



SECURITIES AND EXCHANGE COMMISSION

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The following document has been received:

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Company Information

SEC Registration No.: 0000004620

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Industry Classification: D351

Company Type: Stock Corporation

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COVER SHEET

Current Report under Section 17 of the Securities Regulation Code and SRC Rule 17.2 © Thereunder

4 6 2 0

S.E.C. Registration Number

ANGELES ELECTRIC CORPORATION

(Company's Full Name)

DON JUAN D NEPOMUCENO AVE COR DONA TERESA AVE NEPOMART COMPLEX ANGELES CITY

(Business Address : No. Street City / Town / Province)

CRISTINA ARBOLEDA

Contact Person

0908-8894463

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

ACGR

FORM TYPE

0 6 1 8

Month Day Annual Meeting

Permit to sell securities

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

142

Total No. of Stockholders

Total Amount of Borrowings

-

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

Document I.D.

Document I.D.

Cashier

STAMPS

STAMPS



SEC FORM-ACGR (FOR PC/RI)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the fiscal year ended: **31 December 2023**
2. SEC Registration Number: **4620**
3. BIR Tax Identification Number: **000-088-802**
4. Exact Name of the Issuer as specified in its charter: **ANGELES ELECTRIC CORPORATION**
5. Province, Country, or other jurisdiction of incorporation or organization: **PAMPANGA, PHILIPPINES**
6. Address of Principal Office: **ANGELES CITY, PAMPANGA, PHILIPPINES**
7. Postal Code: **2009**
8. Issuer's Telephone number, including area code: **+639088803567 / (632)8636-6485**
9. Former name, former address, and former fiscal year, if changed since the last report.
NOT APPLICABLE
10. Industry Classification Code (For SEC's use only)

SEC FORM-ACGR (FOR PC/RI)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

GENERAL INSTRUCTIONS

A. Use of SEC Form-ACGR (For PC/RI)

This SEC Form shall be used as a tool to disclose public companies and Registered Issuers' compliance/non-compliance with the recommendation provided under the Code of Corporate Governance for Public Companies and Registered Issuers, which follows the "comply or explain" approach, pursuant to SEC Memorandum Circular No. 24, Series of 2019 and SEC Memorandum Circular No. 19, Series of 2020.

B. Preparation of Report

These General instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The Annual Corporate Governance Report (ACGR) has four (4) columns, arranged as follows:

ANNUAL CORPORATE GOVERNANCE FOR PUBLIC COMPANIES AND REGISTERED ISSUERS			
RECOMMENDED PRACTICE/POLICY	COMPLIANCE/NON- COMPLIANCE	ADDITIONAL INFORMATION	EXPLANATION
The Recommended Practices/Policies under the Code of Corporate Governance for Public Companies and Registered Issuers shall be listed here.	The company shall indicate whether it is "compliant" or "non-compliant" with the recommended practice.	The company shall provide additional information to support the fact of their compliance with the recommended practice.	The company shall provide explanations for any non-compliance, pursuant to the "comply or explain" approach. Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company. "Not Applicable" or "None" shall not be considered a sufficient explanation.

C. Coverage of the Report

The SEC FORM-ACGR (for PC/RI) shall cover all relevant information from January to December of the given year.

- a. PCs that were registered or have qualified as such from July to December of a given year, shall be allowed to indicate “newly registered” in the explanation portion of the ACGR FOR THE FIRST SUBMISSION. The same shall not be considered as a sufficient explanation if the PC fails to indicate the date of its registration or when it has qualified as such.
- b. RI’s registered from July to December of a given year shall be allowed to indicate “newly registered” in the explanation portion of the ACGR for their first submission. The same shall not be considered a sufficient explanation if the RS fails to indicate the date of the effectivity of its Registration Statement.
- c. PC’s and RI’s, which are publicly listed in the Philippines Stock Exchange, shall not be covered by this Report and shall continue to be governed by SEC Memorandum Circular No. 15, Series of 2017, or the Integrated Annual Corporate Governance Report for Publicly-Listed Companies.

D. Signature, Filing, and Posting of the Reports.

- a. Two (2) copies of fully accomplished SEC Form-ACGR (for PC/RI) shall be filed with the SEC Head Office or any of its extension offices on or before June 30 of the following year for every year that the company qualifies as a PC and RI.
- b. At least one (1) complete copy of the ACGR shall be duly notarized and shall bear the original and manual signatures required.
- c. The ACGR shall be signed under oath by the: (1) Chairperson of the Board: (2) Chief Executive Officer or President: (3) All Independent Directors: (4) Compliance Officer, and (5) Corporate Secretary.
- d. All reports shall comply with the full disclosure requirements of Republic Act No. 8799, otherwise known as the Securities Regulation Code.

RECOMMENDATION	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
THE BOARD'S GOVERNANCE RESPONSIBILITIES			
Principle 1. ESTABLISHING A COMPETENT BOARD			
The company should be headed by a competent, working Board to foster the long-term success of the corporation and to sustain its competitiveness and growth in a manner consistent with its corporate objectives and the long-term best interest of its shareholders/members and other stakeholders.			
Recommendation 1.1			
1.	The Board is composed of directors with collective working knowledge, experience, or expertise that is relevant to the company's industry/sector.	Compliant	<p><i>Provide information or link/reference to a document containing information on the following:</i></p> <p><i>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant training of directors.</i></p> <p><i>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as the benchmark for the evaluation of performance.</i></p>
2.	The Board has an appropriate mix of competence and expertise.	Compliant	Angeles Electric Corp. ("AEC" or the "Company")'s Board is composed of Directors with collective working knowledge, experience, and expertise that is relevant to the energy sector.
3.	Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organizations.	Compliant	<p>AEC's Board has an appropriate mix of competence and expertise in engineering, finance, business and IT, with years of experience in the power industry and regulatory environment.</p> <p>AEC website: https://angeleselectric.com.ph/the-board-of-directors/</p> <p>Definitive Information Statement, SEC Form 20-IS, pages 6 to 15: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC-DIS2024-orig-signed.pdf</p> <p>Annual Report 2023, SEC Form 17-A, pages 56 to 63: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A-AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p> <p>Amended Prospectus pages 136 to 143: https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus-Dec-10-2023.pdf</p>

			<p>The qualification standards for Directors to facilitate the selection of potential nominees and to serve as a benchmark for the evaluation of performance are found in the links below:</p> <p>Amended By-Laws Sections 2 and 3: https://angeleselectric.com.ph/wp-content/uploads/2024/04/Amended-By-Laws-Articles-I-VII-and-IX-X-2022.pdf</p> <p>Manual on Corporate Governance, Item II.A: https://angeleselectric.com.ph/corporate-governance/</p>	
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Recommendation 1.2

1	<p>The Board should be composed of a majority of Non-Executive Directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.</p>	Compliant	<p><i>Provide information or reference to a document containing information of the Chairperson, including his/her name, qualifications, and expertise.</i></p> <p>The qualifications, profiles, expertise and business experiences of the Company’s Chairperson and Members of the Board are disclosed in the Amended Prospectus, in the Annual Report (SEC Form 17-A) and Definitive Information Statement (SEC Form 20-ISA).</p> <p>Amended Prospectus, pages 136 to 137: https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus-Dec-10-2023.pdf</p> <p>2023 Annual Report, SEC Form 17-A, pages 56 to 57 https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A-AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p> <p>Definitive Information Statement, SEC Form 20-ISA, page 6 https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC-DIS2024-orig-signed.pdf</p>	
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Recommendation 1.3

1	The Company provides a policy on the training of Directors.	Compliant	<p><i>Provide a link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on directors' training.</i></p> <p>The Manual on Corporate Governance and Governance Committee Charter provides the policies for training its Directors.</p> <p>Manual on Corporate Governance, page 4 and Corp. Governance Committee Charter, Item C.4 https://angeleselectric.com.ph/corporate-governance/</p>	
2	The company has an orientation program for first-time Directors.	Compliant	<p><i>Provide information or link/reference to a document containing information on the orientation program and training of directors for the covered year, including the number of hours attended and topics covered.</i></p>	
3	The company has relevant annual continuing training for all Directors.	Compliant	<p>New Directors are provided with essential reading materials on the matters related to the Company, to assist them in better understanding the business and its operations. The reading materials are as follows but not limited to: (a) Audited Financial Statements; (b) Annual Report; (c) Manual on Corporate Governance; (d) Amended Articles of Incorporation; (e) By-Laws; (f) various current disclosures of the Company.</p> <p>For the Year 2023, the Company's Directors attended the following seminars:</p> <ol style="list-style-type: none"> 1. Corporate Governance Practices: Board Director's Guide for Audit Committees 2. Roles, Responsibilities and Liabilities of the Board of Directors 3. ICD Masterclass: Redefining the Future of Finance: Fintech's Role in Shaping our Economy 4. ICD Masterclass: The Governance of Family Firms: Emerging Perspective from Established Models 	

			<p>5. ICD Masterclass: Adopting An Entrepreneurial Mindset: A Primer for Board of Directors</p> <p>6. ICD Masterclass: The Brand Architecture: A Valuable Framework for Setting Strategy</p> <p>See attached Annex "A" (Annexes A-1 to A-7) for the details of seminars attended and copies of the Certificates of Attendance of Directors, respectively.</p>	
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Recommendation 1.4				
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1.	The Board has a policy on Board diversity.	Non-compliant	<p><i>Provide information on or link/reference to the document containing information on the company's Board Diversity policy.</i></p>	<p>As a newly registered public Company last December 14, 2023, AEC is still in the process of adopting a policy on Board Diversity as required in its Manual on Corporate Governance.</p> <p>See attached Annex "B" for the SEC approval of the Company's Registration Statement.</p> <p>The Company's Manual of Corporate Governance provides that AEC shall, as much as practicable, endeavor to ensure diversity in the Board of Directors, in terms of age, gender, ethnicity, skills, experience, and knowledge.</p> <p>https://angeleselectric.com.ph/corporate-governance/</p> <p>On gender diversity, the Company is partially compliant with this recommendation as AEC's Board has a mix of seven (7) male Directors and two (2) female Directors, including 1 female Independent Director for the Year 2023. The Board ensures that it represents a mix of disciplines in the areas of business, finance, operations, and legal competencies relevant to the Company's industry.</p>
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				<p>The current mix of the Company's Board as disclosed in the SEC Form 17-A Year 2023 Annual Report, pages 56 to 63 shows diversity in terms of age, gender, skills, experience and knowledge.</p> <p>https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A_AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p>
Recommendation 1.5				
1	The Board should ensure that it is assisted by a Corporate Secretary.	Compliant	<p><i>Provide information or link/reference to a document containing information of the Corporate Secretary, including his/her name, qualifications, duties, and functions.</i></p> <p>The Company's Corporate Secretary is Atty. Benedict R. Tugonon. He is not the Company's Compliance Officer and is not a member of the Board of Directors. The Board also appointed Atty. Beatrice Bayudan as the Assistant Corporate Secretary. She is not also a Member of the Board.</p> <p>The qualifications of the Corporate Secretary are disclosed in the Definitive Information Statement (SEC Form 20-ISA), the Annual Report (SEC Form 17-A) and the Amended Prospectus below:</p> <p>Item II.C of the Company's Manual of Good Corporate Governance: https://angeleselectric.com.ph/corporate-governance/</p> <p>Definitive Information Statement, SEC Form 20-ISA, page 14: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p> <p>2023 Annual Report, SEC Form 17-A, page 63: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-</p>	
2	The Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3	The Corporate Secretary is not a member of the Board of Directors.	Compliant		

			17-A AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf	
4	The Corporate Secretary attends annual training/s on Corporate Governance.	Non-compliant	<i>Provide information or link/reference to a document containing information on the corporate governance training attended, including the number of hours and topics covered.</i>	As a newly registered public Company last December 14, 2023, AEC is still in the process of complying with the Corporate Secretary's training as required in its Manual on Corporate Governance. See attached Annex "B" for the SEC approval of the Company's Registration Statement.
Recommendation 1.6				
1	The Board is assisted by a Compliance Officer.	Compliant	<i>Provide information or link/reference to a document containing information of the Compliance Officer, including his/her name, position, qualifications, duties, and functions</i>	
2	The Compliance Officer has the rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation.	Compliant	The Board is assisted by the Company's Compliance Officer, Ms. Cristina L. Arboleda. She is not a member of the Company's Board of Directors. She has the rank of Vice President and Head of Corporate Governance, Social Responsibility and Environment. Her qualifications, duties and functions are disclosed in the Amended Prospectus and the Manual on Corporate Governance. Amended Prospectus, page 151 https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus_Dec-10-2023.pdf Manual on Corporate Governance, pages 11 and 12: https://angeleselectric.com.ph/corporate-governance/	
3	The Compliance Officer is not a member of the Board of Directors.	Compliant		
4	The Compliance Officer attends annual training/s on Corporate Governance.	Compliant	<i>Provide information or link/reference to a document containing information on the corporate governance training/s attended, including the date of the training, number of hours, and topics covered.</i>	

			<p>The Company's Compliance Officer attended the following seminar in 2023:</p> <ol style="list-style-type: none"> 1. New Year SEC Updates and Compliance (CGBP) <p>See attached Annex "C" for the Certificate of Training and Attendance.</p>	
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Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company's articles of incorporation and by-laws, and other legal pronouncements and guidelines should be made known to all directors as well as to shareholders/members and other stakeholders.

Recommendation 2.1

1	The Board members should act on a fully informed basis, in good faith with due diligence and care, and in the best interest of the Company, shareholders, and stakeholders.	Compliant	<p><i>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes, or meetings).</i></p> <p>The Board of Directors reviews and approves major projects, policy decisions, major investment funding, and major restructuring of core businesses on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.</p> <p>The Manual of Corporate Governance specifies the roles and responsibilities of Directors and how these are performed by the Directors on a fully informed basis.</p> <p>Link: See Annex "D (D-1 to D-4)" for copies of the Minutes of the Regular and Special Board Meetings on the actions of the Board of Directors.</p> <p>Manual on Corporate Governance pages 5 to 11: https://angeleselectric.com.ph/corporate-governance/</p>	
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Recommendation 2.2

1.	The Board should oversee the development of and approve the Company's	Compliant	<p><i>Provide information or link/reference to a document containing information on how the directors performed this</i></p>	
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	business objectives and strategy.		<i>function (this can include board resolutions and minutes of meetings).</i>	
2	The Board oversees and monitors the implementation, in order to sustain the Company's long-term viability and strength.	Compliant	<p><i>Indicate the frequency of development of business objectives and strategy.</i></p> <p>The Board is responsible for setting the Company's overall strategic directions, corporate objectives, and long-term goals.</p> <p>In its regular and special meetings held in 2023, as recorded in the Minutes of Meetings, the Board approved among others the following:</p> <ol style="list-style-type: none"> 1. Distribution Development Plan 2023-2032 2. The 10-year Renewable Power Supply Agreement with Solar Phils New Energy Corp. 3. The Capex 2023 Projects Application with the ERC 4. The election of Independent Directors under the Amended By-laws 5. The approval of the 2022 Financial Statements 6. The establishment of the Governance Committee 7. The approval of the Manual of Corporate Governance 8. The appointment of Compliance Officer and 9. The compliance with the EPIRA Section 43(t) requirements on public offering. <p>See attached Annex "D (D-1 to D-4)" for copies of the 2023 Minutes of Regular and Special Board Meetings.</p>	
Recommendation 2.3				
1	The Board ensures and adopts an effective succession planning program for Directors, Key Officers, and Management.	Non-compliant	<i>Disclose and provide information link/reference to a document containing the company's succession planning, policies programs, and implementation.</i>	In 2023, the Board has yet to establish its succession planning program for Directors, as the Company's Registration Statement was approved on December 14, 2023.

2	The Board adopts a policy for the retirement of Directors and Key Officers.	Non-compliant		<p>See attached Annex "B" for the SEC approval of the Company's Registration Statement.</p> <p>For the Key Officers, the Company follows the same retirement policy as the rest of its regular employees per Its Employee Retirement Plan and Collective Bargaining Agreement.</p>
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Recommendation 2.4

1	The Board should align the remuneration of key officers and board members with the long-term interests of the company.	Compliant	<p><i>Provide information or link/reference to a document containing the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</i></p>	
2	The Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<p>The Directors receive a per diem of Php15,000.00 for each meeting attended.</p> <p>For the Board Committee Meetings: the Chairperson and Members receive Php15,000.00 and Php10,000.00, respectively for each meeting attended.</p>	
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>Except for discretionary bonuses, no other compensation, in any form, is paid to the Directors for the services they provide as Directors of the Company.</p> <p>This arrangement is disclosed in the Company's Manual on Corporate Governance, Definitive Information Statement (SEC Form 20-ISA), in the Annual Report (SEC Form 17-A) and its Amended Prospectus.</p> <p>Definitive Information Statement, SEC Form 20-ISA, Page 19: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p> <p>Annual Report, Amended Sec Form 20-IS, pages 67 and 68: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-</p>	

			17-A AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf Amended Prospectus page 172: https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus Dec-10-2023.pdf	
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Recommendation 2.5

1	The Board has a formal and transparent board nomination and election policy.	Compliant	<p><i>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the candidates are shortlisted and how it encourages nominations from shareholders.</i></p> <p><i>Provide proof if minority shareholders have a right to nominate candidates to the board.</i></p> <p><i>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</i></p> <p>The Board adopted the <i>Requirements and Procedures for Participating via Remote Communication and Voting in Absentia</i>, as attached in its Definitive Information statement, SEC Form 20-IS, as DIS 2024 ASM Validation Procedure:</p> <p>https://angeleselectric.com.ph/wp-content/uploads/2024/05/9-AEC-DIS2024-ASM2024-Validation-Procedures.pdf</p> <p>The said requirements and procedures apply to all stockholders regardless of the number of shares owned.</p>
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	
3	The Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant	
4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	Compliant	
5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election, or replacement/removal of a Director.	Compliant	
6	The Board has a process for identifying the quality of Directors that is aligned with the strategic direction of the company.	Compliant	

Recommendation 2.6

1	The Board has overall responsibility in ensuring that there is a policy and system governing Related Party Transactions (“RPT”) and other unusual or infrequently occurring transactions.	Non-Compliant	<p><i>Provide information or reference to a document containing the Company’s policy on related party transactions, including policy on review and approval of significant RPTs.</i></p> <p><i>Identify transactions that were approved pursuant to the policy.</i></p>	As a newly registered public Company last December 14, 2023, AEC is still in the process of formulating and adopting a policy and system governing its Related Party Transactions, as required in its Manual on Corporate Governance.
2	The RPT Policy includes appropriate review and approval of material RPSs, which guarantee fairness and transparency of transactions.	Non-Compliant		<p>Nonetheless, the Company follows the disclosure requirements of the Philippine Accounting Standards.</p> <p>In 2024, the Company has drafted its Related Transactions Policy which will be adopted upon approval by the Board.</p>

Recommendation 2.7

1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive)	Compliant	<p><i>Provide information or reference to a document containing the Board’s policy on approving the selection of management.</i></p> <p><i>Identify the Management team appointed.</i></p> <p>The Board is primarily responsible for appointing a competent Management Team. The election of the President, Treasurer and Secretary is provided in Article V, Page 12 of its Amended By-laws. https://angeleselectric.com.ph/wp-content/uploads/2024/04/Amended-By-Laws-Articles-I-VII-and-IX-X-2022.pdf</p> <p>Also attached, as Annex “E”, is a copy of the Minutes of the Organizational and Special Board Meeting, approving the appointment of the following Executive Officers for the Year 2023:</p> <ul style="list-style-type: none"> • President and CEO- Maria Rita Josefina V. Chua • Treasurer – Robert Gerard B. Nepomuceno • Corporate Secretary - Atty. Benedict Tugonon • Asst. Corp. Secretary- Atty. Beatrice Bayudan 	
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			<ul style="list-style-type: none"> • Chief Operating Officer – Engr. Michael Angelo Colle • Chief Finance Officer – Erwin Aldrin James T. Nepomuceno <p>The Company's Manual of Corporate Governance also provides for the Board's authority to appoint other Officers: https://angeleselectric.com.ph/corporate-governance/</p> <p>The Company's Compliance Officer, Ms. Cristina L. Arboleda was also appointed by the Board as per the Secretary's Certificate attached herewith as Annex "E".</p> <p>In 2024, the Board is still in the process of appointing the Chief Risk Officer and Chief Audit Executive.</p>	
2	The Board is primarily responsible for assessing the performance of Management, led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive, as may be applicable).	Compliant	<p><i>Provide information or reference to a document containing the Board's policy on assessing the performance of management.</i></p> <p><i>Provide information on the assessment process and indicate the frequency of assessment of performance.</i></p> <p>Sections 10, 11 and 12 of the Company's Amended By-Laws provide for the policies covering the assessment, compensation, and removal of the Officers of the Company. https://angeleselectric.com.ph/the-articles-of-incorporation-and-by-laws/</p>	
Recommendation 2.8				
1	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management's performance is on par with the standards set by the Board and Senior Management.	Compliant	<p><i>Provide information or link/reference to a document containing the Board's performance evaluation framework for management and personnel.</i></p> <p>The Company intends to prepare the criteria for the assessment of the performance of the Board as provided in the framework disclosed in the SEC Form 20-ISA Definitive Information Statement, Page 24.B:</p>	

			https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf	
2	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel's performance is on par with the standards set by the Board and Senior Management.	Compliant	For the performance assessment of Senior Management and regular employees, the Company is adopting a revised annual performance evaluation form for employees using the Performance Management System (PMS) based on Core Competencies and Professional Excellence. The rollouts for the PMS tool are still ongoing including the updating of the job descriptions and key result areas.	
Recommendation 2.9				
1	The Board oversees that an appropriate internal control system is in place.	Non-compliant	<i>Provide information or link/reference to a document showing the Board's responsibility in ensuring that an appropriate internal control system is in place, and what comprises the internal control system.</i>	Even before the establishment of its Audit Committee, the Company began documenting the internal control system of its Inventory and Purchasing System in 2023, as well as implementing the policies and controls provided in the Company's Accounting Cost and Allocation Manual (ACAM).
2	The internal control system includes a mechanism for monitoring and managing potential conflicts of interest among the Board members, Management, and shareholders.	Non-compliant		
3	The Board adopts an Internal Audit Charter.	Non-compliant	<i>Provide reference or link to the Company's Internal Audit Charter</i>	The Company is still in the process of documenting its Audit Committee Charter, as the Company's Registration Statement was only approved in December 2023. See attached Annex "B" for the SEC approval of the Company's Registration Statement.
Recommendation 2.10				
1	The Board oversees that the company has in place a sound Enterprise Risk Management (ERM) framework to effectively identify, monitor, assess, and manage key business risks.	Non-compliant	<i>Provide information or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</i>	The Board is still documenting its Enterprise Risk Management (ERM) framework, as the Company's Registration Statement was only approved in December 2023.

			<i>Provide proof of effectiveness of risk management strategies, if any.</i>	See attached Annex "B" for the SEC approval of the Company's Registration Statement.
2	The Risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Non-compliant		

Recommendation 2.11

1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities accountabilities in carrying out its fiduciary duties.	Non-compliant	<i>Provide the link to the company's website where the Board Charter is disclosed and/or other proof that it is publicly available.</i>	The Board is still in the process of formulating and adopting its Board Charter as the Company's Registration Statement was only approved in December 2023. See attached Annex "B" for the SEC approval of the Company's Registration Statement.
2	The Board Charter serves as a guide to the Directors in the performance of their functions.	Non-compliant		
3	The Board Charter is publicly available.	Non-compliant		

Principle 3. ESTABLISHING BOARD COMMITTEES

The board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly concerning audit, risk management, compliance, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions, and responsibilities of all the board committees should be contained in their respective board Committee charter.

Recommendation 3.1

1	The Board establishes Board Committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<i>Provide information or link/reference to a document containing information on all board committees established by the company.</i> As the Company's registration statement was only approved in December 2023, the Board has only established its Corporate Governance in 2023. Whereas the Company's Audit, Board Risk Oversight and Executive Committees were established in 2024. See attached Annex "G" for the copy of the Minutes of the Special Meeting	
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			approving the establishment of its Corporate Governance Committee.	
Recommendation 3.2				
1	The Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Non-compliant	<p><i>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</i></p> <p><i>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external audit.</i></p>	<p>As a newly registered public Company last December 14, 2023, the Board is still in the process of establishing its Audit Committee and its Charter, as required in its Manual on Corporate Governance.</p> <p>See attached Annex "B" for the SEC approval of the Company's Registration Statement.</p> <p>The purpose, membership composition, duties, and responsibilities of the Audit Committee are provided in the following:</p> <p>Manual of Corporate Governance, pages 17 to 21: https://angeleselectric.com.ph/corporate-governance/</p> <p>Sections 10, 11 and 12 of the Company's Amended By-Law: https://angeleselectric.com.ph/wp-content/uploads/2024/04/Amended-By-Laws-Articles-I-VII-and-IX-X-2022.pdf</p>
2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	Non-compliant		
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance.	Non-compliant		
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or any other committee.	Non-compliant		
Recommendation 3.3				
1	The Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<p><i>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions.</i></p> <p><i>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</i></p> <p>The Board established its Governance Committee on October 4, 2023.</p>	

			<p>See attached Annex "G" for the related Minutes of the Board Meeting re. establishing the Corporate Governance Committee.</p> <p>The functions of the Corporate Governance Committee, including the functions that were formerly assigned to a Nomination and Remuneration Committee, are outlined on Page 14 Item II.D.1, of the Company's Manual of Good Corporate Governance: https://angeleselectric.com.ph/corporate-governance/</p> <p>The Company's Corporate Governance Committee Charter which was established in 2024, was posted on the Company's website and can be accessed at the link below: https://angeleselectric.com.ph/corporate-governance/</p>	
2	The Corporate Governance Committee is composed of at least three (3) members, the majority of whom, including the Chairperson, should be independent directors.	Compliant	<p><i>Provide information or link/reference to a document containing information of the members of the Corporate Governance Committee, including their qualifications and type of directorship.</i></p> <p>The information on the Corporate Governance Committee members, qualifications, and type of directorships are disclosed in the following:</p> <p>SEC Form 20-ISA Definitive Information Statement: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p>	
Recommendation 3.4				
1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to	Non-compliant	<p><i>Provide information or link/reference to a document containing information of the Board Risk Oversight Committee (BROC), including its functions</i></p>	As a newly registered public Company last December 14, 2023, the Board is still in the process of establishing its BROC Committee and its Charter for, as required in its Manual on Corporate Governance.

	ensure its functionality and effectiveness.			See attached Annex "B" for the SEC approval of the Company's Registration Statement.
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	Non-compliant	<i>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship.</i>	The Company's policy on the establishment of the Board Risk Oversight Committee is provided in the following documents: Page 15, Section II.D.2 of the Company's Manual of Good Corporate Governance , provides for the BROC Committee's duties and responsibilities. https://angeleselectric.com.ph/corporate-governance/
3	At least one member of the BROC has relevant thorough knowledge and experience in risk and risk management.	Non-compliant	<i>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</i>	Section 7, Page 10 of the Amended By-Laws: https://angeleselectric.com.ph/the-articles-of-incorporation-and-by-laws/ In 2024, the Board established its BROC Committee and Members and is in the process of creating its Charter.
Recommendation 3.5				
1	All established Committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources, and other relevant information.	Non-compliant	<i>Provide information or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee necessary for performance evaluation purposes.</i>	As a newly registered public Company last December 14, 2023, the Board has only established its Corporate Governance Committee in 2023. See attached Annex "B" for the SEC approval of the Company's Registration Statement.
2	The Committee Charters provide standards for evaluating the performance of the Committees.	Non-compliant		The BROC, and Executive Committees were established in 2024. The Committee Charters for Corporate Governance and Audit Committees were also adopted in 2024, as required in its Manual on Corporate Governance.

				The policy on the Company's Committee Charters is incorporated in the Manual of Good Corporate Governance under Item II.D Page 21: https://angeleselectric.com.ph/corporate-governance/
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Principle 4. FOSTERING COMMITMENT

To show full commitment to the Company, the Directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1	The Directors attend and actively participate in all meetings of the Board, Committees, and shareholders/members in person or through tele-/videoconferencing conducted by the rules and regulations of the Commission.	Compliant	<p><i>Provide information or link/reference to a document containing the process and procedure for tele/videoconferencing board and/or committee meetings.</i></p> <p><i>Provide information or link/reference to a document containing the attendance and participation of directors to Board, Committee, and shareholders' meetings.</i></p> <p>The Company adopted the <i>Guidelines on the Attendance and Participation of Directors, and Other Trustees, Stockholders, Members and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing, and Other Remote or Electronic Means of Communication</i> issued by the Securities and Exchange Commission per SEC Memorandum Circular No. 6. Series of 2020.</p> <p>The Board's attendance report during Board Meetings, Stockholders' Meetings, and Committee Meetings, for the period January to December 2023 are disclosed in Item 16 of the SEC Form 20-ISA Definitive Information Statement: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p> <p>No Director incurred an absence of more than 50% of all regular and special meetings of the Board.</p>
2	The Directors review meeting materials for all Board and Committee meetings.	Compliant	<p>The Board's attendance report during Board Meetings, Stockholders' Meetings, and Committee Meetings, for the period January to December 2023 are disclosed in Item 16 of the SEC Form 20-ISA Definitive Information Statement: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p> <p>No Director incurred an absence of more than 50% of all regular and special meetings of the Board.</p>

3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p><i>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</i></p> <p>The Directors may ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p> <p>See attached Annex "H" for the Minutes of the Regular Meeting containing information on questions raised or clarification sought by the Directors.</p>	
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Recommendation 4.2

1	Non-executive Directors should not concurrently serve as Directors to more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	Compliant	<p><i>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</i></p> <p><i>Provide information or reference to a document containing information on the directorships of the company's directors in listed companies, registered issuers, and public companies.</i></p> <p>The Company ensures that Non-Executive Directors of the Company devote the time and attention necessary to properly discharge their duties and responsibilities.</p> <p>The directorships of the Board in other companies are disclosed in the Definitive Information Statement (SEC Form 20-ISA), in the Annual Report (SEC Form 17-A) and in its Amended Prospectus.</p> <p>Definitive Information Statement, SEC Form 20-ISA, pages 8 to 14: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p> <p>Annual Report 2023, SEC Form 17-A, pages 56 to 63: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A_AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p>	
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			<p>Amended Prospectus, pages 136 to 142: https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus-Dec-10-2023.pdf</p>	
Recommendation 4.3				
1	The Directors notify the company's board before accepting a directorship in another company.	Compliant	<p><i>Provide a copy or reference to the written notification to the board or minutes of the board meeting wherein the matter was discussed.</i></p> <p>The Directors had no additional directorship in any public company or registered issuer after the approval of the Company's Registration Statement on December 14, 2023.</p> <p>This practice is encouraged but no written notification was received in 2023.</p>	
Principle 5: RE-INFORCING BOARD INDEPENDENCE				
The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.				
Recommendation 5.1				
1	The Board is composed of a majority of non-executive Directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.	Compliant	<p><i>Identify or provide a link/reference to a document identifying the directors, the type of their directorships, and their qualifications.</i></p> <p>The Company's Board is composed of a majority of Non-Executive Directors and they were disclosed together with their qualifications in the Definitive Information Statement (SEC Form 20-ISA), in the Annual Report (SEC Form 17-A) and in its Amended Prospectus.</p> <p>Definitive Information Statement, SEC Form 20-ISA, Item 5 page 6: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC-DIS2024-orig-signed.pdf</p> <p>Annual Report 2023, SEC Form 17-A, page 56: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A-AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p>	

			<p>Amended Prospectus, page 136: https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus-Dec-10-2023.pdf</p> <p>Out of the Company’s nine (9) Directors, three (3) are Executive Directors (Chairman, President and CEO, Treasurer) and six (6) are Non-executive Directors including the two (2) Independent Directors.</p> <p>The qualifications/disqualifications of Directors are provided in Section 3, Page 6 of the Amended By-Laws: https://angeleselectric.com.ph/the-articles-of-incorporation-and-by-laws/</p>	
Recommendation 5.2				
1	The Board should have at least two (2) Independent Directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.	Compliant	<p><i>Provide information or link/reference to a document containing the number of independent directors in the board.</i></p> <p>The provision on Item E, page 22 in the Company’s Manual on Corporate Governance provides that the Board shall have at least two (2) Independent Directors or in such minimum number as may be mandated by the SEC: https://angeleselectric.com.ph/corporate-governance/</p>	
Recommendation 5.3				
1	The Independent Directors possess all the qualifications and none of the disqualifications to hold the position.	Compliant	<p><i>Provide information or link/reference to a document containing the qualifications of independent directors.</i></p> <p>The standard qualifications of the Independent Directors are stated in the following:</p> <p>Amended By-Laws under Section 2, page 6: https://angeleselectric.com.ph/the-articles-of-incorporation-and-by-laws/</p> <p>Manual on Corporate Governance, Item E.3 page 22:</p>	

			<p>https://angeleselectric.com.ph/corporate-governance/</p> <p>The Company's Independent Directors are Mr. Horacio Cebrero III and Ms. Ivanna G. de la Peña. Their information and recent business experiences for the last 5 years are disclosed on the Company's website, in the Definitive Information Statement (SEC Form 20-ISA), in the 2023 Annual Report (SEC Form 17-A) and in its Amended Prospectus.</p> <p>AEC website: https://angeleselectric.com.ph/the-board-of-directors/</p> <p>Definitive Information Statement, SEC Form 20-ISA, Item 1 page 13: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p> <p>Annual Report 2023, SEC Form 17-A, page 56: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A_AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p> <p>Amended Prospectus, page 141: https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus_Dec-10-2023.pdf</p>	
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Recommendation 5.4

1	The Company perpetually bars an Independent Director from serving in such a capacity after the term limit of nine (9) years.	Compliant	<p><i>Provide information or link/reference to a document containing the company's policy on term limits for its independent director.</i></p> <p>Pages 23 and 24 Item E.3n of the Company's Manual on Corporate Governance provides "<u>As a rule, Independent Directors may serve for a maximum of nine (9) cumulative years, after which, the Independent Director should be perpetually barred from re-election as such in AEC, but may continue to qualify for nomination and election as a non-Independent Director. If AEC</u></p>	
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			<p>wants to retain an Independent Director who has served for nine (9) cumulative years, the Board should provide meritorious justifications and sufficient reasons to believe that the individual concerned remains independent and advise shareholders of such justifications during the Annual Stockholders Meeting.”</p> <p>https://angeleselectric.com.ph/corporate-governance/</p>	
2	<p>In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders’/member’s approval during the annual regular meeting.</p>	Compliant	<p>Provide reference to the meritorious justification and proof of shareholders’/members’ approval during the annual regular meeting.</p> <p>Pages 23 and 24 Item E.3n of the Company’s Manual on Corporate Governance provides “As a rule, Independent Directors may serve for a maximum of nine (9) cumulative years, after which, the Independent Director should be perpetually barred from re-election as such in AEC, but may continue to qualify for nomination and election as a non-Independent Director. <u>If AEC wants to retain an Independent Director who has served for nine (9) cumulative years, the Board should provide meritorious justifications and sufficient reasons to believe that the individual concerned remains independent and advise shareholders of such justifications during the Annual Stockholders Meeting.”</u></p> <p>https://angeleselectric.com.ph/corporate-governance/</p>	
Recommendation 5.5				
1	<p>The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.</p>	Compliant	<p>Identify the company’s Chairperson of the Board and Chief Executive Officer (or its equivalent).</p> <p>The Company’s Chairman of the Board is Engr. Geromin T. Nepomuceno and the President and Chief Executive Office is Ms. Maria Rita Josefina V. Chua. Their profile and recent business experiences for the last 5 years are disclosed on the Company’s website, in the Definitive Information Statement (SEC Form 20-</p>	

			<p>ISA), in the 2023 Annual Report (SEC Form 17-A) and its Amended Prospectus.</p> <p>AEC website: https://angeleselectric.com.ph/the-board-of-directors/</p> <p>Definitive Information Statement, SEC Form 20-ISA, Item 1 page 8: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p> <p>Annual Report 2023, SEC Form 17-A, page 56 to 58: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A_AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p> <p>Amended Prospectus, pages 136 to 139: https://angeleselectric.com.ph/wp-content/uploads/2023/12/AEC-Amended-Prospectus_Dec-10-2023.pdf</p>	
2	<p>The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing the roles and responsibilities of the Chairperson of the Board and Chief Executive Officer (or its equivalent).</i></p> <p><i>Identify the relationship of the Chairperson and CEO.</i></p> <p>The roles and functions of the Company’s Chairman and President are provided in the following:</p> <p>Amended By-Laws, Article V, page 12: https://angeleselectric.com.ph/the-articles-of-incorporation-and-by-laws/</p> <p>Manual on Corporate Governance, Item E.4 & 5, page 24: https://angeleselectric.com.ph/corporate-governance/</p> <p>The positions of the Company’s Chairman of the Board and President/CEO are held by separate individuals.</p>	

Recommendation 5.6				
1	The Board designates a lead Director among the Independent Directors if the Chairperson of the Board is not an Independent Director.	Non-compliant	<p><i>Provide information or link/reference to a document containing information on a lead independent director and its roles and responsibilities if any. Indicate if the Chairperson is an independent director.</i></p>	<p>The Company’s Chairman of the Board is not an Independent Director.</p> <p>The Manual on Corporate Governance under Item E.6 provides <u>“The Board shall designate a Lead Director among the Independent Directors if the Chairperson of the Board is not independent, including if the positions of the Chairperson of the Board and Chief Executive Officer or its equivalent are held by one person.</u> The Lead Independent Director shall serve as an intermediary between the Chairman and other Directors, convene and chair the meetings of non-executive Directors and contribute to the performance evaluation of the Chairman.”</p> <p>https://angeleselectric.com.ph/corporate-governance/</p> <p>This is not yet observed in 2023 and the Company will elect or designate a lead Independent Director in 2024.</p>
Recommendation 5.7				
1	The Director with a material interest in a transaction affecting the corporation fully discloses his/her adverse interest, abstains from taking part in the deliberations for the same and recuses from voting on the approval of the transaction.	Compliant	<p>There were no transactions of this nature in 2023.</p> <p>The Company’s certain relationships and related party transactions for the Year 2023 are disclosed in the Definitive Information Statement (SEC Form 20-15 and in the Annual Report (SEC Form 17-A)</p> <p>Definitive Information Statement, SEC Form 20-ISA page31: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p>	

			<p>2023 Annual Report, SEC Form 17-A, pages 7 to 8: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A_AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p>	
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Recommendation 5.8

1	The Non-Executive Directors (NEDs) have separate periodic meetings with the external auditor and head of the internal audit, compliance, and risk function, without any executive directors present.	Non-compliant	<p><i>Provide proof and details of said meeting, if any.</i></p> <p><i>Provide information on the frequency and attendees of meetings.</i></p>	<p>The Company was registered with the SEC as a public company only on December 14, 2023. It is still in the process of establishing its Audit, Board Risk Oversight and Executive Committees.</p> <p>See Annex “B” for a copy of the SEC approval of the Company’s Registration Statement.</p> <p>This is not yet observed and the Company will elect or designate a lead Independent Director.</p>
2	The meetings are chaired by the lead independent director, if applicable.	Non-compliant		

Principle 6: ASSESSING BOARD PERFORMANCE

The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of background and competencies.

Recommendation 6.1

1	The Board conducts an annual self-assessment of its performance as a whole.	Non-compliant	<p><i>Provide proof of self-assessments conducted by the whole board, the individual members, the Chairperson and the Committees.</i></p>	<p>The Board is still in the process of formulating the criteria and processes to assess and determine the performance of the Board, individual Directors and Committees which shall also allow a feedback mechanism from shareholders, as the Company’s registration Statement was only approved in December 2023.</p> <p>See Annex “B” for a copy of the SEC approval of the Company’s Registration Statement.</p>
2	The Chairperson conducts an annual self-assessment of his performance.	Non-compliant		
3	The individual members conduct a self-assessment of their performance.	Non-compliant		
4	Each committee conducts a self-assessment of its performance.	Non-compliant		

Recommendation 6.2

1	The Board has in place a system that provides, at the minimum, criteria and	Non-compliant	<p><i>Provide information or link/reference to a document containing information on the system of the company to evaluate</i></p>	<p>The Board is still in the process of formulating the criteria and processes to assess and</p>
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	processes to determine the performance of the board, individual directors/trustees, and committees.		<i>the performance of the board, individual directors and committees, including a feedback mechanism from shareholders/members.</i>	determine the performance of the Board, individual Directors and Committees which shall also allow a feedback mechanism from shareholders, as the Company's registration Statement was only approved in December 2023.
2	The system allows for a feedback mechanism from the shareholders.	Non-compliant		See Annex "B" for a copy of the SEC approval of the Company's Registration Statement. The Company's website https://angeleselectric.com.ph/ has a section, "Contact Us" that can be used by all stakeholders, including shareholders, in sending feedback, complaints or inquiries.

Principle 7. STRENGTHENING BOARD ETHICS

The Board directors are duty-bound to apply high ethical standards, taking into account the interest of all stakeholders.

Recommendation 7.1

1	The Board adopts a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings of board members.	Non-compliant	<i>Provide information or link/reference to the company's Code of Business Conduct and Ethics.</i>	The Board is still in the process of adopting the Company's Code of Business Conduct and Ethics, as the Company's registration Statement was only approved in December 2023. See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.
2	The Code is properly disseminated to the members of the Board, senior management, and employees.	Non-compliant	<i>Provide information or discuss how the company disseminated the Code to the members of the Board.</i>	
3	The Code is disclosed and made available to the public through the company website	Non-compliant	<i>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</i>	

Recommendation 7.2

1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	Non-compliant	<p><i>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</i></p> <p><i>Indicate who is required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</i></p>	<p>The Board is still in the process of formulating and adopting the Code of Business Conduct and Ethics as well as its monitoring and implementation, as the Company's registration Statement was only approved in December 2023.</p> <p>See Annex " " for a copy of the SEC approval of the Company's Registration Statement.</p>
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DISCLOSURE AND TRANSPARENCY

Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.

Recommendation 8.1

1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable, and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company's financial condition, results, and business operations.	Non-compliant	<p><i>Provide information or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders/members and other stockholders</i></p>	<p>The Board is still in the process of establishing the corporate disclosure policies and procedures, as the Company's registration Statement was only approved in December 2023.</p> <p>See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.</p>
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Recommendation 8.2

1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p><i>Provide information or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's shares.</i></p> <p><i>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</i></p>	
2	The company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p>The Company's Manual on Good Corporate Governance has a policy on Disclosures and Transparency for Directors and Officers under Item III.A page 26: https://angeleselectric.com.ph/corporate-governance/</p>	

			<p>The list of actual dealings in 2023 of Directors and Officers involving the Company's shares including their nature, and number/percentage is stated in the following:</p> <p>2023 Annual Report, SEC Form 17-A, pages 70: https://angeleselectric.com.ph/wp-content/uploads/2024/04/SEC-Form-17-A_AEC-Annual-Report-for-the-Year-Ended-31-December-2023.pdf</p> <p>The actual dealings of the Directors for the Year 2023 are disclosed to the SEC through the Statement of Beneficial Ownership of Securities (SEC Form 23-A) and posted on the Company's website: https://angeleselectric.com.ph/disclosures/</p>	
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Recommendation 8.3

1	The Company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	Not yet applicable	<p><i>Provide the link to the company's website where the Annual Corporate Governance Report is posted.</i></p>	<p>The ACGR is not yet applicable to the Company in the prior years as its Registration Statement was only approved on December 14, 2023. This ACGR as of and for the year ended December 31, 2023 is the first corporate governance report to be submitted by the Company to SEC.</p> <p>See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.</p>
2	The company's ACGR is submitted to the SEC.	Not yet applicable		
3	The company's ACGR is posted on the company website.	Not yet applicable		

Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The Company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1	The Audit Committee has a robust process for approving and recommending the appointment,	Non-compliant	<p><i>Provide information or link/reference to a document containing the process for approving and recommending the appointment, reappointment, removal, and fees of the company's external auditor.</i></p>	The Company was registered with the SEC as a public company only on December 14, 2023. The Company's Manual on Corporate Governance was only adopted in October 2023.
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	reappointment, removal, and fees of external auditors.			<p>The reappointment process of the external auditor for the 2023 external audit was made during the June 2023 Annual Stockholders' Meeting.</p> <p>Item III.B.1 on page 27 of the Company's Manual of Good Corporate Governance provides for approving and recommending the appointment, reappointment, removal, and fees of external auditors.</p> <p>The Company's Manual of Good Corporate Governance is posted in its website: https://angeleselectric.com.ph/corporate-governance/</p>
2	The Appointment, reappointment, removal, and fees of the external auditor are recommended by the Audit Committee, and approved by the Board and the shareholders/members.	Non-compliant	<i>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal, and fees of the external auditor.</i>	The Company was registered with the SEC as a public company only on December 14, 2023. The Company's Manual on Corporate Governance was only adopted in October 2023. The reappointment process of the external auditor for the 2023 external audit was made during the June 2023 Annual Stockholders' Meeting.
3	For the removal of external auditors, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	Non-compliant		<p>Item III.B.2 on page 27 of the Company's Manual of Good Corporate Governance provides for approving and recommending the appointment, reappointment, removal, and fees of external auditors.</p> <p>The Company's Manual of Good Corporate Governance is posted in its website: https://angeleselectric.com.ph/corporate-governance/</p>
Recommendation 9.2				
1	The Audit Committee Charter includes the Audit	Non-compliant	<i>Provide link/reference to the company's Audit Committee Charter.</i>	The Board is still in the process of establishing the Audit

	<p>Committees' responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and; iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 			<p>Committee Charter, as the Company's registration Statement was only approved in December 2023.</p> <p>See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.</p> <p>In 2024, the Company adopted its Audit Committee Charter as posted on its website: https://angeleselectric.com.ph/corporate-governance/</p>
2	The Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Non-compliant		
Recommendation 9.3				
1	The Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflicts of interest.	Compliant	The Company engaged the services of its external auditor, P&A Grant Thornton, to perform agreed-upon procedures in connection with its Quarterly Progress Report on the Application of Public Offering Proceeds and Annual Summary of Application of Proceeds under the Philippine Standard on Related Services 4400 (Revised), Engagement to Perform Agreed-upon Procedures Regarding Financial Information. The Agreed-upon procedure engagement is not specifically	

			designated to detect fraud or irregularities. There are no other non-audit services performed by the Company's external auditor.	
2	The Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on on-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Even before the establishment of its Audit Committee, Item II.B.3 on page 27 of the Company's Manual on Corporate Governance provides for the Audit Committee's responsibility to evaluate any non-audit work of its external auditor and shall disallow any non-audit work that will conflict with its duties as external auditor or may pose a threat to its independence. The Company's Manual of Good Corporate Governance is posted in its website: https://angeleselectric.com.ph/corporate-governance/	

Principle 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.

Recommendation 10.1

1	The Board has a clear and focused strategy for the disclosure of non-financial information.	Non-compliant	<i>Disclose or provide a link to the company's policies and practices on the disclosure of non-financial information, including EESG issues.</i>	The Board is still in the process of establishing a clear and focused strategy for the disclosure of non-financial information, as the Company's registration Statement was only approved in December 2023. See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.
2	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social, and governance (EESG) issues of its business that underpin sustainability.	Non-compliant	<i>Provide a link or reference to the company's disclosure of strategic and operational objectives, with emphasis on EESG matters.</i>	

Principle 11. PROMOTING COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The Company should maintain a comprehensive and cost-efficient communication channel of disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders, and other interested users.

Recommendation 11.1

1	The Company has a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.	Compliant	<p><i>Provide link to the company's website.</i></p> <p>Link to the Company's website: https://angeleselectric.com.ph/</p>	
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INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

Principles 12. STRENGTHENING INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

To ensure integrity, transparency, and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management system.

Recommendation 12.1

1	The Company has an adequate and effective internal control system in the conduct of its business.	Non-compliant	<p><i>List quality service programs for the internal audit functions.</i></p> <p><i>Indicate the frequency of review of the internal control system.</i></p>	<p>The Company is still in the process of appointing an internal auditor and its functions, as the Company's registration Statement was only approved in December 2023.</p> <p>See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.</p> <p>In 2023, the review of internal controls is conducted annually by the Directors based on the reports of the Management and external auditors.</p> <p>The review of other relevant processes is still ongoing.</p>
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2	The Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-compliant	<p><i>Identify the international framework used for Enterprise Risk Management.</i></p> <p><i>Provide information or reference to a document containing information on:</i></p> <p><i>1. Company's risk management procedures and processes.</i></p> <p><i>2. Key risks the company is currently facing.</i></p>	<p>The Company is still in the process of establishing an adequate and effective Enterprise Risk Management framework, as the Company's registration Statement was only approved in December 2023.</p>
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			<p>3. How the company manages the key risks.</p> <p>Indicate the frequency of review of the enterprise risk management framework.</p>	See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.
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Recommendation 12.2

1	The Company has in place an independent internal audit function that provides independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Non-compliant	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify an external firm hired.</p>	<p>The Company is still in the process of establishing an independent internal audit function, as the Company's registration Statement was only approved in December 2023.</p> <p>See Annex "B" for a copy of the SEC approval of the Company's Registration Statement.</p>
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CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS

Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS

The company should treat all shareholders/members fairly and equitably, and also recognize, protect, and facilitate the exercise of their rights.

Recommendation 13.1

1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>Provide a link or reference to the company's Manual on Corporate Governance where shareholders'/members' rights are disclosed.</p> <p>Item V.A on page 30 of the Company's Manual on Corporate Governance provides for the Investor's Rights and Protection as guidance for all internal and external parties concerned and as a covenant of good governance between the Company and its investors.</p> <p>Link to the Company's Manual of Good Corporate Governance: https://angeleselectric.com.ph/corporate-governance/</p>	
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Recommendation 13.2

1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with	Compliant	<p>Indicate the number of days before the annual or special stockholders'/members' meeting when the notice and agenda were sent out.</p>	
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	sufficient and relevant information at least twenty-eight (28) days before the meeting.		<p><i>Provide the link to the Agenda included in the company's Information Statement (SEC Form 20-IS).</i></p> <p>The Company was able to send via electronic mail the Notice of Annual Stockholders' Meeting (ASM) and the Definitive Information Statement twenty-one (21) days before the ASM meeting on 18 June 2024. The said Notice and Information Statement have been posted on its website on 24 May 2024.</p> <p>The Agenda for the Annual Stockholders Meeting is attached to the Definitive Information Statement as Annex D: https://angeleselectric.com.ph/wp-content/uploads/2024/05/1-AEC_DIS2024-orig-signed.pdf</p>	
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Recommendation 13.3

1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	Compliant	<p><i>Provide information or reference to a document containing all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</i></p> <p>The Company was able to send via electronic mail the Notice of Annual Stockholders' Meeting and the Definitive Information Statement at least twenty-one (21) days before the meeting on 18 June 2024. The said Notice and Information Statement have been posted on its website on 24 May 2024.</p> <p>The Minutes of the Annual Stockholders Meeting held on 18 June 2024, with the vote results, were posted on its website: https://angeleselectric.com.ph/wp-content/uploads/2024/06/SEC-Form-17-C-Results-of-the-Annual-Stockholders-Meeting_June-18-2024.pdf</p>	
2	The Minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company	Compliant	<p><i>Provide a link to the minutes of the meeting on the company website.</i></p>	

	website within five (5) business days from the date of the meeting.		<p><i>Indicate voting results for all agenda items, including the approving, dissenting, and abstaining votes.</i></p> <p><i>Indicate also if the voting on resolutions was by poll.</i></p> <p><i>Include whether there was the opportunity to ask questions and the answers given, if any.</i></p> <p>Link of the Minutes of the Annual Stockholders Meeting held on 18 June 2024, with the vote results, was posted on its website: https://angeleselectric.com.ph/wp-content/uploads/2024/06/SEC-Form-17-C-Results-of-the-Annual-Stockholders-Meeting_June-18-2024.pdf</p>	
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Recommendation 13.4

1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes amicably and effectively.	Compliant	<p><i>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</i></p> <p><i>Provide a link/reference to where it is found in the Manual on Corporate Governance.</i></p> <p>Item IX, page 35 of the Company's Manual on Corporate Governance provides for the policy on Alternate Dispute Resolution: https://angeleselectric.com.ph/corporate-governance/</p>	
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Recommendation 13.5

1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	Compliant	<p><i>Disclose the contact details of the officer/office responsible for investor relations, such as:</i></p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address <p>Investors may get in touch with the Company's Investor Relations Officer, Atty. Russel S. Alabado with contact details as ff: (632) 8636-6485</p>	
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			rsa@angeleselectric.com.ph	
2	The IRO or CRO or its equivalent is present at every shareholders'/ member's meeting.	Compliant	<p><i>Indicate if the IRO or CRO or its equivalent was present during the ASM.</i></p> <p>The Company's IRO was present at the Annual Stockholders' Meeting as indicated in the draft Minutes: https://angeleselectric.com.ph/wp-content/uploads/2024/06/SEC-Form-17-C-Results-of-the-Annual-Stockholders-Meeting_June-18-2024.pdf</p>	

DUTIES TO STAKEHOLDERS

Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth, and sustainability.	Compliant	<p><i>Identify the company's stakeholders and provide information or reference to a document containing the company's policies and programs for its stakeholders.</i></p> <p><i>Identify stakeholders and programs for the community.</i></p> <p>The following are the Company's stakeholders:</p> <ul style="list-style-type: none"> • Shareholders • Employees • Customers • Community • Suppliers/Creditors <p>The policies for the Company's stakeholders are disclosed in the Manual on Corporate Governance on page 30. https://angeleselectric.com.ph/corporate-governance/</p> <p>As an advocate of sustainable development, the Company is committed to operating profitability within the bounds of its social and environmental responsibility. In 2023, the Company hosted a benefit concert. This aimed to raise funds for the</p>	
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			<p>restoration and renovation of the Holy Rosary Parish, which suffered damage during the 2019 earthquake. It was a heartfelt celebration of the Company's century-long journey and a reaffirmation of its commitment to the community.</p> <p>Every December, the Company takes pride in being a member of the community and has always looked forward to the Christmas celebration. Each year, the Christmas display is carefully designed to uplift the spirit of love, hope, and joy among families. In 2023, the display focused on our centennial celebrations and showcased how AEC became the catalyst of growth in the past 100 years.</p>	
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Recommendation 14.2

1	The Board establishes clear policies and programs to provide a mechanism for the fair treatment, protection, and enforcement of the rights of stakeholders.	Compliant	<p><i>Identify policies and programs for the protection, fair treatment, and enforcement of the rights of the company's stakeholders.</i></p> <p>The Company's Manual on Corporate Governance on page 30 provides for the policies and mechanisms for the fair treatment, protection, and enforcement of the rights of stakeholders.</p> <p>https://angeleselectric.com.ph/corporate-governance/</p>	
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Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation should be developed to create a symbiotic working environment, realize the company's goal and participate in its Corporate Governance Processes.

Recommendation 15.1

1	The Board establishes policies, programs, and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p><i>Provide information or link/reference to company policies, programs and procedures that encourage employee participation.</i></p> <p>The Company is committed to the development and welfare of its employees. Training and other developmental programs are implemented to enable employees to acquire the technical and leadership competencies to effectively perform their jobs for their professional growth.</p>	
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			<p>The Company also conducts annual team building and various sports events (AEClympic) to instill teamwork and camaraderie among employees. Also, to encourage employee participation and employee viewpoints in certain key decisions, the Safety & Wellness Committee and Drug-Free Workplace Committee were established.</p> <p>In 2023, a collaborative face-to-face workshop for all employees titled “Aligning for Success: Orientation on the AEC’s Strategic Plan and Core Competencies Roll-out” was conducted. The seminar was a collective endeavor designed to empower each employee with a deeper understanding of the strategic planning process and the techniques employed to shape the Company’s Mission, Vision, Values and Strategic Objectives. Each batch of participants was oriented on the relevance of the strategic plan to each individual’s role and how they contribute to the organization’s success.</p> <p>Further, the Company is committed to investing in employees’ growth, a culture of continuous learning and development, and to equip our team with the latest skills and knowledge. One of the training in 2023 was the Company’s participation in the Meralco Power Academy’s 3-week Advanced Lineman Training Program, together with other distribution utilities. Values like commitment and the mindset of being a solutions provider complement the technical skills they learned.</p> <p>The Company’s Manual on Corporate Governance on page 33 provides for the policies and mechanisms for Encouraging Employee Participation. https://angeleselectric.com.ph/corporate-governance/</p>	
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Recommendation 15.2

1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	Compliant	<p><i>Identify or provide link/reference to the company's policies, programs and practices against corruption.</i></p> <p>The Company conducts its business ethically and transparently. It has an existing Gifts and Entertainment Policy wherein it ensures compliance with the Company's ethical values and code of conduct. It also complies with the anti-corruption and bribery laws of the Philippines and it helps employees and third parties exercise caution when accepting or providing gifts.</p> <p>See attached Annex "I" for the Gifts and Entertainment Policy.</p>
2	The Board disseminates the policy and program to employees across the organization through training to embed them in the company's culture.	Compliant	<p><i>Identify how the board disseminated the policy and program to the employees across the organization.</i></p> <p>The policies on the Company's existing Code of Conduct for Employees are discussed during the new employee orientations.</p>

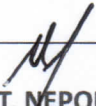
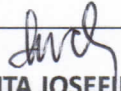
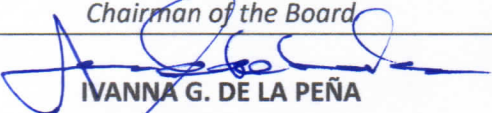
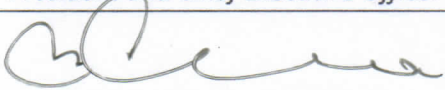
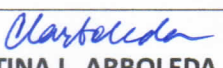
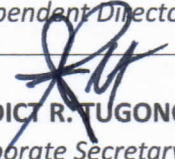
Recommendation 15.3

1	The Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Non-compliant	<p><i>Disclose or provide link/reference to the company whistleblowing policy and procedure for employees.</i></p> <p><i>Indicate if the framework includes procedures to protect the employees from retaliation.</i></p> <p><i>Provide contact details to report any illegal or unethical behavior.</i></p>	<p>The Board is still in the process of establishing the whistleblowing policy and procedures for employees, as the Company's registration Statement was only approved in December 2023.</p> <p>See Annex "B" for a copy of the Company's Registration Statement.</p>
2	The Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Non-compliant		
3	The Board supervises and ensures the enforcement	Non-compliant	<p><i>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</i></p>	

	of the whistleblowing framework.			
Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY				
The company should be socially responsible in all its dealings with the communities in which it operates. It should ensure that its interactions serve its environment and stakeholders positively and progressively that is fully supportive of its comprehensive and balanced development.				
Recommendation 16.1				
1	The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<p><i>Provide information or reference to a document containing the company's community involvement and environment-related programs.</i></p> <p>The Company has been conducting outreach activities to different communities and charitable institutions in Angeles City to reaffirm the Company's commitment to the community.</p> <p>In 2023, various events were held such as:</p> <ul style="list-style-type: none"> • For the Company's commitment to community and culture, donations of musical instruments were made to the children of <i>Anak Bale Balayan</i>, a center with more than 40 poor but aspiring and talented kids. • The Benefit Concert aimed to raise funds for the restoration and renovation of the Holy Rosary Parish, which suffered damage during the 2019 earthquake. 	In 2024, the Company plans to conduct with the Community Environment and Natural Resources Office (CENRO), a Tree-planting activity on the hills of Bgy. Sapang-Bato, Angeles City. This is in coordination with the indigenous community in the area.

SIGNATURES

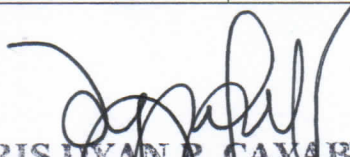
Pursuant to the requirements of the Securities and Exchange Commission and in accordance with the full disclosure requirements of Republic Act No. 8799, otherwise known as the Securities Regulation Code, this Year 2023 Annual Corporate Governance Report is signed on behalf of Angeles Electric Corporation, by the undersigned, thereunto duly authorized, in _____ on _____.

 GEROMIN T. NEPOMUCENO, JR. <i>Chairman of the Board</i>	 MARIA RITA JOSEFINA V. CHUA <i>President and Chief Executive Officer</i>
 IVANNA G. DE LA PEÑA <i>Independent Director</i> <i>Chairperson, Corp. Governance Committee</i>	 HORACIO E. CEBRERO <i>Independent Director</i>
 CRISTINA L. ARBOLEDA <i>Compliance Officer</i>	 BENEDICT R. TUGONON <i>Corporate Secretary</i>

SUBSCRIBED AND SWORN to before me this AUG 06 2024, affiants exhibiting to me their competent evidence of identity as follows:

Name	Competent Evidence of Identity	Valid Until
Geromin T. Nepomuceno, Jr.	Passport No. P6348755B	February 21, 2031
Mara Rita Josefina V. Chua	Passport No. P2394517B	June 30, 2029
Ivanna G. De la Peña	Driver's License N01-87-064310	October 15, 2024
Horacio E. Cebrero	Driver's License N11-83-033541	March 4, 1962
Cristina L. Arboleda	Passport No. P2729484C	December 20, 2032
Benedict R. Tugonon	Driver's License N02-92-183265	February 18, 2034

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 Page No 26
 Book No 35
 Series of 2024


KRIS DYAN P. CAYABYAB
 Notary Public for Angeles City, Mabalacat City,
 Magalang & Porac
 Commission No. 2022-999
 Until December 31, 2024
 Attorney's Roll No. 61559
 PTR No. AC-2030075/01.03.24/A.C.
 IBP No. 331523/12.19.23/Pasig
 Cayabyab Law Office, Rm. 201 UNO Bldg.,
 Miranda St., Sto. Rosario, Angeles City

ACGR Annexes A to I

Annex “A (A-1 to A-7)”
Year 2023 BOD Seminars
Attended and Certificates of
Attendance

ANGELES ELECTRIC CORPORATION

LIST OF SEMINARS ATTENDED BY THE BOARD OF DIRECTORS

YEAR 2023

ANNEX "A"

	Director's Name		Title	Date	Organizer
Annex A - 1	1. Ms. Maria Rita Josefina V. Chua	Director, President & CEO	Certificate Governance Practices: Board Directors' Guide for Audit Committees.	June 14, 2023	Center for Global Best Practices
Annex A - 2	2. Mr. Geromin T. Nepomuceno, Jr.	Director, Chairman of the Board	Roles, Responsibilities, and Liabilities of the Board Directors.	September 11, 2023	Center for Global Best Practices
Annex A - 3	3. Mr. Arsenio N. Valdez	Director, Asst. Corporate Secretary	Roles, Responsibilities, and Liabilities of the Board Directors.	September 11, 2023	Center for Global Best Practices
Annex A - 4	4. Mr. Robert Gerard B. Nepomuceno	Director, Treasurer	ICD Masterclass: The Third Series - Session 1 "Redefining the Future of Finance: Fintech's Role in Shaping our Economy.	July 28, 2023	Institute of Corporate Directors
Annex A - 5			ICD Masterclass: The Third Series - Session 2 "The Governance of Family Firms: Emerging Perspective from Established Models"	August 25, 2023	Institute of Corporate Directors
Annex A - 6			ICD Masterclass: The Third Series - Session 3 "Adopting an Entrepreneurial Mindset: A Primer for Board Directors"	September 29, 2023	Institute of Corporate Directors
Annex A - 7			ICD Masterclass: The Third Series - Session 4 "The Brand Architecture: A Valuable Framework for Setting Strategy"	December 15, 2023	Institute of Corporate Directors



presents this

CERTIFICATE OF ATTENDANCE

to

Maria Rita Josefina V. Chua

for having attended the online training on

CORPORATE GOVERNANCE BEST PRACTICES: BOARD DIRECTORS' GUIDE FOR AUDIT COMMITTEES

*held at 9:00 in the morning
(with a total of 3 hours)*

on Wednesday, June 14, 2023 via [zoom](#)

Henry Belleza Aguenda, MBA, Hon. CPA
Founder & President
Center for Global Best Practices

Judith V. Lopez, CPA
Senior Adviser, Course Director & Lecturer
Center for Global Best Practices



CENTER FOR
GLOBAL BEST PRACTICES
(SEC Provider Accreditation Number CG2021-002)

presents this

CERTIFICATE OF COMPLETION

to

Geromin T. Nepomuceno, Jr.

for having completed the webinar

ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS

held at 2:00 in the afternoon

on Monday, September 11, 2023 via [zoom](#)

*Henry Belleza Aquende, MBM, Hon. DPA
Founder & President
Center for Global Best Practices*

*Atty. Justina F. Callangan
Course Director & Lecturer
Center for Global Best Practices*



presents this

CERTIFICATE OF COMPLETION

to

Arsenio N. Valdes

for having completed the webinar

ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS

held at 2:00 in the afternoon

on Monday, September 11, 2023 via [zoom](#)

*Henry Belleza Aquende, MBM, Hon. DPA
Founder & President
Center for Global Best Practices*

*Atty. Justina F. Callangan
Course Director & Lecturer
Center for Global Best Practices*

2023-021-022



Institute of Corporate Directors

presents this

Certificate of Participation

to

Robert Gerard B. Nepomuceno

Raslag Corporation

for having completed the webinar

ICD Masterclass: The Third Series - Session 1
"Redefining the Future of Finance:
Fintech's Role in Shaping our Economy"

held on

July 28, 2023 | 4:00 PM - 6:00 PM

through Zoom Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is written over a faint circular watermark pattern.

Carlos Jose P. Gatmaitan
Chief Executive Officer

2023-023-031



Institute of Corporate Directors

presents this

Certificate of Participation

to

Robert Gerard B. Nepomuceno

Raslag Corporation

for having completed the webinar

ICD Masterclass: The Third Series - Session 2

“The Governance of Family Firms: Emerging Perspectives from Established Models ”

held on

August 25, 2023 | 4:00 PM - 6:00 PM

through Zoom Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is written over a faint circular watermark pattern.

Carlos Jose P. Gatmaitan
Chief Executive Officer

2023-031-035



Institute of Corporate Directors

presents this

Certificate of Participation

to

Robert Gerard B. Nepomuceno

Raslag Corporation

for having completed the webinar

ICD Masterclass: The Third Series - Session 3

“Adopting an Entrepreneurial Mindset:
A Primer for Board Directors ”

held on

September 29, 2023 | 2:40 PM - 4:00 PM

through Zoom Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is positioned above the printed name and title.

Carlos Jose P. Gatmaitan
Chief Executive Officer

2023-041-060



Institute of Corporate Directors

presents this

Certificate of Participation

to

Robert Gerard B. Nepomuceno

Raslag Corp.

for having completed the webinar
ICD Masterclass: The Third Series - Session 6
"The Brand Architecture:
A Valuable Framework for Setting Strategy "

held on
December 15, 2023 | 4:00 PM - 6:00 PM
through Zoom Meetings

A handwritten signature in black ink, appearing to read 'Maniego'.

Pedro H. Maniego Jr.
Managing Trustee

Annex “B”

SEC Approval of AEC's
Registration Statement

14 December 2023



Republic of the Philippines
Department of Finance
Securities and Exchange Commission

MARKETS AND SECURITIES REGULATION DEPARTMENT

IN THE MATTER OF : **SEC-MSRD Order No. 69**
: **Series of 2023**
ANGELES ELECTRIC CORPORATION :
: **Registration of Securities**
X-----X : **(Initial Public Offering)**

ORDER

Upon consideration of the Registration Statement and other papers and documents attached thereto which were filed on behalf of **ANGELES ELECTRIC CORPORATION** on 26 October 2023, the Commission in its meeting of 07 December 2023 resolved to favorably consider the same in accordance with Sections 8 and 12 of the Securities Regulation Code and the corresponding Rules and Regulations, relating to the registration of **(a) One Billion One Hundred Seventy-Eight Million Four Hundred Forty-Eight Thousand Four Hundred (1,178,448,400) Common Shares** with a par value of One Peso (₱1.00) per share; and **(b) Two Hundred One Million Six Hundred Eighty Thousand Six Hundred Thirty-Two (201,680,632) Preferred Shares** with a par value of One Peso (₱1.00) per share broken down as follows:

Description	No. of Shares	Value
Common Shares		
Primary Offer Shares	207,020,000	With an Offer Price of Three Pesos and Forty-Two Centavos (₱3.42) per offer share
Issued and Outstanding (Not included in the offer)	971,428,400	With Par Value of One Peso (₱1.00)
Total	1,178,448,400	
Preferred Shares		
Issued and Outstanding (Not included in the offer)	201,680,632	With Par Value of One Peso (₱1.00)

In this regard and after determining that the company has complied with the required submission as directed in the Pre-effective Letter issued on 07 December 2023, **the subject Registration Statement is now rendered effective.**

Let a Certificate of Permit to Offer Securities for Sale be issued in favor of **ANGELES ELECTRIC CORPORATION** authorizing the sale and distribution of the above-mentioned securities.

Let this **Order** be published at the expense of the Issuer in a newspaper of general circulation and uploaded in the Issuer's website within two (2) business days from its issuance, The Company is hereby directed to furnish the Commission with a copy of the Affidavit of Publication of this Order.

SO ORDERED.

Makati City, Philippines

14 December 2023


VICENTE GRACIANO P. FELIZMENIO, JR.
Director

Annex “C”

Certificate of Attendance of Compliance Officer



(SEC Provider Accreditation Number CG2021-002)

presents this

CERTIFICATE OF COMPLETION

to

Cristina L. Arboleda

for completing the three-hour webinar

New Year SEC Updates and Compliance

held at 1:30 in the afternoon

*on Friday, January 27, 2023 via **zoom***

*Henry Belleza Aquende, MBM, Hon. DPA
Founder & President
Center for Global Best Practices*

*Atty. Justina F. Callangan
Course Director & Lecturer
Center for Global Best Practices*

Annex “D (D-1 to D-4)”

Year 2023 Minutes of the
Regular and Special Board
Meetings

MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS
ANGELES ELECTRIC CORPORATION
14 March 2023

PRESENT:

Maria Rita Josefina V. Chua (MVC)	President and Director
Peter G. Nepomuceno (PGN)	Chairman Emeritus
Arsenio N. Valdes (ANV)	Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Robert Gerard B. Nepomuceno (RBN)	Director

ALSO PRESENT:

Benedict R. Tugonon	Corporate Secretary
Beatriz Raine L. Bayudan	QMBTISD (External Counsel)
Aldrin Erwin James T. Nepomuceno	Corplan Manager & Stockholder
Noel N. Valdes	Stockholder
Theresa N. Valdes	Stockholder
Franz Gerard C. Pulido	Controller
Cristina L. Arboleda	Finance Manager
Michael Angelo D. Colle	Distribution Manager
Ceferino S. Bingcang, Jr.	Network Support Manager
Myra Cresencia Rivera	HRD Manager
Theresa Allison L. Lazatin	Administrative Assistant

Call to Order

The Chairman, Mr. Peter G. Nepomuceno, called the meeting to order. The minutes of the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon.

Proof of Notice

The Corporate Secretary confirmed that he had caused the notice of this regular Board meeting to be disseminated to the different stockholders of Angeles Electric Corporation (“AEC” or the “Corporation”) in accordance with the By-Laws, the Revised Corporation Code, and the applicable regulations of the SEC.

Determination of Quorum

The Corporate Secretary reported that there was a quorum. Accordingly, the meeting was duly convened and ready to proceed with its business.

Approval of the Minutes of the Board Meeting dated 22 November 2022

Upon motion made, duly seconded, and carried, the Minutes of the 22 November 2022 Board Meeting were approved.

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Matters Arising from the Minutes

A motion was duly made and seconded to consider any and all matters arising from the Minutes of the 22 November 2022 Board Meeting of the Corporation with the President's Report. There being no objections, the motion was approved.

President's Report

The President, Ms. Maria Rita Josefina V. Chua, delivered the President's Report, covering the operations of Angeles Electric Corporation (the "Corporation") for the year 2022.

Ms. Chua first reported on the summary of the Corporation's performance. Energy sales increased by 4.14%, given the increase in commercial and contestable customer sales. As regards feeder systems loss, the Corporation, at 4.57%, remains below the feeder loss cap of 5.5%. Customer count was up by 3.29% in 2022, compared to the previous year. The average retail rate jumped to ₱13.72 in 2022, versus ₱9.75 in 2021. Finally, net income increased from ₱249.6M in 2021 to ₱381.8M in 2022.

Ms. Chua then proceeded to discuss the particulars of the aforementioned performance indicators.

Energy Sales

Energy sales in 2022 were up by 4.14% overall, compared to energy sales in 2021. 2022 energy sales posted growth rates that surpassed even pre-pandemic (2019) quarterly growth rates.

Total energy purchased and generated in 2022 was at 727,096 MWh, while total energy sold in 2022 amounted to 677,682 MWh. While residential customer figures showed a downward trend, from a high of 57% in 2020 or 358.43GWh at the beginning of the pandemic, residential sales still make up the majority of sales per customer class, with it comprising 53% or 375.26GWh of total 2022 energy sales. Inversely, commercial customer sales improved from 256.82GWh in 2020, 274.55GWh in 2021 to 305GWh in 2022, indicating a positive return of confidence in the local economy. Even with the reduction of residential sales, significant increases in switched and captive contestable sales, however, still netted an overall corresponding increase in energy sales.

As for monthly maximum demand, peak load was reached on 12 May 2022, 3:15 PM, at 136.14MW. This figure is higher than the peak load recorded for both 2021 and 2020, which were at 134.69 MW and 124.16MW respectively.

Report on Operations

The number of employees increased to 172 at the end of 2022, up from 169 in 2021. The customer count closed the year at a record high of 131,920 or an increase of 4,202 customers in 2022. The load factor improved to 60.97%, up from 59.4% in 2021. The Feeder Loss 12-month average improved to 4.60% in 2022 from 5.05% in 2021.

Summary report on GENCOs supply

For AEC's Power Supply Status, Energy Purchased by Source, GMCP1 & 2, were fairly reliable where GMEC provided an average of 63.38% of AEC's requirements in the last quarter of

83 2022. Anda Power was constantly available providing an average of 17.96% of our supply in the
84 4th Qtr of 2022.

85
86 GMEC1 was shut down in October 2022, and experienced intermittent shutdowns starting 7
87 November 2022. It was back online on 5 December 2022. GMEC2, likewise, was shut down
88 starting 8 October 2022. Preventive maintenance was done on GMEC2 starting 15 October 2022
89 until the end of the year. It was back online starting only on 14 January 2023.

90
91 As backup, GNPD provided replacement power when both GMEC 1 and 2 were offline. GNPD
92 was online from July to October. ANDA, meanwhile, was online from October to November
93 2022. However, ANDA was put on preventive maintenance from 1 December 2022 to 5 January
94 2023. API was run during high WESM price spikes.

95
96 WESM had imposed secondary price caps from October to December, with the SPC being
97 imposed for the most number of dispatch intervals in December.

98
99 Load weighted average prices were highest in November 2022, at ₱11.7169 per kWh, and lowest
100 in May at ₱7.4458.

101 Average retail rates peaked in October 2022, at ₱15.70/kWh. Generation rates similarly reached
102 their highest in December 2022, at ₱10.90/kWh, while coal prices were trending downward. Coal
103 prices are at their lowest in March 2023, at \$177.70/metric ton, compared to September 2022's
104 price of \$426.49/metric ton. The conflict between Russia and Ukraine, which are major coal
105 producers, still affects coal prices.

106 **CAPEX updates**

107
108
109 Engr. Michael Colle presented updates on capital expenditure projects.

110 111 Rerouting of 69KV Double Circuit Line affected by a land development project in Brgy. Lagundi, Mexico, 112 Pampanga

113
114 The rerouting of this 69KV double circuit line is a contingency capital expenditure project for RY
115 2018. This line is the primary connection of the AEC's distribution system to the transmission
116 grid, commissioned in 1981 by the National Power Corporation. AEC acquired the line from
117 TRANSCO in 2007, rehabilitated and upgraded the same, and was thereafter commissioned in
118 2010. No right-of-way documents were provided by AEC to TRANSCO then.

119
120 In 2017, however, Mr. Alexander Kehyeng, owner of the land affected by this line, wrote AEC to
121 demand relocation of the line. AEC and Mr. Kehyeng reached an agreement regarding this
122 relocation, embodied in a Memorandum of Agreement. To reroute the line, AEC has to remove
123 poles and transfer the lines to locations that conform to the proposed configuration.

124
125 In connection with these rerouting efforts, AEC requested the implementation of a temporary
126 power interruption from SPELAPCO along its Olongapo-Gapan 6Kv line, while a similar request
127 was made to PELCO I for a temporary isolation of its 13KV feeder line to complete the final
128 stages of the relocation.

129
130 Currently, this rerouting project is at its final stage, at 93% of the total project cost.

131
132

133 **Regulatory Updates**

134

135 Ms. Cristie Arboleda reported on the matters relating to regulatory updates.

136

137 *AWAT vs. MAP Application (ERC Case No. 2023-087RC)*

138

139 On 12 December 2022, AEC filed the AWAT vs. MAP True-Up Application, docketed as ERC
140 Case No. 2023-087RC. In this Application, AEC proposed to refund PhP 190M worth of over-
141 recoveries during the lapsed regulatory periods over 24 months, with a provision already set up in
142 AEC's books for the same. ERC conducted virtual public hearings for this case last 16 and 23
143 February, and AEC is awaiting the ERC's Decision before implementation.

144

145 *Public Offering through SEC listing*

146

147 AEC has initiated steps to comply with Sec. 43(t) of the EPIRA, and with the amendments under
148 ERC Resolution 4, series of 2019. AEC is in the process of securing a financial advisor and
149 underwriter, in order to comply with the Financial Advisory Timetable and Workflow for AEC to
150 secure the SEC's approval of its Registration Statement.

151

152 *AEC-SPNEC Power Supply Agreement*

153

154 Last 23 January 2023, Solar Philippines New Energy Corp. (SPNEC) and AEC filed a Joint
155 Application seeking the ERC's approval of the Power Supply Agreement (PSA), with prayer for
156 Provisional Authority. Hearings for the Joint Application were set for 23 and 30 March 2023. In
157 addition, AEC filed an Urgent Motion for the issuance of a Provisional Authority last 28 February
158 2023, to enable it to proceed with the implementation of the PSA on the commencement date of
159 26 March 2023. AEC is now awaiting ERC's Order as regards the Urgent Motion.

160

161 The Board raised a question as regards SPNEC's capability of supplying power by 26 March 2023.
162 Management then clarified that since AEC's contract with SPNEC is financial, it is upon SPNEC
163 to source renewable energy from other plants to remain compliant with the contract.

164

165 **Financial Report**

166

167 Mr. Franz Pulido delivered the report on AEC's financials.

168

169 *Top of the package report*

170

171 AEC's sales significantly increased by 46%. However, Purchased Power Costs also increased by
172 54%. Expenses have generally increased similarly, though such a level of increase is not the same
173 as the increase in revenue, with fixed assets still meeting expense requirements. Costs for the
174 continuous upgrading of AEC's lines and replacement of distribution transformers are spread over
175 several years.

176

177 Depreciation was among the costs that displayed the highest level of increase among AEC's
178 expenses by 7% closing at P199M, followed by expenses for taxes as imposed by the local
179 government unit (LGU) and fees for licenses by 18% or P72.3M.

180 Other operating expenses, including utilities, transportation, and general management have
181 similarly increased by 14% at P78.4M from P69M in 2021. The increase in transportation expenses
182 is due to the increased mobility of AEC's staff. Other contributors to this increase consist of
183 expenses for social events, sponsorships, and corporate social responsibility-related donations.

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Bad debts have decreased, as AEC is no longer bound by the regulations imposed last 2020 and 2021. Management clarified, however, that while AEC is in the process of issuing Notices of Disconnection to delinquent customers and enforcing disconnections, delinquent customers may avail of installment schemes to pay off their debts.

Costs for outsourced services increased by 30% from ₱15.3M to ₱20M. These services cover meter reading, distribution of statements of account, and disconnection. The workload for outsourced personnel has increased. The newly-opened offices, warehouses, and substations have necessitated additional security services, contributing to higher expenses.

Maintenance costs have declined given the works completed on AEC's Petersville Substation in 2021.

Pass-through revenues and charges for 2022 increased by 56%, from 2021 figures. The 4% increase in KWH consumption and the increase in average generation rates are the two major contributors to this change.

Under-recoveries have declined by ₱93M. When coal prices behave erratically, under-recoveries tend to increase, given the gap between AEC's purchase and billing and/or collection schedule – the rate in February, for example, is only billed in March.

Distribution revenues have slightly increased, given AEC customers' increased consumption, and higher taxes paid to the LGU.

Other income increased as well, with the ₱150M attributed to the UCCB from GMEC. This figure was low in 2021 as GMEC experienced extensive shutdowns, but had increased in 2022 as the plant became fully operational.

Provisions for expected refunds have been recorded, in line with AEC's AWAT vs MAP True-Up Application which was computed using the recovery formula under the Revised RDWR Rules. As of date, no refunds have been made.

The Net income of AEC is at ₱382M, while the adjusted EBITDA is at ₱814M. These figures indicate a better financial year than 2021. Total shareholders equity increased by ₱326M, with book value per share for 2022 at ₱256.02, higher by 15% from 2021.

AEC's cash increased, given increased collections from higher customer receivables, and also from the increase in income. Capital expenditures are ₱239M for 2022. While significant, this will benefit future periods.

The decline in other assets is due to the reversal of the advances made for the Milenyo and Petersville Substations. These were completed and inaugurated during AEC's 99th Anniversary last August 2022.

Balance sheet milestones include the increase in customer deposits, trade payables, provisions, and taxes payable.

Collection efficiency for accounts billed in 2020-2021 was at 99.64%, with ₱42.7M uncollected. For 2022, collection efficiency is at 99.48%, with ₱48M uncollected. The remaining ₱48M is mostly from residential, commercial, and flat customers. Note that as the city government paid arrears for

235 2022 for flat customers, the uncollected ₱48M is still expected to decrease. For 2023, about ₱1B
236 has been billed, with ₱636.4M uncollected. All figures on collection efficiency are updated up to
237 15 February 2023. To incentivize delinquent customers to pay off arrears, management is
238 organizing a raffle with a car as the grand prize, which raffle may be joined by AEC customers who
239 meet the raffle mechanics within the time frame given.

240

241 As of December 2022, the liquidity ratio stands at 2.05. The efficiency ratio, or the average
242 collection period, is 42.82 days, an improvement from 60.13 days in 2021. Profitability ratio
243 similarly improved to 4.66% in 2022 as opposed to 4.42% in 2021. The earnings ratio, or earnings
244 per share, is higher in 2022 than in 2021 as well, at ₱39.30 versus ₱25.42 in 2021.

245

246 **AEC Public Offering**

247

248 The President, Ms. Chua, delivered the report on the upcoming public offering of AEC.

249

250 AEC intends to undertake a public offering of its shares, pursuant to the rules provided in the
251 Securities Regulation Code (“SRC”). A public offering of this mode is one of the modes of public
252 offering sanctioned by ERC Resolution 4, series of 2019. This, in turn, is in accordance with Sec.
253 43(t) of the EPIRA, which mandates distribution utilities not publicly held to offer and sell to the
254 public not less than 15% of its common shares.

255

256 AEC’s previous capital structure was at 20,000,000 common shares, half of which are issued
257 shares, with each share having a par value of P100. With the approval of AEC’s Amended Articles
258 of Incorporation last 21 October 2022, AEC’s capitalization now stands at 2 billion common and
259 preferred shares, each share having a par value of ₱1. Of these 2 billion shares, 500 million shares
260 are preferred shares, the rest being common shares. Currently, about 971 million shares are issued
261 shares. AEC will cancel all current share certificates and issue new ones, with the updated number
262 of shares and par value.

263

264 Consequences of the mandate of public offering will be the dilution of the existing shareholders’
265 voting power and of its economic ownership (i.e. dividends to be shared).

266

267 To partially address this matter of dilution, preferred shares will be issued to the existing
268 stockholders. Preferred shares will comprise 15% of the total common and preferred shares, post-
269 public offering. Features of the preferred shares include the right to fixed dividends, cumulative
270 dividends, non-participating in dividends, and preference as to dividend payment and upon
271 liquidation. Moreover, these preferred shares shall be voting preferred shares. They shall be
272 convertible to common shares upon listing, redeemable at the option of AEC, and subject to
273 transfer restrictions as stated in AEC’s Articles of Incorporation.

274

275 Upon public offering, the offered shares shall amount to 13% of the total issued shares post-public
276 offering. The offer price is intended to be ₱2.83 per common share, with total offering proceeds
277 expected to hit ₱485M.

278

279 Management is currently in talks with potential financial advisors and underwriters, as AEC
280 expects to complete this public offering by November 2023.

281

282 **Other matters**

283

284 Dividend declaration

285

286 Upon motion duly made and seconded, the following resolution was approved by the Board:

287

288 RESOLVED, that the board of directors of Angeles Electric Corporation (the "Corporation"),
289 declare, as it hereby declares a Cash Dividend of Twenty Four Eighty-Eight Centavos (₱0.2488)
290 per share to stockholders of record as of February 28, 2023, payable on March 19, 2023, out of
291 the retained earnings of the Corporation existing as of December 31, 2022.

292

293 Summary of Secretary's Certificates issued

294

295 The President presented a list of the Secretary's Certificates issued since November 2022, which
296 are as follows:

297

298 i. Authorization to declare Cash Dividends of One Peso and Sixty-Four Centavos
299 (₱1.64) per share to stockholders of record as of October 31, 2022, payable on
300 November 29, 2022, out of the retained earnings of the Corporation existing as of
301 September 30, 2022;

302 ii. Authorization to enter into a Deposit Pick Up and Cash Delivery Agreement with
303 China Banking Corporation for the cash pick-up from its payment locations for
304 deposit to the Corporation's SM City Clark Bank Account, with account number
305 2810003211;

306 iii. Authorization to designate certain officers and employees as signatories of the BIR
307 Forms No. 2306 and 2307;

308 iv. Authorized representative to sign, transact and process any document of the Online
309 Short-Term Loan (STL) Application through Virtual Pag-IBIG with Pag-IBIG Fund;

310 v. Authorization to execute Pole Rental Agreement with any interested parties at the
311 rental rate as approved by AEC;

312 vi. Authorized to enter into a leasing arrangement with BPI Century Tokyo Rental
313 Corporation;

314 vii. Authorization to renew its registration with the National Privacy Commission and
315 reappointment of Atty. Russel S. Alabado as its Data Protection Officer (DPO) for the
316 year 2023;

317 viii. Authorization to invest with Amalgamated Investment Bancorporation (AIB), its
318 subsidiaries, and affiliates;

319 ix. Authorization to enter into a Memorandum of Agreement with the Department of
320 Transportation (DOTr) and Philippine National Railways (PNR) for the relocation of
321 the Corporation's utilities affected by the construction of the PNR 2 (Malolos-Clark)
322 project; and

323 x. Approval of the submission of its 2023-2032 Distribution Development Plan (DDP)
324 to the Department of Energy.

324

325 PR/Marketing Efforts for AEC

326

327 The President reported that as of present, AEC has not engaged any entity to undertake public
328 relations and/or marketing efforts. The President cited difficulty in corporate communications, as
329 corporate communications professionals are not familiar with the business, having no background
330 in a technical and specialized industry. Suggestions as to the right organization or consultant are
331 welcome, however.

332

333 Cybersecurity concerns

334

335 The Board discussed that a cybersecurity report shall be requested from its consultants, with
336 assistance from AEC's data privacy officer.

337

338 **Adjournment**

339

340 There being no other matters for discussion, the meeting was thereafter adjourned.

341

342

ATTESTED BY:

PREPARED BY:

MARIA RITA JOSEFINA V. CHUA
President

BENEDICT R. TUGONON
Corporate Secretary

343

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
ANGELES ELECTRIC CORPORATION
HELD ON 6 September 2023

The Regular Meeting of the Board of Directors of Angeles Electric Corporation was held on 6 September 2023, via videoconferencing, at 1:30 PM.

PRESENT:

Geromin T. Nepomuceno (GTN)	Chairman and Director
Maria Rita Josefina V. Chua (MVC)	President and Director
Peter G. Nepomuceno (PGN)	Chairman Emeritus
Arsenio N. Valdes (ANV)	Assistant Corporate Secretary/Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Robert Gerard B. Nepomuceno	Director

ALSO PRESENT:

Benedict R. Tugonon	Corporate Secretary
Beatriz Raine L. Bayudan	QMBTISD – External Counsel
Aldrin Erwin James T. Nepomuceno	Corporate Planning & ASSD Manager/Stockholder
Theresa N. Valdes	Stockholder
Leopoldo N. Valdes	Stockholder
Melissa N. Mapua	Stockholder
Noel Valdes	Stockholder
Franz Gerard C. Pulido	Controller
Cristina L. Arboleda	Finance Manager
Michael Angelo D. Colle	Distribution Manager
David S. Praza	Distribution Engineer – Implementation
Ceferino S. Bingcang	Network Support Manager
Myra Cresencia Rivera	HRD Manager
Theresa Allison L. Lazatin	Administrative Assistant

14 **I. CALL TO ORDER**

15
16 The Chairman, Mr. Geromin T. Nepomuceno, Jr., called the meeting to order. The minutes of
17 the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon.
18

19 **II. PROOF OF NOTICE**

20
21 The Corporate Secretary confirmed that he had caused the notice of this Board Meeting to be
22 disseminated to the different members of the Board of Directors of the Corporation in accordance
23 with the By-Laws, the Revised Corporation Code, and the applicable regulations of the SEC.
24

25 **III. DETERMINATION OF QUORUM**

26
27 The Corporate Secretary reported that there was a quorum. Accordingly, the meeting was duly
28 convened and ready to proceed with its business.
29

30 **IV. RESIGNATION AND ELECTION OF DIRECTORS**

31
32 The Corporate Secretary informed the Board that Mr. Richard Adrian Firmo T. Nepomuceno and
33 Mr. Michael Anthony N. Wilkerson have tendered their resignations as members of the Board. The
34 Board accepted their resignations, and thanked and commended them for their contributions to AEC.
35

36 Thereafter, upon motion duly made and seconded, the Board nominated and elected Ms. Ivanna dela
37 Pena and Mr. Horacio Cebrero III as members of the Board, to replace Mr. Richard Adrian Firmo
38 T. Nepomuceno and Mr. Michael Anthony N. Wilkerson. Ms. Dela Pena and Mr. Cebrero III will
39 serve as independent directors of AEC.
40

41 **V. APPROVAL OF THE MATTER REGARDING THE QUALIFYING SHARES OF THE**
42 **INDEPENDENT DIRECTORS**

43
44 Upon motion duly made and seconded, the Board approved and ratified the matter regarding the
45 qualifying shares of the independent directors.
46

47 **VI. APPROVAL OF THE 23 MAY 2023 MINUTES OF THE REGULAR BOARD MEETING**

48
49 Upon motion duly made and seconded, the Minutes of the 23 May 2023 meeting were approved.
50

51 **VII. MATTERS ARISING FROM THE MINUTES OF THE 14 MARCH 2023 REGULAR BOARD**
52 **MEETING**

53
54 A motion was duly made and seconded to consider any and all matters arising from the Minutes
55 of the 23 May 2023 Board Meeting of the Corporation with the President's Report. There being
56 no objections, the motion was approved.
57

58 **VIII. PRESIDENT'S REPORT**

59
60 The President, Ms. Maria Rita Josefina V. Chua, delivered the President's Report, covering the
61 operations of Angeles Electric Corporation (the "Corporation") for the 2nd quarter of 2023.
62

- 63 a. Report on Operations
64 i. Summary of Performance

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1. Energy Sales

Energy sales increased by 4.17% due to the increase in commercial and contestable customer sales. This indicated an increasing trend, which grew by 13.14% and 12.64% respectively.

2. Feeder Systems Loss

AEC remains below the Feeder Loss Cap of 5.5%. It improved from 5.07% in 2022 to 4.88% at the end of 2Q 2023, primarily given the fact of reconductoring of secondary lines.

3. Customer Count

Customer count was up by 3.19% as of 2Q 2023, higher than the increase last 2022, which was at 1.64%.

4. Average Retail Rate

The Average Retail Rate includes all costs pertaining to the bill or Total Billing / kWhr Sales. In the 2nd Qtr of 2021, the Ave Retail Rate was P9.21 and increased to P12.46 in 2022. Rising coal prices spiked towards the end of 2021 which pushed gen rates up to never-before-seen levels in the past. These also led to a significant jump in the Average Retail Rate to P13.58 in 2023.

5. Net Income

Net income in 2Q 2023 is higher at P307.2M compared to P116.5M in 2Q 2022. The increase is due to over-recoveries of P63M vs. under-recoveries of P159M in the same period in 2022.

ii. Energy Sales

Growth rates of energy sales increased from 0.32% in 1Q 2023 to 7.24% in 2Q 2023.

iii. Energy Statistics by Customer Class

Total energy sold was at 346.937 GWh as of 2Q 2023, showing an increase of 4.17%. Residential consumption went down by 1.76% compared to the same period in 2022. Energy sold for the commercial sector increased by 13.06%, while energy sold for the industrial sector decreased by 35.45%. Switched contestables increased by 15.3%, while captive contestables decreased by 14.8%.

Monthly maximum demand was recorded at 136.98MW for April, 144.92MW for May, and 144.19 for June.

iv. Operations

The number of employees of AEC for 2Q 2023 decreased by 3, or by 1.75%. Customers increased by 4,133, or 3.19%. Peakload as of June 2023 was at 144.92, recorded in May, compared to 136.14MW in June 2022. Load factor was at 59.83% as of June 2023. The twelve-month average for systems loss was at 7.11%, compared to 6.74% last year. Finally, the 12-month average for feeder loss was pegged at 4.88%, compared to 5.07%.

v. Summary report on GENCOs

116 GMEC was online in April, but experienced intermittent shutdowns in May. These
117 shutdowns were due to the activation of the system integrity protection scheme
118 caused by the tripping of Hermosa-Duhat 230kV line.
119

120 GMEC 2 was offline in April given a boiler tube leak, but was online for most of
121 May. It briefly went offline on May 27, 2023, due to an excessive steam leak.
122

123 ANDA had a scheduled maintenance shutdown from March 30 to April 15, 2023.
124 It similarly had a brief shutdown on May 9, 2023, due to the tripping of Clark Line
125 2. It was, however, online in June.
126

127 API was run briefly from April to June, during WESM price spikes.
128

129 vi. WESM Status Report

130 Secondary price caps were imposed from April to June, for 1978, 2443, and 822
131 dispatch intervals respectively. Load weighted average price was at PhP
132 9.3296/kWh in April, PhP 10.1042/kWh in May, and PhP 7.7197/kWh in June.
133

134 vii. Average Retail Rate

135
136 Average retail rates remain high, even with coal prices already having decreased.
137 Lowest coal prices were pegged at \$123.74/metric ton during June 21, 2023. The
138 highest recorded generation rate at 9.89. and average retail rate at 14.47.
139

140 b. CapEx Updates

141
142 Engr. Michael Angelo Colle delivered Capital Expenditure (CapEx) updates.
143

144 For network capex updates, AEC purchased various substation equipment with an
145 estimated cost of PhP 14.475M. AEC also procured pole-mounted distribution
146 transformers, overhead conductors and devices, poles, towers, and fixtures, and
147 kilowatt-hour meters and current transformers, at an amount of PhP 122.942M.
148 Other purchases included transportation equipment, information technology
149 equipment and software, meter test equipment, power quality analyzers, and office
150 furniture and equipment. In addition, network capex expenses include installation
151 of solar PV systems at the AEC main office and Petersville substation. Total capex
152 was at PhP 179,000,353.68.
153

154 c. Regulatory Matters

155
156 Ms. Cristie Arboleda delivered updates on regulatory matters.
157

158 i. ERC Procurement Guidelines for NGCP and Private DUs

159 AEC prepared a procurement manual with the assistance of Mr. Manny Ocampo
160 and approved by management. This manual is being finalized and will be submitted
161 for approval to the President by 4Q 2023.
162

163 ii. AEC-SPNEC Power Supply Agreement

164 Per the ERC, ERC will soon be issuing an Intermediate Authority for Interim
165 Relief.
166

167 iii. New Lifeline Rate Law

168 AEC has conducted its Information and Education Campaign and series of roll-
169 out together with the local social welfare development office in some barangays
170 (Pampang, Amsic, Balibago, Cacutud, and Cutud).
171

172 iv. ERC Show Cause Orders to AEC re: Documents of GMEC and ANDA

173 On June 27, 2023, the ERC issued Show Cause Orders to AEC, for failure to
174 comply with the ERC's December 2022 letter addressed to AEC/GMEC/ANDA
175 re. the submission of data and documents for ERC's Fuel Audit such as Supplier's
176 invoices of fuel purchases, fuel supply contracts, freight invoices and fuel cost
177 computations.
178

179 AEC, GMEC, and ANDA submitted separately and directly to the ERC the
180 required documents. As of date, however, AEC had not been issued any reply with
181 respect to the submitted explanations.
182

183 v. Refund of pass-through charges

184
185 Per ERC Resolution 14, Series of 2022, the distribution utility must adjust its prices
186 in accordance with a formula specified in the Guidelines starting on the succeeding
187 billing period for a period of one (1) month to address the over-recovery balance and
188 six months to address the under-recovery balance.
189

190 In line with this, AEC will be refunding customers pass-through charges. AEC will
191 be implementing a one-time refund, to be reflected in their September bill.
192

193 **IX. FINANCIAL HIGHLIGHTS**

194
195 Mr. Franz Pulido delivered the report on financial highlights.
196

197 a. Financial Performance

198
199 Kilowatt hours sold increased by 4%. Pass-through revenues increased, given the rise
200 in generation charges by power producers, also with a comparable increase in pass-
201 through costs. Average generation rates were at PhP 9.34 in 2023, versus PhP 7.96 in
202 2022. Aggregate over-recovery for 2023 is at P63 million due to decreasing monthly
203 generation rates from March until June 2023 (P9.89 in March, P9.33 in April, P8.93
204 in May, P8.42 in June). Distribution revenues increased because of the increased
205 Kwhs sold and the local taxes billed to our customers. Other income is significantly
206 lower due to less UCCB collected vs. the same period last year. Due to higher demand
207 compared to prior years and the increasing prices in WESM, AEC was able to
208 maximize the contract with GMEC, our main power supplier.
209

210 Employee costs increased due to accrual of expenses for audit purposes and an
211 increase in employee benefits. Depreciation expenses similarly increased given the
212 new Petersville and Milenyo substations completion. Professional fees also increased
213 given the initial payment to IGC Securities, AEC's financial advisor for the planned
214 public offering. Bad debts also increased, due to increased consumption, but it is
215 expected to decline during the latter half of the year. Profit before and after tax
216 significantly increased given the over-recoveries of PhP 63M, compared with under-
217 recoveries of PhP 159M in 2022.

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b. Balance Sheet

Total assets increased by 3%, and total liabilities increased by 10%. On the asset side, milestones include the increase in property and equipment due to the completion of the Petersville and New Milenyo Substations, significant decrease in cash due to dividend declaration, increase in inventories, increase in investments, and decrease in other assets.

On the liabilities side, milestones include the additional customers' deposits for new accounts, decrease in trade payables, increase in provisions for customer refunds, and increase in taxes payable due to higher taxable income in 2023.

c. Collection efficiency

Collection efficiency for 2020-21 is at 99.38%, with a balance of PhP 39.12M remaining collectible. For 2022, collection efficiency is at 99.86%, with PhP 13.36M remaining collectible. For 2023, collection efficiency is at 89.74% as of the period ending 15 August 2023, with PhP 577.66M to be collected.

d. Financial ratio

Liquidity ratio as of June 2023 is at 1.85, lower than that of June 2022's 1.89. Efficiency ratio is similarly lower for 2023 – averaging 42.85 days for collection versus 42.56 days for 2022. Profitability ratio, meanwhile, is up from 3.30% in 2022 to 7.39% in 2023. Earnings ratio, finally, is likewise up from PhP 0.1199 in 2022 to PhP 0.2618 in 2023.

X. OTHER MATTERS

The President listed the summary of secretary's certificates issued:

1. Authorization to sign the renewal of the Transmission Service Agreement and Metering Service Agreement with National Grid Corporation of the Philippines (NGCP)
2. Authorization to sell a motor vehicle described as a 2000 model Toyota Hilux, Plate No. WPE 785 registered under the name of Angeles Electric Corporation
3. Authorization to declare Cash Dividends of P0.1790 to all common stockholders and P2.0131 to all preferred stockholders of record as of April 30, 2023, payable on June 21, 2023, out of the retained earnings of the Corporation existing as of December 31, 2022; and
4. Authorization to execute an Affidavit of Change Color of the Mitsubishi Manlift Truck, Plate No. RJD 699.

ADJOURNMENT

There being no other business, the meeting was then adjourned.

266

ATTESTED BY:

MARIA RITA JOSEFINA V. CHUA
President

267

PREPARED BY:


BENEDICT R. TUGONON
Corporate Secretary

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS
ANGELES ELECTRIC CORPORATION
4 October 2023

The Special Meeting of the Board of Directors of Angeles Electric Corporation was held on 4 October 2023, 10AM, at the Angeles Electric Corporation – Ortigas office.

PRESENT:

Geromin T. Nepomuceno (GTN)	Chairman and Director
Maria Rita Josefina V. Chua (MVC)	President and Director
Peter G. Nepomuceno (PGN)	Chairman Emeritus
Arsenio N. Valdes (ANV)	Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Robert Gerard B. Nepomuceno (RBN)	Director
Ivanna dela Pena	Independent Director
Horacio Cebrero III	Independent Director

ALSO PRESENT:

Benedict R. Tugonon	Corporate Secretary
Beatriz Raine L. Bayudan	QMBTISD – External Counsel
[Representatives of Villanueva Gabionza & Dy]	
[Representatives of IGC Securities]	

CALL TO ORDER

The Chairman, Mr. Geromin T. Nepomuceno, called the meeting to order. The minutes of the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon.

PROOF OF NOTICE

The Corporate Secretary confirmed that he had caused the notice of this special Board meeting to be disseminated to the members of the Board of Directors of the Corporation in accordance with the By-Laws, the Revised Corporation Code, and the applicable regulations of the SEC.

DETERMINATION OF QUORUM

The Corporate Secretary reported that a quorum was present. Accordingly, the meeting was duly convened and ready to proceed with its business.

APPROVAL OF THE MATTER REGARDING THE 2023 CAPEX FILING

Upon motion duly made and seconded, the Board approved the following resolutions pertaining to the 2023 CAPEX filing of the Corporation:

36
37 “RESOLVED, that Angeles Electric Corporation (AEC) (the
38 “Corporation”) does hereby authorize the filing and presenting of an
39 Application before the Energy Regulatory Commission for the
40 approval of AEC’s Capital Expenditure (CAPEX) Program for
41 Regulatory Year 2023 at the estimated project cost of
42 Php178,629,614.59 and that the funds therefore be appropriated from
43 its retained earnings;
44

45 RESOLVED FURTHER, that the Corporation names,
46 constitutes and appoints as it hereby does, the **Law Firm of Quiason**
47 **Makalintal Barot Torres Ibarra Sison & Damaso** or any of its
48 lawyers to represent the Corporation in the said case or any other cases,
49 actions or proceedings, and to file for and on behalf of the Corporation
50 such cases and/or petitions for the Corporation, as may be necessary
51 before the Energy Regulatory Commission, the Court of Appeals, the
52 Supreme Court and/or such appropriate action or actions before the
53 proper courts of justice or administrative bodies in the Philippines, and
54 to represent the Corporation in all proceeding and stage of the
55 aforesaid cases or actions with powers to enter into an agreement to
56 submit any of the said cases or actions to any of the alternatives modes
57 of dispute resolution, including the execution of an agreement to
58 mediate, and to offer, negotiate, accept, decide, and enter into a
59 compromise agreement or settlement, without need of further
60 authorization by the Corporation;
61

62 RESOLVED FURTHER, that in connection therewith, Maria
63 Rita Josefina V. Chua, President, is hereby authorized to sign, execute
64 and deliver on behalf of the Corporation the Special Power of Attorney
65 in favor of the **Law Firm of Quiason Makalintal Barot Torres**
66 **Ibarra Sison & Damaso** or any of its lawyers, and to sign, execute
67 and deliver all documents, instruments, deeds, and forms, including,
68 but not limited to, the necessary pleading, petitions, motions,
69 verifications, affidavits of merit, certificates of non-forum shopping, as
70 well as to do any and all acts, as may be proper and necessary to give
71 force and effect to the foregoing Resolution.”
72

73 ORGANIZATION OF AEC’S BOARD COMMITTEES

74
75 Upon motion duly made and seconded, the Board approved and confirmed the
76 organization of the Governance Committee, and the appointment of Mr. Cebrero III as its head,
77 with the members being Ms. Dela Pena, and Mr. Robert Nepomuceno.
78

79 DISCUSSION AND APPROVAL OF THE MATTERS REGARDING AEC’S PUBLIC 80 OFFERING

81
82 Upon motion made and duly seconded, the Board approved and ratified the matters
83 regarding AEC’s public offering.
84

85 APPOINTMENT OF OFFICERS

86

87 Upon motion made and duly seconded, the Board approved and confirmed the
88 appointment of Engr. Michael Angelo Colle as Chief Financial Officer (CFO), and Aldrin Erwin
89 James Nepomuceno as Chief Operating Officer (COO).
90

91
92 **APPROVAL OF DIVIDEND POLICY**
93

94 AEC adopted a dividend policy pursuant to which stockholders may be entitled to receive,
95 upon declaration by the Company's Board of Directors, dividends equivalent to between fifteen
96 to twenty five percent (15% - 25%) of the prior year's net income after tax, primarily in cash, based
97 on the Company's net income after tax, subject to the availability of the unrestricted retained
98 earnings and except: (i) when justified by definite corporate expansion projects or programs
99 approved by the Board of Directors; (ii) when the corporation is prohibited under any loan
100 agreement with any financial institution or creditor, whether local or foreign, from declaring
101 dividends without their consent, and such consent has not yet been secured; or (iii) when it can be
102 clearly shown that such retention is necessary under special circumstances obtaining in the
103 corporation such as when there is a need for special reserve for probable contingencies.
104


105 **OTHER MATTERS AND ADJOURNMENT**
106

107 As there were no other matters raised, the meeting was then adjourned.
108
109

ATTESTED:

MARIA RITA JOSEFINA V. CHUA
President

PREPARED BY:


BENEDICT R. TUGONON
Corporate Secretary

1 MINUTES OF THE SPECIAL MEETING
2 OF THE BOARD OF DIRECTORS
3 **ANGELES ELECTRIC CORPORATION**
4 11 October 2023, via videoconferencing
5

6 The Regular Meeting of the Board of Directors of Angeles Electric Corporation was held
7 via videoconferencing on 11 October 2023.
8

9 **PRESENT:**
10

Geromin T. Nepomuceno (GTN)	Chairman and Director
Maria Rita Josefina V. Chua (MVC)	President and Director
Peter G. Nepomuceno (PGN)	Chairman Emeritus
Arsenio N. Valdes (ANV)	Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Robert Gerard B. Nepomuceno (RBN)	Director
Ivanna dela Pena	Independent Director
Horacio Cebrero III	Independent Director

11
12 **ALSO PRESENT:**

13 Benedict R. Tugonon

Corporate Secretary

14 **CALL TO ORDER**
15

16 The Chairman, Mr. Geromin T. Nepomuceno, called the meeting to order. The minutes of
17 the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon. He also notified
18 the attendees that pursuant to SEC Memorandum Circular No. 6-2020, the proceedings of the
19 meeting shall be recorded. No objection came from the attendees regarding the recording.
20

21 **PROOF OF NOTICE**
22

23 The Corporate Secretary confirmed that he had caused the notice of this special Board
24 meeting to be disseminated to the members of the Board of Directors of the Corporation in
25 accordance with the By-Laws, the Revised Corporation Code, and the applicable regulations of the
26 SEC.
27

28 **DETERMINATION OF QUORUM**
29

30 The Corporate Secretary reported that a quorum was present. Accordingly, the meeting was
31 duly convened and ready to proceed with its business.
32

33 **APPROVAL OF THE MANUAL OF CORPORATE GOVERNANCE**
34

35 The Corporate Governance Committee of the Board of Directors of AEC presented to
36 the Board the proposed Manual of Corporate Governance of Angeles Electric Corporation.
37

38 Upon motion duly made and seconded, the Board approved and adopted the Manual of
39 Corporate Governance, considering the requested revisions.

40
41 **OTHER MATTERS (APPOINTMENT OF COMPLIANCE OFFICER)**
42

43 Upon motion duly made and seconded, the Board appointed Ms. Cristina Arboleda to be
44 the Compliance Officer of Angeles Electric Corporation.

45
46 **ADJOURNMENT**

47
48 As there were no other matters raised, the meeting was then adjourned.
49
50

ATTESTED:

MARIA RITA JOSEFINA V. CHUA
President

PREPARED BY


BENEDICT R. TUGONON
Corporate Secretary

51

Annex “E (E-1 to E-2)”

Year 2023 Minutes of the
Meeting re. Appointment of
Executive Officers and
Compliance Officers

MINUTES OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS
ANGELES ELECTRIC CORPORATION
26 June 2023, via videoconferencing

The Organizational Meeting of the Board of Directors of Angeles Electric Corporation was held via videoconferencing on 26 June 2023, at 10:21 AM.

PRESENT:

Geromin T. Nepomuceno Jr. (GTN)	Chairman and Director
Maria Rita Josefina V. Chua (MVC)	President and Director
Arsenio N. Valdes (ANV)	Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Melissa N. Mapua	Stockholder
Kimberly Nicole Wilkerson	Stockholder
Theresa Gracia N. Valdes	Stockholder
Noel Anthony N. Valdes	Stockholder
Martin Kyle Wilkerson	Stockholder
Richard H. Wilkerson	Stockholder
Paul Wilkerson	Stockholder
Marian Wilkerson	Stockholder
Richard Adrian F. Nepomuceno	Stockholder
Michelle Wilkerson	Stockholder
Peter Wilkerrson	Stockholder
Aaron Wilkerson	Stockholder

ALSO PRESENT:

Benedict R. Tugonon	Corporate Secretary
Beatriz Raine L. Bayudan	QMBTISD (External Counsel)
Paulette G. Tayag	Executive Secretary
Russel Alabado	In-house counsel, AEC
Cristina L. Arboleda	Finance Manager
Vilma Reparado	Employee

CALL TO ORDER

The meeting was called to order by the Chairman, Mr. Geromin T. Nepomuceno Jr. The minutes of the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon. He also notified the attendees that pursuant to SEC Memorandum Circular No. 6-2020, the proceedings of the meeting shall be recorded. No objection came from the attendees regarding the recording.

DETERMINATION OF QUORUM

The Corporate Secretary reported that majority of the nine (9) directors who were earlier elected at the Annual Stockholders' Meeting held on 26 June 2023 prior to this Board Meeting are present. Accordingly, the meeting was duly convened and ready to proceed with its business.

ELECTION OF OFFICERS

The following were elected as officers:

1. Mr. Geromin T. Nepomuceno as Chairman of the Board;
2. Ms. Maria Rita Josefina V. Chua as President and Chief Executive Officer;
3. Mr. Robert Gerard B. Nepomuceno as Treasurer; and
4. Atty. Benedict R. Tugonon as Corporate Secretary.

OTHER MATTERS

The Corporate Secretary stated that all items in the agenda had been taken up. Thereafter, he reminded the Board that a Regular Board Meeting will be held following this Organizational Board Meeting.

No other matters were discussed.

ADJOURNMENT

There being no other business to discuss, the meeting was thereupon adjourned. A motion was made for adjournment and was seconded.

ATTESTED:

GEROMIN T. NEPOMUCENO
Chairman

PREPARED BY:


BENEDICT R. TUGONON
Corporate Secretary

1 MINUTES OF THE SPECIAL MEETING
2 OF THE BOARD OF DIRECTORS
3 **ANGELES ELECTRIC CORPORATION**
4 11 October 2023, via videoconferencing
5

6 The Regular Meeting of the Board of Directors of Angeles Electric Corporation was held
7 via videoconferencing on 11 October 2023.
8

9 **PRESENT:**
10

Geromin T. Nepomuceno (GTN)	Chairman and Director
Maria Rita Josefina V. Chua (MVC)	President and Director
Peter G. Nepomuceno (PGN)	Chairman Emeritus
Arsenio N. Valdes (ANV)	Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Robert Gerard B. Nepomuceno (RBN)	Director
Ivanna dela Pena	Independent Director
Horacio Cebrero III	Independent Director

11
12 **ALSO PRESENT:**

13 Benedict R. Tugonon Corporate Secretary

14 **CALL TO ORDER**
15

16 The Chairman, Mr. Geromin T. Nepomuceno, called the meeting to order. The minutes of
17 the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon. He also notified
18 the attendees that pursuant to SEC Memorandum Circular No. 6-2020, the proceedings of the
19 meeting shall be recorded. No objection came from the attendees regarding the recording.
20

21 **PROOF OF NOTICE**
22

23 The Corporate Secretary confirmed that he had caused the notice of this special Board
24 meeting to be disseminated to the members of the Board of Directors of the Corporation in
25 accordance with the By-Laws, the Revised Corporation Code, and the applicable regulations of the
26 SEC.
27

28 **DETERMINATION OF QUORUM**
29

30 The Corporate Secretary reported that a quorum was present. Accordingly, the meeting was
31 duly convened and ready to proceed with its business.
32

33 **APPROVAL OF THE MANUAL OF CORPORATE GOVERNANCE**
34

35 The Corporate Governance Committee of the Board of Directors of AEC presented to
36 the Board the proposed Manual of Corporate Governance of Angeles Electric Corporation.
37

38 Upon motion duly made and seconded, the Board approved and adopted the Manual of
39 Corporate Governance, considering the requested revisions.

40
41 **OTHER MATTERS (APPOINTMENT OF COMPLIANCE OFFICER)**

42
43 Upon motion duly made and seconded, the Board appointed Ms. Cristina Arboleda to be
44 the Compliance Officer of Angeles Electric Corporation.

45
46 **ADJOURNMENT**

47
48 As there were no other matters raised, the meeting was then adjourned.

49
50 **ATTESTED:**

MARIA RITA JOSEFINA V. CHUA
 President

PREPARED BY


 BENEDICT R. TUGONON
 Corporate Secretary

51

Annex “G”

AEC Minutes of the Special
Meeting re. Establishment of
the Corp. Governance
Committee

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS
ANGELES ELECTRIC CORPORATION
4 October 2023

The Special Meeting of the Board of Directors of Angeles Electric Corporation was held on 4 October 2023, 10AM, at the Angeles Electric Corporation – Ortigas office.

PRESENT:

Geromin T. Nepomuceno (GTN)	Chairman and Director
Maria Rita Josefina V. Chua (MVC)	President and Director
Peter G. Nepomuceno (PGN)	Chairman Emeritus
Arsenio N. Valdes (ANV)	Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Robert Gerard B. Nepomuceno (RBN)	Director
Ivanna dela Pena	Independent Director
Horacio Cebrero III	Independent Director

ALSO PRESENT:

Benedict R. Tugonon	Corporate Secretary
Beatriz Raine L. Bayudan	QMBTISD – External Counsel
[Representatives of Villanueva Gabionza & Dy]	
[Representatives of IGC Securities]	

CALL TO ORDER

The Chairman, Mr. Geromin T. Nepomuceno, called the meeting to order. The minutes of the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon.

PROOF OF NOTICE

The Corporate Secretary confirmed that he had caused the notice of this special Board meeting to be disseminated to the members of the Board of Directors of the Corporation in accordance with the By-Laws, the Revised Corporation Code, and the applicable regulations of the SEC.

DETERMINATION OF QUORUM

The Corporate Secretary reported that a quorum was present. Accordingly, the meeting was duly convened and ready to proceed with its business.

APPROVAL OF THE MATTER REGARDING THE 2023 CAPEX FILING

Upon motion duly made and seconded, the Board approved the following resolutions pertaining to the 2023 CAPEX filing of the Corporation:

36
37 “RESOLVED, that Angeles Electric Corporation (AEC) (the
38 “Corporation”) does hereby authorize the filing and presenting of an
39 Application before the Energy Regulatory Commission for the
40 approval of AEC’s Capital Expenditure (CAPEX) Program for
41 Regulatory Year 2023 at the estimated project cost of
42 Php178,629,614.59 and that the funds therefore be appropriated from
43 its retained earnings;
44

45 RESOLVED FURTHER, that the Corporation names,
46 constitutes and appoints as it hereby does, the **Law Firm of Quiason**
47 **Makalintal Barot Torres Ibarra Sison & Damaso** or any of its
48 lawyers to represent the Corporation in the said case or any other cases,
49 actions or proceedings, and to file for and on behalf of the Corporation
50 such cases and/or petitions for the Corporation, as may be necessary
51 before the Energy Regulatory Commission, the Court of Appeals, the
52 Supreme Court and/or such appropriate action or actions before the
53 proper courts of justice or administrative bodies in the Philippines, and
54 to represent the Corporation in all proceeding and stage of the
55 aforesaid cases or actions with powers to enter into an agreement to
56 submit any of the said cases or actions to any of the alternatives modes
57 of dispute resolution, including the execution of an agreement to
58 mediate, and to offer, negotiate, accept, decide, and enter into a
59 compromise agreement or settlement, without need of further
60 authorization by the Corporation;
61

62 RESOLVED FURTHER, that in connection therewith, Maria
63 Rita Josefina V. Chua, President, is hereby authorized to sign, execute
64 and deliver on behalf of the Corporation the Special Power of Attorney
65 in favor of the **Law Firm of Quiason Makalintal Barot Torres**
66 **Ibarra Sison & Damaso** or any of its lawyers, and to sign, execute
67 and deliver all documents, instruments, deeds, and forms, including,
68 but not limited to, the necessary pleading, petitions, motions,
69 verifications, affidavits of merit, certificates of non-forum shopping, as
70 well as to do any and all acts, as may be proper and necessary to give
71 force and effect to the foregoing Resolution.”
72

73 ORGANIZATION OF AEC’S BOARD COMMITTEES

74
75 Upon motion duly made and seconded, the Board approved and confirmed the
76 organization of the Governance Committee, and the appointment of Mr. Cebrero III as its head,
77 with the members being Ms. Dela Pena, and Mr. Robert Nepomuceno.
78

79 DISCUSSION AND APPROVAL OF THE MATTERS REGARDING AEC’S PUBLIC 80 OFFERING

81
82 Upon motion made and duly seconded, the Board approved and ratified the matters
83 regarding AEC’s public offering.
84

85 APPOINTMENT OF OFFICERS

87 Upon motion made and duly seconded, the Board approved and confirmed the
88 appointment of Engr. Michael Angelo Colle as Chief Financial Officer (CFO), and Aldrin Erwin
89 James Nepomuceno as Chief Operating Officer (COO).
90

91
92 **APPROVAL OF DIVIDEND POLICY**
93

94 AEC adopted a dividend policy pursuant to which stockholders may be entitled to receive,
95 upon declaration by the Company's Board of Directors, dividends equivalent to between fifteen
96 to twenty five percent (15% - 25%) of the prior year's net income after tax, primarily in cash, based
97 on the Company's net income after tax, subject to the availability of the unrestricted retained
98 earnings and except: (i) when justified by definite corporate expansion projects or programs
99 approved by the Board of Directors; (ii) when the corporation is prohibited under any loan
100 agreement with any financial institution or creditor, whether local or foreign, from declaring
101 dividends without their consent, and such consent has not yet been secured; or (iii) when it can be
102 clearly shown that such retention is necessary under special circumstances obtaining in the
103 corporation such as when there is a need for special reserve for probable contingencies.
104

105 **OTHER MATTERS AND ADJOURNMENT**
106

107 As there were no other matters raised, the meeting was then adjourned.
108
109

ATTESTED:

MARIA RITA JOSEFINA V. CHUA
President

PREPARED BY:


BENEDICT R. TUGONON
Corporate Secretary

Annex “H”

AEC Minutes of the Regular
Meeting re. Clarifications
sought by the Directors

1 MINUTES OF THE REGULAR MEETING OF
2 THE BOARD OF DIRECTORS OF
3 ANGELES ELECTRIC CORPORATION
4 HELD ON 23 November 2023
5

6 The Regular Meeting of the Board of Directors of Angeles Electric Corporation was held
7 on 23 November 2023 at the Angeles Electric Office at 9:30 AM.
8

9 **PRESENT:**

Geromin T. Nepomuceno (GTN)	Chairman and Director
Maria Rita Josefina V. Chua (MVC)	President and Director
Peter G. Nepomuceno (PGN)	Chairman Emeritus
Arsenio N. Valdes (ANV)	Director
Richard N. Wilkerson (RNW)	Director
Emmanuel M. Nepomuceno (EMN)	Director
Rafael N. Mapua (RNM)	Director
Robert Gerard B. Nepomuceno	Director
Horacio Cebrero III	Independent Director (present via videoconferencing)
Ivanna dela Pena	Independent Director

10
11 **ALSO PRESENT:**
12

Benedict R. Tugonon	Corporate Secretary
Beatriz Raine L. Bayudan	QMBTISD (present via videoconferencing)
Aldrin Erwin James T. Nepomuceno	CFO/Stockholder
Noel Valdes	Stockholder
Franz Gerard C. Pulido	Controller
Cristina L. Arboleda	Finance Manager
Michael Angelo D. Colle	COO
David S. Praza	Distribution Engineer – Implementation
Ceferino S. Bingcang	Network Support Manager
Myra Cresencia Rivera	HRD Manager
Theresa Allison L. Lazatin	Administrative Assistant

14 **I. CALL TO ORDER**

15
16 The Chairman, Mr. Geromin T. Nepomuceno, Jr., called the meeting to order. The minutes of
17 the meeting were recorded by the Corporate Secretary, Mr. Benedict R. Tugonon.

18
19 **II. PROOF OF NOTICE**

20
21 The Corporate Secretary confirmed that he had caused the notice of this Board Meeting to be
22 disseminated to the different members of the Board of Directors of the Corporation in accordance
23 with the By-Laws, the Revised Corporation Code, and the applicable regulations of the SEC.
24

25 **III. DETERMINATION OF QUORUM**

26
27 The Corporate Secretary reported that there was a quorum. Accordingly, the meeting was duly
28 convened and ready to proceed with its business.
29

30 **IV. APPROVAL OF THE SEPTEMBER AND OCTOBER MINUTES OF THE REGULAR AND**
31 **SPECIAL MEETINGS OF THE BOARD**

32
33 Upon motion duly made and seconded, the Minutes of the 6 September 2023, 4 October 2023, and
34 11 October 2023 meeting were approved.
35

36 **V. MATTERS ARISING FROM THE MINUTES OF THE 6 SEPTEMBER 2023, 4 OCTOBER 2023,**
37 **AND 11 OCTOBER 2023 REGULAR BOARD MEETING**

38
39 A motion was duly made and seconded to consider any and all matters arising from the Minutes
40 of the 6 September 2023, 4 October 2023, and 11 October 2023 Board Meetings of the
41 Corporation with the President's Report. There being no objections, the motion was approved.
42

43 **VI. PRESIDENT'S REPORT**

44
45 The President, Ms. Maria Rita Josefina V. Chua, delivered the President's Report, covering the
46 operations of Angeles Electric Corporation (the "Corporation") for the 3rd quarter of 2023.
47

48 a. Report on Operations

49 i. Summary of Performance

50
51 1. Energy Sales

52 Energy sales increased by 6.05% due to the increase in commercial
53 and contestable customer sales. This indicated an increasing trend, which
54 grew by 13.2% and 15.78% respectively.
55

56 2. Feeder Systems Loss

57 Feeder loss increased from 4.6% in 2022 to 5.11% at the end of
58 3Q 2023, given 3Q load growth and high peak demand. AEC remains
59 below the Feeder Loss Cap of 5.5%.
60

61 3. Customer Count

62 Customer count was up by 3.17% as of 3Q 2023, higher than the
63 increase last 2022, which was at 1.64%. This is a minimal increase
64 compared to the 3.19% increase as of 2Q 2023.

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4. Average Retail Rate

The Average Retail Rate includes all costs pertaining to the bill or Total Billing / kWhr Sales. In the 3Q 2021, the Ave Retail Rate was P9.51 and increased to PhP 13.06 in 2022. Rising coal prices spiked towards the end of 2021 which pushed gen rates up to never-before-seen levels in the past. 3Q ARR decreased to PhP 12.48 given the improvement in coal prices.

5. Net Income

Net income in 3Q 2023 is higher at P321.4M compared to P197.5M in 3Q 2022. Net income is higher, but the 180.1M refund affected September 2023 billing period and sales.

ii. Energy Sales

Energy sales displayed a 9.66% increase overall.

iii. Energy Statistics by Customer Class

Consumption of commercial customers showed a steady increase of 225.55 GWh, or 42% of total sales. Residential customers' consumption showed a decreased share – 274GWh or 51% of total sales of this year compared to last year's 269GWh or 53% share in total sales. Industrial customers similarly registered a decline in sales, with contestable switched customers modestly increasing,

iv. Operations

As of 3Q 2023, the number of employees decreased from 171 to 169, a 1.17% change.

Customers increased by 4,140 (by 3.17%), totaling 134,855 customers compared to 130,715 in September 2022. Peak load was recorded at 147.77MW on July 7, overtaking the peak load of 2Q which was recorded on May 9 at 144.92MW.

The Board clarified whether the load factor slightly declined because of the sharp peak in July. Energy sales did not seem to increase as much versus demand, pointing to residential consumption as an underlying reason. Independent director Ivanna dela Pena inquired what could have accounted for the peak in July, and director Arni Valdes offered that the opening of schools could have been a factor.

The Board also noted that substation and transmission loss were quite high at this point in connection with total systems loss. Engr. Colle stated that such figures are expected to go down during the last quarter of the year. Per GTN, further, much of the losses can be attributed to sub-transmission loss and AEC is in "panic mode" – it was then recommended that NGCP be urged to finish construction of the Porac substation so that AEC can establish a new sub-transmission line and reduce sub-transmission losses. The only way for improvement would be to find another source, but NGCP seemed to have difficulty with right-of-way (ROW) acquisition. GTN noted also that AEC's assistance was sought regarding rent issues with the LGU and permitting process.

116
117
118 v. Summary report on GENCOs
119

120 For energy purchased by source, GMEC 1 and 2 were fairly reliable, having
121 provided for all the days of 3Q 2023 an average of 61.2% of AEC's requirements.
122 The other baseload supplier, ANDA, was also constantly available. WESM
123 purchases for 3Q however increased by 20-22% per month compared to the
124 previous period.
125

126 The availability of GMEC 1 from July to October was a change from previous
127 years when they were always down. They experienced some concerns, however—
128 derating to 150MW because of the critical level of coal bunkers. They were
129 declared up to full capability on September 23, 2023. GMEC 2 briefly went offline
130 in September due to a main fuel trip but was back online on the same day.
131

132 ANDA was online from July to October. API was run briefly during WESM price
133 spikes.
134
135

136 vi. WESM Status Report

137 A secondary price cap (SPC) was imposed in July for 208 dispatch intervals,
138 whereas no SPCs were imposed in August and September. It was again imposed
139 in October for 624 dispatch intervals. The President observed that with these
140 figures, prices were getting more competitive.
141

142 Load weighted average price was at PhP 7.1728 in July, PhP 7.0368 in August, and
143 dropped down to PhP 5.8196 in September.
144

145 vii. Average Retail Rate

146 Generation rates displayed a downward trend starting 2Q 2023, which continued
147 until 3Q 2023.
148

149 Given under-recovery rules implemented by the ERC, September rates were
150 affected by the refund (pegged at PhP 2.8808. This brought down average retail
151 rates to PhP 11.70 in July, PhP 11.24 in August, and PhP 8.49 in September.
152 The President showed a 5-year graph for coal prices to emphasize the sharp peak
153 in coal prices in 2022. Said coal prices went down by \$200 by March 2023, after
154 the peak of \$400 in 2022.
155

156
157 GTN noted that since we are mostly coal-powered, it makes sense to track coal
158 prices. Coal prices were expected to further stabilize but not below \$100 in the
159 near term. Pre-pandemic, it was only at \$75 per metric ton. Another problem with
160 the grid however is that we don't have enough capacity.
161

162 MVC provided additional insight on coal futures (now purely Newcastle) –close to
163 a low for the past 2.5 years because of oversupply in the Chinese coal market, with
164 China having ramped up domestic coal production.
165

166 While there are other indices for coal prices, such as that of Indonesia's, CFO
167 Erwin Nepomuceno stated that AEC tracks Newcastle figures and follows the
168 same. IDP inquired as well regarding ADARO, and noted that Newcastle is the
169 international benchmark. With a 73% increase in imports, coal markets shifted
170 from a shortage to an adequate supply.
171

172 b. Network Updates
173

174 Engr. Michael Angelo Colle delivered Capital Expenditure (CapEx) updates.
175

176 NGCP 230Kv Porac Substation
177

178 AEC lodged its CAPEX application with the ERC in December 2019, docketed as
179 ERC Case No. 2019-091 RC. A public hearing was held last September 2020.
180

181 Part of the project is the Manuali Switching Station, with the configuration,
182 location, and sub-transmission routes based on the NGCP Transmission
183 Development Plan for the Hermosa-Porac-Capas 230 kV lines. This will support
184 development of major loads such as Alvierra, which has a more direct access to the
185 generation hub in Bataan.
186

187 The NGCP planned to erect the project in Brgy. Sapang Uwak, which AEC
188 determined to be a feasible alternative source for the Petersville Substation and will
189 be compliant with N-1 criteria. NGCP however considered Alvierra as the site of
190 the Porac substation. With these, AEC proposes to erect a switching substation in
191 Brgy. Manuali. The Porac substation is expected to be completed by December
192 2024. The AEC project is currently at 20% completion while the NGCP project
193 is estimated at 50% completion
194

195 c. Regulatory Matters
196

197 Ms. Cristie Arboleda delivered updates on regulatory matters.
198

199 i. ERC Procurement Guidelines for NGCP and Private DUs
200

201 PEPOA DUs had a clarificatory meeting with the ERC; PEPOA filed its
202 comments and suggestions on the issues of applicability, timelines, and alignment.
203

204 ii. AEC-SPNEC Power Supply Agreement
205

206 Per the ERC, ERC will soon be issuing an Intermediate Authority for Interim
207 Relief. This had already been drafted and is being routed for signature.
208

209 iii. One Time Refund
210

211 Per the new over/under recovery rules contained in ERC Resolution No. 14, Series
212 of 2022, with respect to the September 2023 bill, AEC will implement a PhP
213 2.8088/kwh one-time refund to be reflected in the said September bill. The total
214 amount refunded is PhP 180.1M, and a customer advisory was issued and printed
215 on the billing statement.
216

MVC noted that AEC is not allowed to put a line item showing that a refund is deducted from generation rates, which, had it been allowed, would present a more accurate understanding for the customer instead of the net amount. With the current presentation, customers would be under the perception that generation rates are going down. GTN commented further that this policy of the ERC would actually do further damage to the consumers since consumers prioritize regularity of prices in order that they be able to budget properly. With the next month having no such refund, the DUs will take the brunt of explaining why rates seem to have gone up again. Such is also unfair to DUs because ERC mandates that over-recovery refunds should be given lumpsum, while for under-recovery collections ERC states that it should be spread out.

iv. Public Offering Key Milestones

For July and August, AEC was able to finalize its Interim Audited Financial Statements as of June 2023, valid until December 27, 2023, in connection with the proposed public offering. The collation of documents for the prospectus was initiated as well.

In October, the Registration Statement and Preliminary Prospectus was filed with the Securities and Exchange Commission, with the filing fee of PhP 1M paid. The Notice of Registration was filed in November, with the SEC issuing its comments on the preliminary prospectus and interim AFS. Target for December is to elevate the amended filings to the SEC en banc, with a deadline of December 27 to approve the registration statement.

Key terms of the public offer were presented. Penta Capital was engaged as sole underwriter/selling agent, IGC Securities as financial advisor, and Villanueva Gabionza & Dy as legal counsel to the issuer. The 207,020,000 primary common shares were to be offered at PhP 3.42/share. Proceeds of the offer will be used to fund AEC's projects over the next two years.

v. Data Privacy Updates

Atty. Russell Alabado delivered the updates regarding data privacy.

AEC attended the first road show of the National Privacy Commission held in Clark, Pampanga.

For 2023, AEC had the following compliances in connection with data privacy: NPC registration effective until 3 April 2024, annual security incident and breach reporting, and privacy impact assessment activities. These include reviewing contracts for data sharing agreements, the Data Privacy Manual, Records Management Manual, Security Breach and Incident Manual, creation of the Security Incident Reporting Team, review of the Privacy Management Program, Security Privacy Notice, and posting of AEC's NPC registration.

EMN requested that the Board be apprised for any security breaches.

VII. FINANCIAL HIGHLIGHTS

Mr. Franz Pulido delivered the report on financial highlights.

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a. Financial Performance

Sales increased by 1%. Purchased power and transmission charges declined by 2%, with Other Income following the same trend and decreasing by 7%. Operating expenses displayed a minimal decrease of 1%. Income tax showed a 92% decrease, with net profit increasing by 63% compared to last year. Adjusted profit figures decreased by 4%. This is a function of the decrease of other income.

Distribution revenues, which is the actual income of AEC using rates that have remained the same since 2015, displayed a 7% change – from PhP 816M in 2022 to PhP 877M. This is comparable to the change for kilowatt hours sold at a 6% change. UCCB income decreased by PhP 27M (22% change) given AEC's utilization, and increasing demand. Pole rentals were up by 114%, from PhP 7M in 2022 to PhP 15M in 2023, given renewals of agreements with counterparties. Interest income increased due to the higher yields of several of AEC's investments.

With AEC's anniversary and anniversary bonus, employee costs increased by PhP 10M. Depreciation increased as well, given the opening of two substations – New Milenyo and New Petersville. With the public offering, professional fees (legal and others) increased as well due to the engagement of legal counsel, securities and financial advisors. Provisions are lower for this year since the 2022 amount included provisions pertaining to even earlier periods.

b. Balance Sheet

Paid up capital increased by 22% as of September 2023, while retained earnings went down by 24%, in preparation of the public offering. Total shareholders' equity was similarly down by 6%. Cash dividends were significantly up at 2469%, with book value per share down by 14%.

For assets, decrease in cash is due to the significant amount of dividends declared. Decrease in revenue meanwhile was attributed to the declining cost of power. Increase in PPE is related to continuous effort to increase reliability of distribution lines. Customer deposits increased because of consistent increase in customer numbers. Trade payables decreased because of decreasing power prices, directly connected to a decrease in trade receivables.

c. Collection efficiency

Collection figures for 2020-21 are still at about 99%. For September billings, all are at about 90%, except for those at the Angeles City LGU. Others are expected to improve by this month until December.

Total collectibles stand at PhP 560.5M.

MVC noted that as far as collectibles, even during the pandemic, AEC is still doing well.

d. Financial ratio

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Liquidity ratio is at 1.98, which means AEC is still liquid enough that liabilities can be satisfied. The average collection days is 41 days. The profitability and earnings ratios are now based on the amounts excluding pass-through (as RGN had commented in previous meetings), with both slightly decreasing.

VIII. OTHER MATTERS

EMN clarified if there were new updates regarding the implementation of the New Lifeline Rate law. Ms. Arboleda gave the update and stated that ERC is still yet to issue an announcement as to who should be the beneficiaries of this, but they are still looking at who registered. Target implementation was January 2024. Currently, turnout remains low. AEC had conducted information campaigns and barangay rollouts that were halted because of the barangay elections, but these will resume soon. AEC will have to wait for further directives from ERC before full implementation.

The Board approved and declared cash dividends of PhP 0.0204 per share to both common and preferred stockholders of record as of October 31, 2023, payable on November 29, 2023, out of the retained earnings of AEC as of September 30, 2023.

ADJOURNMENT

There being no other business, the meeting was then adjourned.

PREPARED BY:

BENEDICT R. TUGONON
Corporate Secretary

Annex “I”

Gifts and Entertainment Policy



Gifts and Entertainment Policy

Purpose of this Policy

Angeles Electric Corporation (AEC) conducts its business ethically and transparently. This Gifts and Entertainment Policy:

1. Ensures compliance with AEC's ethical values and code of conduct;
2. Complies with the anti-corruption and bribery laws of the Philippines; and
3. Helps employees and third parties exercise caution when accepting or providing Gifts.

Any breach of this policy will result in disciplinary action, including termination of employment, and the immediate termination of any affected contract.

Guidelines on Gifts and Entertainment

Gifts should never be requested or provided. The following Gifts are never appropriate:

1. Gifts of cash, or cash equivalent (such as gift certificates, Gcash, Mobile Loads, etc.)
2. Gifts that are prohibited by law;
3. Gifts to government officials;
4. Gifts that are accepted/given in return for something;
5. Gifts that are accepted/given as a bribe/kickback to obtain/retain business, or to secure an improper advantage;
6. Gifts and Entertainment given or accepted during contract negotiations;
7. Given in the form of services or other non-cash benefits (e.g., the promise of employment) and
8. Any Gift that is paid for in a personal capacity to avoid having to report it or seek relevant approval.

Entertainment

Entertainment may be accepted/provided for legitimate business purposes, such as building goodwill and enhancing relationships with customers, vendors, and business partners.

The following types of Entertainment (whether being provided or received) are never appropriate:

1. Entertainment that can be viewed as excessive in the context of the business occasion;
2. Entertainment that is prohibited by law;
3. Entertainment to government officials;
4. "Adult" entertainment or any sort of event involving nudity or lewd behavior; and
5. Other forms of entertainment as determined by AEC's management.

The prohibited Gifts and Entertainment above shall extend to those given to or received from relatives up to the fourth degree of consanguinity or affinity, including those given to or received from for and on behalf of the giver or receiver.

Accepting Gifts and Entertainment Not Prohibited

In receiving gifts and Entertainment that are not prohibited to be given or accepted as provided above, the following rules must be observed:

The giving or receiving of Gifts or Entertainment

1. Is infrequent;
2. does not create the appearance (either expressly or by implication) that the provider of gift or entertainment is entitled to preferential treatment, an award of business, better prices, or improved services;
3. would not embarrass AEC if disclosed publicly;
4. is made openly;
5. is in good taste;
6. is reason and appropriate for the occasion; and
7. does not violate any laws or regulations

Dealing with Government Officials

It is never permissible to provide Gifts and/or Entertainment to government officials.

Compliance and Reporting

All Department Heads are responsible for the enforcement of and compliance with this policy in their department.

Any concerns about giving or receiving gifts or entertainment can be raised by sending an email to the Office of the President at mvc@angeleselectric.com.ph.

All reports shall be confidential and the name of the whistleblower will never be disclosed. There shall be no retaliation against any complaint and there will be an appropriate penal action against such retaliation. All reports will be taken seriously and, where appropriate, investigated in detail.

This Policy is continuously evolving and it may undergo changes based on business requirements and changes in law and regulations.