

## **CORPORATE GOVERNANCE REPORT**

### **For the year ended 31 December 2023**

**ENEX Energy Corp.** (formerly ACE Enexor, Inc.; “**ENEX**” or the “**Company**”) 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 August 28, 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 May 26, 2016.

As of December 31, 2023, ENEX has substantially complied with the principles and best practices contained in the Code of Corporate Governance for Publicly-Listed Companies (“**PLCs**”) set forth by the SEC. There were no sanctions imposed on any director, officer, or employee for non-compliance of the said code.

#### **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 of Directors (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, 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 stockholders, and both its internal and external stakeholders when it exercises its powers and duties. 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, enable the Board to maintain independent reviews and meaningful discussions at meetings.

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 2023.

#### **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.

ENEX 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 non-executive directors.

- The Company’s Board consists of nine (9) members, nominated in accordance with the Company’s By-laws and Corporate Governance Manual. Majority of the directors shall have no executive responsibility and do not perform any work related to the Company’s operations (the “**Non-Executive 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 Company's outstanding capital stock.
- In compliance with the requirement of the SEC for PLCs, the Company's Board includes four (4) 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, re-election, appointment, or reappointment as a member of the Board.
- To ensure that its directors devote adequate time and attention to their duties, ENEX encourages its independent directors and Non-Executive Directors to hold no more than five (5) board seats in PLCs, and its Executive Directors to hold no more than two (2) board seats in PLCs outside the Ayala 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.

ENEX ensures independent minority representation in the Board and the exercise by minority shareholders of their rights, including 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 starting July 1, 2019. The positions of Chairman of the Board and CEO are not held by the same person.

#### **Role of The Chairman**

The Chairman ensures the effectiveness of the Board at all meetings of the Board and of the stockholders by promoting active participation, engagement and open discussion among the directors and other stakeholders during the annual stockholders' meeting. 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, such as when the positions of the Chairman of the Board and the CEO are held by one person.

On April 24, 2023, Ma. Aurora D. 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, when needed; convene and chair the periodic meetings of the Non-Executive 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.

#### **NON-EXECUTIVE AND INDEPENDENT DIRECTORS (NEID)**

The Board is currently composed of nine (9) members, including one (1) lead independent director, four (4) independent directors (including the lead independent director), and three (3) non-executive directors.

ENEX 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 non-independent director in the Company and as 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 already served for nine (9) years, the Board shall provide meritorious justifications and seek stockholders' approval in the annual stockholders' meeting.

As of end-2023, none of the independent directors have served the Company for more than nine (9) 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 the Company's external auditing firm within the three (3) years immediately preceding the date of their election or appointment.

## **BOARD PERFORMANCE**

The Board is committed to carry out its duties and responsibilities and to devote sufficient time for its meetings. The presence of at least two-thirds (2/3) of the number of directors, as fixed in the Articles of Incorporation (the "**Articles**"), constitutes a quorum for the transaction of business. The Board held four (4) regular meetings, one (1) special meeting, and one (1) organizational meeting in 2023.

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) business 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**

ENEX 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 the Company'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.

To remain relevant in a global environment with increasing competitiveness, Ayala Corporation facilitates an annual group-wide 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, and at the same time promotes the importance of strengthening our corporate governance structures. On August 9, 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” to convey the interconnectedness of the three (3) disciplines for responsible business growth, value creation and improve governance practices within the organization. Directors and officers attended the 2023 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit held on October 3, 2023, with the theme: “The Board’s Agenda: Accelerating ambition through action: Charting the transition to Net Zero”.

### **DIRECTOR COMPENSATION**

Total director remuneration or changes thereto are recommended by the Personnel and Compensation Committee to the Board and are approved by the stockholders during the annual stockholders’ meeting to ensure these are consistent with the Company’s culture, strategy, control environment, and 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 July 23, 2019, upon the recommendation of the Personnel and Compensation Committee, the Board approved a resolution fixing the current remuneration of the independent directors. The power to fix the fees was delegated by the stockholders to the Board as provided for in the Amended By-laws.

The existing remuneration framework for the independent directors adopted by the Company consists of attendance fees. The incumbent independent directors are entitled to receive Php50,000 per Board meeting attended, and Php10,000 per Committee meeting attended. Executive directors and other directors who are not independent directors do not receive attendance fees.

In 2023, the following independent directors received gross remuneration as follows:

<b>Independent Directors</b>	<b>Meetings’ Attendance Fees</b>
Ma. Aurora D. Geotina-Garcia	Php290,000.00
Alberto A. Lim	Php260,000.00
Melinda L. Ocampo	Php300,000.00
Mario Antonio V. Paner	Php260,000.00
<b>TOTAL</b>	<b>Php1,110,000.00</b>

None of the independent directors receive compensation from ENEX 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, aid in good governance, and are governed by their Charters as duly approved by the Board in terms of their rights and responsibilities.

### **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 had one (1) meeting in 2023, during which the Chairman and members were all present.

### **Audit Committee**

The Audit Committee ensures that 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) Non-Executive 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.

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.

In 2023, the Audit Committee had four (4) regular meetings and one (1) joint meeting with the Board Risk Management and Related Party Transactions Committee, during which the Chairman and members were all present, and one (1) executive session with external auditors and internal auditors.

### **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 and undertakes the nomination process of the Company's directors. The Committee is composed of at least three (3) directors, all of whom shall be independent directors.

In 2023, the Committee deliberated, reviewed, and endorsed for Board approval the following:

1. Nominations for director of the Company, and endorsement of the qualified nominees to the stockholders for election at the annual stockholders' meeting on April 24, 2023
2. Nominations for Chairman and Members of the Board Committees, the Lead Independent Director, the Chairman of the Board, and the key officers of the Corporation at the Board' organizational meeting to be held after the annual stockholders' meeting on April 24, 2023

The Committee had two (2) meetings in 2023, during which the Chairman and members were all present.

### **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 and for the review of all material related party transactions of the Company. The Committee is composed of at least three (3) Non-Executive 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.

In 2023, the Committee deliberated, reviewed, and endorsed for Board Approval the following:

1. Issuance by the Company of a letter of support in favor of Palawan55 Exploration & Production Corporation, on terms as presented
2. loan in the amount of Php6,00,000.00, between ENEX Energy Corp., as borrower and ACEN International, Inc., as lender on terms as presented
3. execution of a Facility Agreement between related parties, Batangas Clean Energy, Inc. and Ingrid3 Power Corp., for a loan amount of Php9,500,000.00, on terms as presented.
4. Ratification of the Advances of ENEX Energy Corp. to Palawan55 Exploration & Production Corporation in the amount of Php16.9 million to fund Palawan55's share in the expenditures under the Work Program of Service Contract No. 55.

In 2023, the Committee had four (4) meetings and one (1) joint meeting with the Audit Committee, 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 and for fixing the remuneration packages of corporate officers and Directors, ensuring that compensation is consistent with the Company's culture, strategy and control environment and 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 meeting in 2023.

## DIRECTORS' AND BOARD COMMITTEE MEMBERS' ATTENDANCE FOR THE YEAR ENDED DECEMBER 31, 2023

The Board of Directors held four (4) regular meetings, one (1) special meeting, and one (1) organizational meeting in 2023. The details of the matters taken up during the board meetings are included in the Definitive Information Statement sent to the stockholders. The attendance of the directors at the meetings of the Board and of stockholders held in 2023 is as follows:

Directors	21-Mar-23	24-Apr-23	24-Apr-23	18-May-23	10-Jul-23	10-Aug-23	12-Dec-23	No. of meetings attended	Percent present
	Regular	ASM <sup>1</sup>	Organizational	Regular	Special	Regular	Regular		
John Eric T. Francia	✓	Re-elected	✓	✓	✓	✓	✓	6/6	100%
Alberto M. de Larrazabal	×	Re-elected	✓	×	✓	✓	✓	4/6	67%
Rolando J. Paulino, Jr.	✓	No longer re-elected	-	-	-	-	-	-	-
Jaime Z. Urquijo	✓	No longer re-elected	-	-	-	-	-	-	-
Jaime Alfonso Antonino E. Zobel de Ayala	×	No longer re-elected	-	-	-	-	-	-	-
Maria Corazon G. Dizon	N/A	Newly elected	✓	✓	✓	✓	✓	5/5	100%
Roman Miguel G. de Jesus	N/A	Newly elected	✓	✓	✓	✓	✓	5/5	100%
Hannielynn F. Tucay	N/A	Newly elected	✓	✓	✓	✓	✓	5/5	100%
Ma. Aurora D. Geotina-Garcia	✓	Re-elected	✓	✓	✓	✓	✓	6/6	100%
Alberto A. Lim	✓	Re-elected	✓	✓	✓	✓	✓	6/6	100%
Melinda L. Ocampo	✓	Re-elected	✓	✓	✓	✓	✓	6/6	100%
Mario Antonio V. Paner	✓	Re-elected	✓	✓	✓	✓	✓	6/6	100%

✓ - Present

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N/A - Not yet elected

<sup>1</sup> Annual Stockholders' Meeting via livestream at <http://www.ayalagroupshareholders.com/>

Effective April 24, 2023, the Board committees and their members are as follows:

Director	Audit Committee	Board Risk Management and Related Party Transactions Committee	Corporate Governance and Nomination Committee	Executive Committee	Personnel and Compensation Committee
John Eric T. Francia				C	
Maria Corazon G. Dizon				M	
Roman Miguel G. de Jesus		M		M	M
Hannielynn F. Tucay					
Alberto M. de Larrazabal	M				
Ma. Aurora Geotina-Garcia (Independent)	C				M
Alberto A. Lim (Independent)		C	M		
Mario Antonio V. Paner (Independent)			M		C
Melinda L. Ocampo (Independent)	M	M	C		

C: Chairman

M: Member

<b>Audit Committee</b>		<b>Regular</b> <b>27-Feb-23</b>	<b>Regular</b> <b>2-May-23</b>	<b>Regular</b> <b>2-Aug-23</b>	<b>Regular</b> <b>6-Nov-23</b>	<b>Joint</b> <b>20-Dec-23</b>
1	Ma. Aurora Geotina-Garcia	✓	✓	✓	✓	✓
2	Alberto M. de Larrazabal	✓	✓	✓	✓	✓
3	Melinda L. Ocampo	✓	✓	✓	✓	✓

<b>Board Risk Management and Related Party Transactions Committee</b>		<b>17-Mar-23</b>	<b>29-Mar-23</b>	<b>14-Jun-23</b>	<b>7-Aug-23</b>	<b>20-Dec-23</b>
1	Alberto A. Lim	✓	✓	✓	✓	✓
2	Melinda L. Ocampo	✓	✓	✓	✓	✓
3	Roman Miguel G. de Jesus	Not yet elected	Not yet elected	✓	✓	✓

<b>Corporate Governance and Nomination Committee</b>		<b>17-Mar-23</b>	<b>20-Apr-23</b>
1	Melinda L. Ocampo	✓	✓
2	Mario Antonio V. Paner	✓	✓
3	Alberto A. Lim	✓	✓

## **MANAGEMENT ROLES AND RESPONSIBILITIES**

Management is responsible to the Board for the operations of the Company and its performance. Management also 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 the CEO takes the lead on Company strategy, visioning, and developing business partnerships.

The Chairman, President, and CEO are supported by management committees composed of key executives who meet regularly to discuss business performance and issues critical to the growth of the Company, and to 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 General Counsel. Through his deep knowledge of the law and regulations, he acts as an advisor on a range of issues and strategies to minimize legal risks and on legal matters and protocols that relate to their roles and the Company's operations.

## **INTERNAL GOVERNANCE MECHANISMS**

### **STRATEGY FORMULATION AND EXECUTION**

ENEX 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 2023. The engagement partner who conducted the audit for calendar year 2023 is Mr. Benjamin N. Villacorte, an SEC accredited auditing partner of SGV. During the Annual Stockholders’ Meeting last April 24, 2023, the stockholders re-appointed 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 and assessing 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 August 2, 2023 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 pre-approved all audit, audit-related, and permitted non-audit services rendered by the External Auditor.

The audit related fees of SGV & Co. for 2023 amounted to Php210,000.00, exclusive of Value-Added Tax (VAT) and Out-Of-Pocket Expenses (OPE). A non-audit service fee of Php44,000.00 was paid to SGV & Co. in relation to the validation of the Corporation’s 2023 annual stockholders’ meeting. No tax consultancy services were secured from SGV & Co. and no other non-audit fees were paid to SGV & Co. for the year 2023.

The 2023 audit results were presented to the Audit Committee during its February 29, 2024 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 seven (7) years of engagement and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor.

The external auditor for the current year and for the most recently completed fiscal year is expected to be present at the Annual Stockholders’ Meeting and to answer any question. It will likewise be given an opportunity to give statements if it desires to do so.

### **Internal Auditors**

Internal Audit, which is headed by acting Chief Audit Executive Mae Christine L. Go, maintains organizational independence by functionally reporting to the Audit Committee and administratively to the Group Chief Financial Officer. The Audit Committee is responsible in advising the Board regarding the qualifications and recruitment, appointment, and removal of the Chief Audit Executive and evaluating 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 and 27001. 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 Audit Committee. The Audit 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 2023, 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 the Company’s Chief Compliance Officer, Atty. Dodjie D. Lazazo:

- ensures proper onboarding of new directors (i.e. orientation on the Company's business, charter, Articles 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, ENEX 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, Inc. (“PSE”).

The Board has the responsibility to the shareholders to ensure the integrity of the Company’s consolidated financial statements and non-financial information disclosed in the Annual 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, 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 in accordance 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 the transaction, unless it is covered under any of the exceptions under the policy.

There were also no cases of non-compliance with the laws, rules, and regulations pertaining to significant or material RPTs issued by the SEC 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 December 31, 2023, the Company’s outstanding common shares were held as follows:

<b>OUTSTANDING COMMON SHARES AND % OWNERSHIP</b>		
ACEN CORPORATION (“ACEN”)	189.8 million*	75.92%*
PCD Nominee Corporation (Filipino)	56.5 million**	22.60%**
PCD Nominee Corporation (Non-Filipino)	0.7 million	0.30%
Others	3 million	1.18%

\* Inclusive of 63 million direct shares and 126.8 million indirect shares lodged in PCD Nominee Corporation (Filipino)

\*\*Excludes the 126.8 million lodged shares of ACEN

## 2023 DISCLOSURES

In 2023, the Company filed the following disclosures:

### 1<sup>ST</sup> quarter

1. January 9, 2023 – Attendance of Directors in the meetings for year 2022
2. January 9, 2023 – Clarification of news article entitled, “P60-billion Batangas power plant set to start construction in August” posted in manilastandard.net on January 8, 2023
3. January 13, 2023 – Public Ownership Report as of December 31, 2022
4. January 16, 2023 – List of Top 100 Stockholders of December 31, 2022
5. January 23, 2023 – Change in Stock Transfer Agent effective February 1, 2023
6. February 21, 2023 – Annual Certification of the Department of Energy
7. March 21, 2023 – Matters approved at the regular board meeting held on March 21, 2023
  - a. Schedule, mode of conduct, and agenda of the 2023 annual stockholders’ meeting (“ASM”);
  - b. Issuance of a Letter of Support to subsidiary Palawan55 Exploration & Production Corporation;
  - c. The Company’s 2022 audited financial statements; and
  - d. Re-appointment of SGV & Co. as the Company’s external auditor for 2023 and endorsement thereof to the stockholders for approval at the 2023 ASM.
8. March 21, 2023 – Detailed Notice and Agenda of the 2023 Annual Stockholders' Meeting
9. March 21, 2023 – Resignation of Michael E. Limbo as Chief Audit Executive effective 30 March 2023
10. March 29, 2023 – Notice of Company's Definitive Information Statement to be uploaded at <https://enexor.com.ph/2023-dis/>

### 2<sup>nd</sup> quarter

1. April 5, 2023 – Participation of the Directors and Officers in Corporate Governance Training
2. April 14, 2023 – Public Ownership Report for the period ending March 31, 2023
3. April 17, 2023 – List of Top 100 Stockholders for the period ending March 31, 2023
4. April 17, 2023 – Annual Report for the fiscal year ended December 31, 2022
5. April 25, 2023 – Results of 2023 Annual Stockholders’ Meeting
6. April 25, 2023 – Results of the 2023 Organizational Meeting of the Board of Directors
7. April 27, 2023 – Submission of the SEC Form 23-A of Maria Corazon G. Dizon as newly elected director
8. April 27, 2023 – Submission of the SEC Form 23-A of Hannielynn F. Tucay as newly elected director
9. April 27, 2023 – Submission of the SEC Form 23-A of Roman Miguel G. de Jesus as newly elected director
10. May 12, 2023 – Quarterly Report for the period ending March 31, 2023
11. May 31, 2023 – Submission of Integrated Annual Corporate Governance Report for the fiscal year ended December 31, 2022
12. June 7, 2023 – Executive Committee approval of loan with ACEN International, Inc.
13. June 27, 2023 – Approval of force majeure declaration in relation to Service Contract No. 55

### 3<sup>rd</sup> quarter

1. July 11, 2023 – Public Ownership Report for the period ending June 30, 2023
2. July 17, 2023 – List of Top 100 Stockholders for the period ending June 30, 2023
3. August 8, 2023 – Reply to Exchange’s Query on the Negative Stockholders’ Equity
4. August 11, 2023 – Result of the regular board meeting dated August 10, 2023
  - Ratification of the advances made by the Company to its subsidiary, Palawan 55 Exploration & Production Corporation (Palawan55), in the amount of Php16.9 million to fund Palawan55’s share in the expenditures under the Work Program for Service Contract No. 55.
5. August 11, 2023 – Quarterly Report for the period ending June 30, 2023

### 4<sup>th</sup> quarter

1. October 5, 2023 – Public Ownership Report for the period ending September 30, 2023
2. October 11, 2023 – List of Top 100 Stockholders for the period ending September 30, 2023
3. November 14, 2023 – Quarterly Report for the period ending September 30, 2023
4. December 5, 2023 – Approval of 18-month extension to drill under Service Contract No. 55 (“SC 55”)
5. December 12, 2023 – Result of the regular board meeting dated December 12, 2023
  - Company’s 2024 business plan and budget

### 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 Annual 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 ENEX’s securities of the directors and officers in 2023:

Name of beneficial owner	Class of Outstanding Share	Balance as of December 31, 2022	Acquired	Disposed of	Balance as of December 31, 2023
<b>DIRECTORS</b>					
John Eric T. Francia	Common	1	-	-	1
Rolando J. Paulino, Jr. (replaced effective April 24, 2023)	Common	1	-	-	N/A
Alberto M. de Larrazabal	Common	1	-	-	1
Jaime Z. Urquijo (replaced effective April 24, 2023)	Common	1	-	-	N/A
Jaime Alfonso Antonio E. Zobel de Ayala (replaced effective April 24, 2023)	Common	1	-	-	N/A

Ma. Aurora Geotina-Garcia	Common	601	-	-	601
Alberto A. Lim	Common	5,075	-	-	5,075
Melinda L. Ocampo	Common	1	-	-	1
Mario Antonio V. Paner	Common	1,001	-	-	1,001
Maria Corazon G. Dizon (elected on April 24, 2023)	Common	N/A	1	-	1
Hannielynn F. Tucay (elected on April 24, 2023)	Common	N/A	1	-	1
Roman Miguel G. de Jesus (elected on April 24, 2023)	Common	N/A	1	-	1
<b>OFFICERS</b>					
John Eric T. Francia	Common	(same as above)	-	-	(same as above)
Rolando J. Paulino, Jr.	Common	(same as above)	-	-	(same as above)
Raymundo A. Reyes, Jr.	Common	35,428	-	-	35,428
Dodjie D. Lagazo	Common	-	-	-	-
Alan T. Ascalon	Common	1,818	-	-	1,818
Raissa C. Villanueva	Common	-	-	-	-
Maria Corazon G. Dizon	Common	(same as above)	-	-	(same as above)
John Philip S. Orbeta	Common	-	-	-	-
Michael E. Limbo (resigned effective 30 March 2023)	Common	-	-	-	N/A
Kyla Kamille U. Samson	Common	-	-	-	-

## STAKEHOLDER RELATIONS

ENEX, through its parent company, ACEN, adheres to the highest level of moral benchmarks and fairness in dealing with shareholders, customers, employees, and business partners 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 shall require the affirmative vote of two-thirds (2/3) of the outstanding capital stock of the Company. Unless otherwise specifically required by the Revised Corporation Code, 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 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 and 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 Controller, 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 within three (3) trading days from the transactions.

### **Trading Blackouts**

To comply with PSE Disclosure Rules, the Company issues a trading blackout notice to all concerned whenever a price sensitive information has been disclosed to the PSE.

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, including members of covered persons' immediate families, 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 for unstructured disclosures, and from five (5) trading days from the intended date of disclosure until two (2) trading days from disclosure with the PSE for structured disclosures. 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 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 SEC Rules on Material Related Party Transactions for PLCs
- Prohibits and remedies and penalized material RPTs that deemed non-compliant with policy

The Board Risk Management and Related Party Transactions Committee is 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 and such action is considered a violation of the Policy Against Sexual Harassment which will result to a permanent ban in the Company working environment.

### **POLICY ON ANTI-FRAUD**

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 Anti-Fraud 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 of 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 via [whistleblower@acenergy.com.ph](mailto:whistleblower@acenergy.com.ph), or by email to [whistleblower@ayala.com.ph](mailto:whistleblower@ayala.com.ph), or 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 ACEN, the parent company, the Company's data privacy team regularly reviews the security measures that the Company puts in place 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 ([dataprivacy@acenrenewables.com](mailto:dataprivacy@acenrenewables.com)) should there be any inquiries or concerns on data privacy or data subjects' rights.

### **WEBSITE**

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