejudice to being elected as a nonindependent Director in the Company and this rule shall apply also to an Independent Director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the SEC. In case the Company wants to retain an Independent Director who has served for nine (9) years already, the Board should provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting.

As of 2019, none of the independent directors has served the Company for more than nine years, reckoning from 2012, in compliance with SEC Memorandum Circular No. 9, series of 2011. Moreover, none of the directors or senior management have worked for ACE Enexor's external auditing firm within the three (3) years immediately preceding the date of their election or appointment.

Board Performance

The Board is devoted to carry out its duties and responsibilities and commits enough time for their meetings. The presence of at least two-thirds of the number of directors, as fixed in the Articles of Incorporation, constitutes a quorum for the transaction of business. The Board held three (3) regular, two (2) special, and one (1) organizational meetings in 2019.

The annual calendar of activities for the Board and its Committees are established and approved at the start of the year. The Board is supported by the Corporate Secretary who monitors the Board activities and ensures materials are available at least five (5) days in advance of the scheduled meeting allowing the Board to make informed decisions.

Performance Assessment

The Board commits to a formal assessment process to review and evaluate the performance of the Board, its Committees, and its individual members. The purpose of the assessment is to measure the effectiveness of the Company's governance practices and identify areas for improvement; and to adopt new methodologies towards further strengthening the Company's corporate governance standards. Once every three (3) years, an independent consultant will be appointed to assist in the evaluation process of the Board.

Corporate Secretary

As the Corporate Secretary, Atty. Dodjie D. Lagazo supports the Board in the fulfillment of its responsibilities. Part of his responsibilities include assisting the Chairman in preparing the Board meeting agenda, maintaining

Board minutes and records, facilitating the training of directors, and providing directors with updates on relevant statutory and regulatory changes. The appointment and removal of the Corporate Secretary is subject to the approval of the Board. He is legally trained, knowledgeable on legal and regulatory requirements and has kept abreast on relevant developments by attending executive development programs.

Training of Directors

ACE Enexor understands the importance of providing relevant trainings to its directors and has set aside an annual budget to allow them to attend continuing professional development programs, applicable courses, conferences, and seminars. It is ACE Enexor's policy that all its directors attend at least a four-hour annual continuing training program on corporate governance. While all new directors must take at the minimum an eight-hour orientation program on the Company's strategy, business and structure, vision and mission, Governance Codes and Policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance and other subjects needed in the performance of their duties and responsibilities are discussed.

To remain relevant in a global environment with increasing competitiveness, Ayala Corporation facilitates an annual groupwide Corporate Governance and Risk Management Summit which has been held since 2014. The summit serves as a continuing education program for the Board, CEOs, and senior management, at the same time it promotes the importance of strengthening our corporate governance structures.

On 9 August 2019, the group held its first ever Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme “The Board’s Agenda: Sustainability Shapes Corporate Governance and Risk Management”. It’s goal is to convey the interconnectedness of the three (3) disciplines for responsible business growth, value creation, and improve governance practices within the organization.

Director Compensation

Total director remuneration or changes thereto are recommended by the Personnel and Compensation Committee to the Board. These recommendations are approved by the stockholders during the annual stockholders’ meeting to ensure these are consistent with the Company’s culture, strategy, control environment, aligned with the long-term interests of the Company and its stakeholders. In no case shall the total yearly compensation of such Directors exceed one percent (1%) of the net income before tax of the Company during the preceding year.

Independent Directors’ Remuneration

On 23 July 2019, upon the recommendation of the Committee, the Board approved a resolution fixing the current remuneration of IDs. The power of fixing the fees was delegated by the stockholders to the Board as provided for in the Amended By-laws.

The existing remuneration framework for the IDs adopted by the company consists of attendance fees. Executive directors and other directors who are not independent directors do not receive attendance fees.

In 2019, the following IDs received gross remuneration as follows:

Independent Directors	Meetings’ Attendance Fees
Corazon S. Dela Paz Bernardo	PHP94,000.00
Raphael Perpetuo M. Lotilla	PHP44,000.00
Edward S. Go	PHP84,000.00
TOTAL	PHP222,000.00

IDs before 17 September 2019, the date of Annual Stockholders’ Meeting:

Independent Directors	Meetings’ Attendance Fees
Raphael Perpetuo M. Lotilla	P 130,000.00
Alberto A. Lim	P 120,000.00
Aurora Geotina-Garcia	P 120,000.00
TOTAL	P 370,000.00

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

Board Committees

The Board Committees assist the Board in the discharge of its functions, to aid in good governance.

These are governed by their rights and responsibilities as defined in their Charters duly approved by the Board.

Executive Committee

The Executive Committee acts on such specific matters within the competence of the Board as may from time to time be delegated to it in accordance with the By-Laws.

The Committee is composed of not less than three (3) but not more than five (5) members, majority of whom shall be citizens of the Philippines, and shall designate among the members of the Committee a Chairman and a Vice Chairman. The Board may, from time to time, increase the membership of

the Committee, and appoint additional members therein, who may or may not be Directors.

The Executive Committee did not have any meetings in 2019.

Audit Committee

The Audit Committee ensures that adequate, effective and adequate financial reporting, internal control, internal and external audit, and compliance systems are established and maintained.

The Committee shall be composed of at least three (3) Nonexecutive Directors, majority of whom shall be Independent Directors chaired by an Independent Director, who is not the chair of any other Committee. The Chairman shall not be the Chairman of the Board or of any other committees.

During the year, the Committee reviewed the Company's consolidated financial statement, and the work performed and reports provided by both internal and external auditors. Based on the assurance provided from the auditors, as a result of their reviews, the Committee assessed the Company's systems of internal controls, risk management, and governance processes as adequate. Please refer to the annual report of the Committee to the Board on the discharge of their duties and responsibilities on pages 31 to 32.

The Audit Committee had five (5) meetings in 2019.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee ensures that good corporate governance principles and practices are being complied with and observed by the Company. Further, it undertakes the nomination and election process of the Company's

Directors. The Committee is composed of at least three (3) Directors, all of whom shall be Independent Directors.

The Committee deliberated, reviewed, and approved the following transactions in 2019:

- 1 Approved amendments to the Corporate Governance Manual (alignment of committees);
- 2 Received the nominees for director of the Company, evaluated their qualifications and endorsed qualified nominees for nomination to the Board for the year 2019;
- 3 Approved the remuneration for independent directors; and
- 4 Endorsed to the Board the appointment of the Chief Risk Officer and the Chief Audit Executive.

The Committee had four (4) meetings in 2019.

Board Risk Management and Related Party Transactions Committee

The Board Risk Management and Related Party Transactions Committee is responsible for the oversight of the Company's Enterprise Risk Management (ERM) system. Also, it is responsible for the review of all material related party transactions of the Company. The Committee is composed of at least three (3) Nonexecutive Directors, majority of whom shall be Independent Directors. An Independent Director shall chair the Committee. The Chairman should not be the chairman of the Board or of any other committee.

The Committee deliberated, reviewed, and approved the Company's Related Party Transactions Policy in 2019.

The Committee had two (2) meetings in 2019, during which the Chairman and members were all present.

Personnel and Compensation Committee

The Personnel and Compensation Committee has the responsibility of establishing a formal and transparent procedure for developing a policy on executive remuneration. Added responsibility is fixing the remuneration packages of corporate officers and Directors, this is to ensure that compensation is consistent with the Company's culture, strategy and control environment. Further, this is aligned with the long-term interests of the Company and stakeholders.

The Committee is composed of at least three (3) members, one of whom shall be an Independent Director.

The Committee did not have any meetings in 2019.

Directors' and Board Committee Members' Attendance for the Year Ended 31 December 2019

The Board of Directors held three (3) regular meetings, two (2) special meetings, and one (1) organizational meeting in 2019. The details of the matters taken up during the board meetings are included in the Definitive Information Statement sent to the shareholders. The attendance of the directors at the meetings of the Board of Directors and of stockholders held in 2019 is as follows:

Independent Directors	01 MAR	09 MAY	01 JUL	23 JUL	17 SEP	17 SEP	22 OCT	No. of meetings attended	Percent present
	REGULAR	REGULAR	SPECIAL	SPECIAL	ASM	ORGANI- ZATIONAL	REGULAR		
John Eric T. Francia ²			●	●	●	●	●	5/5	100%
Augusto Cesar D. Bengzon ³				●	●	●	●	4/4	100%
Maria Corazon G. Dizon ⁴			●	●	●	●	●	5/5	100%
Ma. Aurora Geotina-Garcia					●	●	●	3/3	100%
Alberto A. Lim					●	●	●	3/3	100%
Jaime Z. Urquijo ⁵				●	●	●	●	4/4	100%
Jaime Alfonso E. Zobel de Ayala ⁶					●	●	●	3/3	100%
Raymundo A. Reyes, Jr.	●	●	●	●	●	●	●	7/7	100%
Ramon R. del Rosario	●	●						2/2	100%
Magdaleno B. Albarracin, Jr.	●	●						2/2	100%
Francisco L. Viray	●	●						2/2	100%
Victor J. del Rosario	●	●						2/2	100%
Roberto M. Laviña	●	●						1/2	50%
Corazon dela Paz Bernardo	●	●	● ¹	●	●			5/5	100%
Rapahel Perpetuo M. Lotilla	●	●	●	●	●	●	●	7/7	100%
Edward S. Go	●	●	●	●	●			2/5	40%

● Present | ● Absent

have not yet been elected/day of election to serve the unexpired term of the Director who resigned

resigned from position

¹ via teleconference

² Mr. Francia was elected on 09 May 2019 to serve the unexpired term of Dr. Viray, effective 15 May 2019

³ Mr. Bengzon was elected on 01 July 2019 to serve the unexpired term of Dr. Albarracin, Jr.

⁴ Ms. Dizon was elected on 01 July 2019 to serve the unexpired term of Mr. Del Rosario, Jr.

⁵ Mr. Jaime Z. Urquijo was elected on 01 July 2019 to serve the unexpired term of Mr. del Rosario ⁶ Mr. Jaime

⁶ Mr. Jaime Alfonso E. Zobel de Ayala was elected on 23 July 2019 to serve the unexpired term of Mr. Laviña

From 1 January 2019 until 30 June 2019, the Board committees and their members were as follows:

Independent Directors	Audit Committee	Risk Oversight Committee	Corporate Governance and RPT Committee	Executive Committee	Compensation Committee
Ramon R. del Rosario				C	
Magdaleno B. Albarracin, Jr.				M	C
Franciso L. Viray				M	
Roberto M. Laviña	M	M		M	M
Raymundo A. Reyes, Jr.					
Victor J. del Rosario					
Edward S. Go (Independent)	M	C	M		M
Corazon S. dela Paz Bernardo (Independent)	C	M	M		
Raphael Perpetuo M. Lotilla (Independent)			C		

From 1 July 2019 to 22 July 2019, the Board committees and their members were as follows:

Independent Directors	Audit Committee	Risk Oversight Committee	Corporate Governance and RPT Committee	Executive Committee	Compensation Committee
John Eric T. Francia				C	
Maria Corazon G. Dizon		M		M	
Raymundo A. Reyes, Jr.				M	
Augusto Cesar D. Bengzon	M				C
Jaime Z. Urquijo					M
Edward S. Go (Independent)	M	C	M		M
Corazon S. dela Paz Bernardo (Independent)	C	M	M		
Raphael Perpetuo M. Lotilla (Independent)			C		

From 23 July 2020 to 16 September 2019, the Board committees and their members were as follows:

Independent Directors	Audit Committee	Risk Oversight Committee	Corporate Governance and RPT Committee	Executive Committee	Compensation Committee
John Eric T. Francia				C	
Maria Corazon G. Dizon		M		M	
Raymundo A. Reyes, Jr.				M	
Augusto Cesar D. Bengzon	M				C
Jaime Z. Urquijo					M
Jaime Alfonso E. Zobel de Ayala				M	
Edward S. Go (Independent)	M	C	M		M
Corazon S. dela Paz Bernardo (Independent)	C	M	M		
Raphael Perpetuo M. Lotilla (Independent)			C		

Effective 17 September 2019, the Board committees and their members are as follows:

C: Chairman | **M:** Member

Independent Directors	Audit Committee	Board Risk Mgt and RPT Committee	Corporate Governance and Nomination Committee	Executive Committee	Compensation Committee
John Eric T. Francia				C	
Maria Corazon G. Dizon				M	
Raymundo A. Reyes, Jr.				M	
Augusto Cesar D. Bengzon	M				
Jaime Z. Urquijo		M			
Jaime Alfonso E. Zobel de Ayala					C
Ma. Aurora Geotina-Garcia (Independent)	C	M	M		M
Raphael Perpetuo M. Lotilla (Independent)	M		C		
Alberto A. Lim (Independent)		C	M		M

Management Roles and Responsibilities

Management is responsible to the Board of Directors for the operations of the Company and its performance. Management designs and implements adequate and effective system of internal controls and risk management processes to ensure achievement of objectives while maintaining compliance with laws, rules, and regulations. The President and CEO takes the lead on Company strategy, visioning, and developing business partnerships. The COO is responsible for daily operations, new business initiatives, corporate policies, and resource allocation.

In all functions and critical issues, both coordinate closely with each other. The Chairman, President, and CEO and the COO are supported by management committees composed of key executives who meet regularly. They discuss business performance and issues critical to the growth of the Company. They facilitate the flow of strategic and operational information among the Company's decision makers.

The Board, CEO, and senior leadership team are also supported by the Head of Legal and Regulatory. Through his deep knowledge of the law and regulations, he acts as an advisor on a range of issues and strategies. This is to minimize legal risks on legal matters and protocols that relate to their roles and the Company's operations.

Internal Governance Mechanisms

Strategy Formulation and Execution

ACE Enexor ensures that risks are managed appropriately through a robust risk management process. The Company utilizes an inclusive and iterative approach in crafting and executing a long-term strategic plan. As these plans are finalized, it also ensures that risks are managed appropriately using a risk management process.

Accountability and Audit

External Auditors

The external auditors are directly accountable to the Audit Committee in helping ensure the integrity of the Company's financial statements and financial reporting process.

Their responsibility is to assess and provide an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process. The Audit Committee oversees the work of the external auditors and ensures that they have unrestricted access to records, properties, and personnel to enable performance of the required audit.

SyCip, Gorres, Velayo and Co. (SGV & Co.) is the external auditor of the Company for the year 2019. The engagement partner who conducted the audit for calendar year 2019 is Mr. Benjamin N. Villacorte, an SEC accredited auditing partner of SGV. During the Annual Stockholders' Meeting last 17 September 2019, the shareholders reappointed SGV & Co. as the Company's external auditor.

The responsibilities of SGV & Co. include providing an opinion on the conformity of the Company's parent and consolidated financial statements with Philippine Financial Reporting Standards. Further, it assesses the quality of the Company's financial reporting process.

SGV & Co.'s overall plan, which includes the objectives, scope, and timing of the audit, was reviewed and approved by the Audit Committee

on its 22 July 2019 meeting. To ensure that the external auditor maintains the highest level of independence from the Company, both in fact and appearance, the Audit Committee had preapproved all audit, audit-related, and permitted nonaudit services rendered by the External Auditor.

The audit-related fees of SGV & Co. for 2019 amounted to PHP155,000.00, exclusive of Value-Added Tax (VAT) and Out-Of-Pocket Expenses (OPE). There were no other services rendered or fees billed for products and services provided by SGV. No tax consultancy services were secured from SGV & Co. and no other nonaudit fees were paid to SGV & Co. for the year 2019.

The audit results were presented to the Audit Committee on its 21 February 2020 meeting. There were no disagreements between the Management and SGV & Co. on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures. The Company complied with SRC Rule 68, paragraph 3(b)(ix) which requires the rotation of external auditors or signing partners every five (5) years of engagement and the mandatory two-year cooling-off period for the reengagement of the same signing partner or individual auditor.

The external auditors for the current year and for the most recently completed fiscal year are expected to be present at the Annual Shareholders Meeting and to answer any question. They are likewise given an opportunity to give statements if they desire to do so.

Internal Auditors

Internal Audit, headed by the Chief Audit Executive (CAE), Henry T. Gomez, Jr., maintains organizational independence by functionally reporting to the Audit Committee and administratively to the Group Chief Financial Officer. The Audit Committee is responsible for advising the Board of Directors regarding the qualifications and recruitment, appointment, and removal of the CAE. In addition, it evaluates Internal Audit's performance at least annually.

The audit team is composed of professionals, certified as follows: certified public accountants, certified internal auditors, and certified lead auditors in ISO 9001, ISO 45001, and ISO 14000. All the internal auditors are members of The Institute of Internal Auditors-Philippines and adopt the International Professional Practices Framework promulgated by The Institute of Internal Auditors, Inc.

The activities of Internal Audit are governed by a separate Internal Audit Charter approved by the Audit Committee. Internal Audit adopts a risk-based approach in developing its annual work plan, subject to the review and approval of the Committee. The Committee likewise ensures that audit resources are appropriate, sufficient, and effectively allocated to accomplish the approved plan.

Quarterly, Internal Audit presents to the Audit Committee the results of its reviews as well as the status of Management's corrective action plans to address control or compliance issues.

For the year 2019, the Internal Audit attests that the Company's system of internal controls, risk management, compliance, and governance processes are designed adequately and continue to operate effectively.

Chief Compliance Officer

As ACE Enexor's Chief Compliance Officer, Atty. Dodjie D. Lagazo:

- ensures proper onboarding of new Directors (i.e., orientation on the Company's business, charter, Articles of Incorporation and By-laws, among others);
- monitors, reviews, evaluates, and ensures the compliance by the Company as well as its Officers and Directors with the relevant laws, the Corporate Governance Code for PLCs rules and regulations, and all governance issuances of regulatory agencies;
- ensures the integrity and accuracy of all documentary submissions to regulators, among others;
- identifies and manages compliance risks;
- ensures that the Company adheres to sound corporate governance and best practices;
- issues an Integrated Annual Corporate Governance Report that is duly signed under oath by the Chairman, Chief Executive Officer or President, all independent directors, the Chief Compliance Officer, and the Corporate Secretary;
- strives to conduct a yearly performance assessment of the Board, Board Committees, and individual members of the Board using a formal self-rating system; and
- performs such other duties and responsibilities as may be provided by the SEC.

Disclosure and Transparency

Accurate and Timely Disclosures

Providing quality, accurate, and timely disclosures to regulators and the investing public, including information on the results of its operations and financial performance is of utmost importance to the Company. To ensure consistent implementation, ACE Enexor created procedures for internal reporting to provide the investing public with prompt disclosures on significant and market sensitive information that may affect their decisions. Policies and procedures are also in place to make sure that the Company constantly complies with disclosure requirements under the listing rules of the SEC and the Philippine Stock Exchange (PSE).

The Board of Directors has the responsibility to the shareholders to ensure the integrity of the Company's consolidated financial statements and nonfinancial information disclosed in the Integrated Report. The financial statements comply with the Philippine Financial Reporting Standards, with significant accounting judgments and estimates also disclosed.

In dealing with Related Party Transactions (RPTs), the Board of Directors, with the assistance of the Board Risk Management and Related Party Transactions Committee composed of independent Directors, reviews and approves the material RPTs of the Company. This accords with the RPT policy to ensure that the transactions are at arm's length, fair, and will inure to the best interest of the Company and its subsidiaries or affiliates and the shareholders. Based on the policy, the related party or any of its subsidiaries or affiliates, shall disclose any material RPT to the Committee for review and approval

prior to entering into the transaction; unless it is covered under any of the exceptions under the policy.

There were also no cases of noncompliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years. The summary of the material RPTs of the Company is presented in the Notes to the Consolidated Financial Statements under Related Party Transactions.

Ownership Structure

As of 31 December 2019, ACE Enexor's outstanding common shares were held as follows:

Outstanding Common Shares and % Ownership		
AC Energy Philippines, Inc.	189.8 million	75.92%
PCD Nominee Corporation (Filipino)	58 million	23.20%
PCD Nominee Corporation (Non-Filipino)	1.1 million	0.44%
Others	1.1 million	0.44%

2019 Disclosures

In 2019, the Company filed, among others, unstructured disclosures and clarification on news articles involving the following:

- **Unstructured Disclosures**
 - » Resignation and appointment of officers
 - » Notice and Agenda of the 2019 Annual Stockholders' Meeting
 - » Results of 2019 Annual Stockholders' Meeting and Organizational Board of Directors' Meeting
 - » Acquisition and sale of Company shares by the directors, officers, and 10% of the owners
 - » Public Ownership Reports
 - » Change in the number of issued and/or outstanding shares

- » Top 100 Stockholders Reports
 - » Postponement and Setting of 2019 Annual Stockholders' Meeting
 - » Annual Verification of the Department of Energy
 - » Change in Corporate Contact Details and/or website
 - » Change in Corporate Name and/or Stock Symbol
 - » Voluntary Trading Suspension
 - » Attendance of the Board of Directors in 2018
 - » Approval by the Board of the Revised Related Party Transactions (RPT) Policy
 - » Philippine Competition Commission ("PCC") Approval of sale of shares in the Company's parent, AC Energy Philippines, Inc. (then PHINMA Energy Company) to AC Energy, Inc.
 - » Amendments to the Articles of Incorporation and By-laws
 - » Tender Offer Report
 - » Advisory on Palawan55 Exploration & Production Corporation ("Palawan55"), a subsidiary of the Company, notification to the Department of Energy (DOE) of the entry of the SC 55 consortium into the Appraisal Period
 - » Update on the Company's relinquishment of its 14.063% participating interest in Service Contract No. 6B
 - » Signing of the Heads of Agreement and Investment Agreement among PHINMA Company (PHN), Philippine Investment Management (PHINMA), Inc. (PHI). and AC Energy, Inc. on the sale of PHN and PHI's interests in PHEN, parent company of ACE Enexor
 - » Signing of the Agreement and Deeds of Absolute Sale including the completion of the block sale among PHN, PHI and PHEN on the sale of PHN and PHI's interests in ACE Enexor
 - » Approval by the Executive Committee meeting of the Audited Financial Statements for the year ended December 31, 2018
 - » Receipt by Palawan 55 from Century Red, Pte. Ltd. ("Century Red"), of a Deed of Assignment where Century Red assigned its 37.5% interest in Service Contract No. 55 to Palawan55, subject to approval of the Department of Energy.
 - » DOE approval of the assignment by Century Red of its 37.5% interest in Service Contract No. 55 to Palawan55.
- **Clarification on News Article**
 - » PHINMA Petroleum and Geothermal, Inc.'s plans to develop its petroleum assets

Financial and Non-Financial Reports

The Board ensures the integrity of the Company's consolidated financial statements and non-financial information as disclosed in the Company's Integrated Report. The financial statements including significant judgments and estimates disclosed thereto comply with the requirements of the Philippine Financial Reporting Standards. Non-financial performance was prepared using the guiding principles and content elements of the Integrated Reporting framework.

Changes In Shareholdings

Reported trades in ACE Enexor's Securities of the directors and officers in 2019:

Name of beneficial owner	Class of Outstanding Share	Balance as of December 31, 2018	Acquired	Disposed of	Balance as of December 31, 2019
DIRECTORS					
John Eric T. Francia	Common	-	1	-	1
Augusto Cesar D. Bengzon	Common	-	1	-	1
Jaime Z. Urquijo	Common	-	1	-	1
Raymundo A. Reyes, Jr.	Common	111,230	-	-	111,230
Maria Corazon G. Dizon	Common	-	1	-	1
Jaime Alfonso E. Zobel de Ayala	Common	-	1	-	1
Raphael Perpetuo M. Lotilla	Common	-	1	-	1
Ma. Aurora Geotina-Garcia	Common	-	1	-	1
Alberto A. Lim	Common	75	-	-	75
OFFICERS					
Mariejo P. Bautista	Common	1,046	-	-	1,046
Dodjie D. Lagazo	Common	-	-	-	-
Alan T. Ascalon	Common	1,818	-	-	1,818
Raissa C. Villanueva	Common	-	-	-	-
Henry T. Gomez	Common	-	-	-	-

Stakeholder Relations

ACE Enexor, through its parent company, AC Energy Philippines, Inc., adheres to the highest possible level of moral benchmarks and fairness in dealing with shareholders, customers, employees, and business partners. The aim is to constantly strengthen its foundation for long-term beneficial relationships.

Shareholder Meeting and Voting Procedures

Each stockholder or member shall have the right to nominate any director or trustee who possesses all of the qualifications and none of the disqualifications set forth in this Code. Stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the Company at

the time fixed in the By-Laws or where the By-Laws are silent, at the time of the election. The said stockholder may (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: *Provided*, that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Company multiplied by the whole number of directors to be elected: *Provided, however, That no delinquent stock shall be voted. (Section 23 of the Revised Corporation Code of the Philippines).*

Because abstentions with respect to any matter are treated as shares present and represented and entitled to vote for purposes of determining whether that matter has been approved by the stockholders, abstentions have the same effect as negative votes. Broker non-votes and shares as to which proxy authority has been withheld with respect to any matter are not deemed to be present or represented for purposes of determining whether stockholder approval of that matter has been obtained.

Items requiring the vote of stockholders will be presented for approval of the stockholders at the meeting. Voting shall be by raising of hands or viva voce; otherwise, voting shall either be by electronic (if available) or manual voting. For manual voting, stockholders present at the meeting will be given, upon registration, a ballot where he or she can write his or her vote on every item in the Agenda or proposed resolution and counted manually thereafter by the Corporate Secretary in the presence of the External Auditor to validate the counting. The results shall be tallied in a book kept exclusively for such purpose, and signed by the Corporate Secretary and the External Auditor. Each of the proposed resolutions will be shown on the screen as the same is taken up at the meeting.

The nine (9) nominees for directors receiving the highest number of votes shall be declared elected, provided that at least two (2) out of the nine (9) directors shall be independent directors. The stockholders have cumulative voting rights with respect

to the election of the Company's directors. Amendments to the Articles of Incorporation shall require the affirmative vote of two-thirds (2/3) of the outstanding capital stock of the Company. All other items in the Agenda shall require the affirmative vote of a majority of the issued and outstanding capital stock entitled to vote in the meeting. Each stockholder may vote in person or by proxy the number of shares of stock standing in his or her own name in the books of the Company as of the record date of the meeting.

Shareholder and Investor Relations

The Company encourages active participation and regular dialogue with institutional and retail investors. Information requirements of the investing public and minority shareholders are fully disclosed to the securities' regulators on time and are accessible both through the company's website and through the PSE. The Investor Relations Team who directly reports to the Group Chief Finance Officer provides for an avenue to receive feedback, complaints, and queries from shareholders other than through the annual stockholder's meeting.

Code Of Business Conduct

All directors, officers, and employees are required to always act in the best interest of the Company. They are directed to avoid any situation that could interfere or appear to interfere with his or her independent judgement in performing his or her duties. The policy also prohibits employees from using their official position to secure a contract of employment for a related party, soliciting gifts or any property for personal gain from

any individual or organization that deals with the Company and using company information for personal gain. No employee may engage in any business or undertaking that is indirectly or directly in competition with or prejudicial to the interests of the Company.

Policy on Insider Trading

A policy on insider trading has been defined by the Company to ensure compliance with Corporate Disclosures Manual. This is to prevent unlawful practice of using to one's own advantage confidential information one has access to.

Reporting of Transactions

The Company has established and implemented guidelines for all directors, officers, employees, and consultants on when to declare trades. All directors and officers from Managing Directors and above, the Comptroller, Chief Audit Executive, Chief Risk Officer, Treasurer, Chief Compliance Officer, Corporate Secretary, and Assistant Corporate Secretary must report all acquisitions or disposals, or any changes in their shareholdings in the Company. This report must be submitted within the period specified in the policy.

Trading Blackouts

To comply with PSE Disclosure Rule, the Company shall issue a blackout notice to all concerned. The notice will be issued whenever a price sensitive information has been disclosed to the Exchange.

The Policy on Insider Trading provides that all directors, officers, consultants, and employees of the Company who may have knowledge of material

information about the Company that have not been disclosed to the public. Included are members of covered persons' immediate families, who are prohibited from trading in the Company's shares during the trading blackout period which lasts from the time the information is obtained until a minimum of two (2) trading days from disclosure thereof with the PSE. In addition, they are also required to submit annually a certification of compliance with the prohibition against trading during the blackout periods.

Policy on Related-Party Transactions

The Company recognizes the fiduciary responsibility of its board of directors to ensure the fairness, transparency, and integrity of the Company's related party transactions (RPTs) for the protection of all shareholders' interest.

To support in the implementation of this duty, the Company has adopted a Related Party Transactions Policy that:

- Defines related party relationships and transactions
- Provides for the review, approval, disclosure and registry of material RPTs to ensure that the terms are fair, and in the best interest of the Company and all its shareholders
- Mandates regular monitoring of the Company's business relationships
- Promotes the objectives of the Securities and Exchange Commission (SEC) Rules on Material Related Party Transactions for Publicly Listed Companies
- Prohibits and remedies penalized material RPTs that deemed noncompliant with policy

The Board Risk Management and Related Party Transactions Committee are tasked with overseeing the implementation of this policy.

Policy Against Sexual Harassment

Increasing awareness to the value of respecting the dignity and rights of each employee is a commitment from the Company. The Company is dedicated to keep its work environment free from sexual harassment and all forms of sexual intimidation and exploitation. In keeping with this commitment, the Company will not tolerate harassment of its employees. Such action is considered a violation of the Policy Against Sexual Harassment. This will result in a permanent ban in the Company working environment.

Policy on Antifraud

The Company has adopted a zero-tolerance policy towards fraudulent reporting, misappropriation of assets, corruption, bribery in any form, and all unethical practices, and is committed in taking all appropriate measures in complying with relevant laws and standards. The Policy on Antifraud prohibits directors, officers, and employees, from doing business with malicious intent. It provides guidance to everyone on how to conduct business in a fair, ethical, and legal manner. Seeking unwarranted monetary and substantial advantage from any transaction is strictly forbidden. The policy also applies even if business was made through another person.

Policy on Gift and Gratuities

The Company has established guidelines for managing gifts and gratuities to protect the integrity of its employees and its business interest. Any offers given to directors, officers, and employees, or their immediate family, with an intent to influence business decisions and recommendations are strictly prohibited and must be disclosed immediately to the appropriate reporting level. Directors, officers, and employees are likewise prohibited from accepting gifts or invitations in any form, except token gifts of small value that meet the criteria set by the Company.

Conflict Of Interest Policy

No officer or employee may involve in any business or undertaking that is directly or indirectly in competition to the Company. Any potential conflict of interest, actual or apparent, must be brought to the attention of management. Employees and directors are required to disclose all business interests that may directly or indirectly affect the performance of their duties.

Whistleblower Policy

The Company adheres to the ideals of executing its business with the highest ethical standards. The Company and its directors, officers, and employees strive to uphold a culture of good corporate governance by heeding integrity in all its transactions internally, with its customers, suppliers, contractors, business partners, government, regulators, and the public.

The Whistleblower Policy provides a mechanism and an avenue to report a perceived wrongdoing, malpractice, and any irregularities that are contrary to the Company's Core Values. The policy likewise provides an assurance and appropriate protection for whistleblowers from possible retaliation.

The whistleblower may submit a written report directly to the Office of the Compliance Officer, or by email to whistleblower@ayala.com.ph. Otherwise it can be done through a face-to-face meeting with any of the Disclosure Committee composed of one representative each from the Office of the General Counsel, Strategic Human Resources, Internal Audit, and Group Risk Management and Sustainability.

There is an established Investigation Committee process to look into reported violation of Company policies, rules, and regulations. All reports are treated in confidence and discussed with the Audit Committee who monitors the resolution and closure of all reports.

Data Privacy Policy

In keeping its utmost commitment to safeguard and respect the right to personal data privacy of stakeholders, the Company appointed a Data Protection Officer, Atty. Alan T. Ascalon. With the support of the different business units of AC Energy Philippines, Inc., the parent company, ACE Enexor's data privacy team regularly reviews the security measures that the Company puts

in place the security measures to maintain the integrity, confidentiality and availability of the personal data that it collects and processes.

The policy aims to protect these data from accidental loss or destruction, unauthorized access, fraudulent misuse, and unlawful alteration.

The Office of the Data Protection Officer can be reached through writing or email (acephdataprivacy@acenergy.com.ph) should there be any inquiries or concerns on data privacy or data subjects' rights.

Website

Information on the Company's corporate governance initiatives, this Integrated Report, and all other relevant information is available on the Company's website at <https://www.enexor.com.ph>.

Report of the Audit Committee to the Board of Directors For the Year Ended 31 December 2019

The Board-approved Audit Committee (“the Committee”) Charter defines the duties and responsibilities of the Committee. In accordance with the Charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to the:

- Integrity of the Company’s financial statements and the financial reporting process;
- Appointment, remuneration, qualification, independence and performance of the external
- auditors and the integrity of the audit process as a whole;
- Effectiveness of the system of internal control;
- Performance and leadership of the internal audit function; and
- Company’s compliance with applicable legal and regulatory requirements.

In compliance with the Audit Committee Charter, we confirm that:

- The Committee is composed of three (3) members, two (2) independent directors including the Chairman, and one (1) nonexecutive director;
- We had two (2) meetings in 2019 since the acquisition of ACE Enexor, Inc. The Company’s Chief Executive Officer, Chief Financial Officer and other members of management were requested to attend the Committee meeting. External subject matter experts, such as the appointed external auditors were also invited to the meeting;
- The previous Audit Committee members approved and we noted, the appointment of SGV & Co. as the Company’s 2019 external auditors and the related audit fee;
- We have reviewed and discussed the quarterly unaudited financial statements as of 30 September 2019 and the annual audited parent and consolidated financial statements as of 31 December 2019 of ACE Enexor, Inc. and subsidiaries, including the Management’s Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. The review and discussions were performed in the following context:
 - a) Management has the primary responsibility for the financial statements and the financial reporting process; and
 - b) SGV & Co. is responsible for expressing an opinion on the conformity of the relevant audited financial statements with Philippine Financial Reporting Standards.
- We have approved the overall scope and the respective audit plans of the Company’s internal auditors and SGV & Co. We have reviewed the adequacy of resources, the competencies of staff and the effectiveness of the internal auditors to execute the audit plans ensuring that resources are reasonably

allocated to the areas of highest risks. We have also discussed the results of the audits of internal auditors and SGV & Co. and their assessment of the Company's internal controls and the overall quality of the financial reporting process including their management letter comments. Based on the assurance provided by the internal audit as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's systems of internal control and governance processes are adequate;

- We have reviewed and approved all audit, audit-related and permitted nonaudit services provided by SGV & Co. to ACE Enexor, Inc. and the related fees for such services. We have also assessed the compatibility of nonaudit services with the auditors' independence to ensure that such services will not impair their independence;
- We have conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter; and
- We have reviewed the Audit Committee Charter to ensure that it is aligned with regulatory requirements.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors the approval of the parent and consolidated audited financial statements for the year ended 31 December 2019 and filing of relevant financial statements with the Securities and Exchange Commission. We are also recommending to the Board of Directors the re-appointment of SGV & Co. as ACE Enexor, Inc.'s external auditor and the related audit fee for 2020 based on the review of their performance and qualifications.

02 April 2020

Signed by:


MA. AURORA D. GEOTINA-GARCIA
Chairman


AUGUSTO CESAR D. BENGZON
Member


RAPHAEL PERPETUO M. LOTILLA
Member





Corporate Information

STAKEHOLDER INQUIRIES

ACE Enexor welcomes inquiries from analysts, the financial community, institutional and retail investors, customers, media, and the general public. Please contact:

Investors

investorrelations@acenergy.com.ph

Corporate Communications and Sustainability

corpcomm@acenergy.com.ph

Governance

corpsec.enexor@acenergy.com.ph

Data Protection

dataprivacyaceph@acenergy.com.ph

Human Resources

careers@acenergy.com.ph

FINANCIAL STATEMENTS

ACE Enexor's 2019 Audited Financial Statements and Definitive Information Statement may be accessed from www.enexor.com.ph.

SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of address and account status, and lost or damaged stock certificates, please write or call:

BPI Stock Transfer Office
3F BPI Buendia Center
372 Sen. Gil Puyat Avenue
Makati City, 1226 Philippines

Tel + 632 85804693 to 95
stocktransferoffice@bpi.com.ph

Concept by Publicis JimenezBasic
Execution by Ampersand Design Think Lab

Portraits by Tom Epperson



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An AC Energy Company