

COVER SHEET

A S 0 9 4 0 0 2 3 6 5
S.E.C. Registration Number

S P C P O W E R C O R P O R A T I O N
(f o r m e r l y S A L C O N P O W E R C O R P .)

(Company's Full Name)

7 t h F l o o r C e b u H o l d i n g s C e n t e r
A r c h b i s h o p R e y e s A v e n u e ,
C e b u B u s i n e s s P a r k , C e b u C i t y

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

Mr. Jaime M. Balisacan

Contact Person

8810 44 74 to 77

Company Telephone Number

1 2 3 1
Month Day
Calendar Year

SEC FORM
I A G C R
FORM TYPE

0 6 2 5
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

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 I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Contains CG Practices/ Policies, labelled as follows: (1) "Recommendations" - derived from the CG Code for PLCs; (2) "Supplement to Recommendation" - derived from the PSE CG Guidelines for Listed Companies; (3) "Additional Recommendations" - CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and (4) "Optional Recommendation" - practices taken from the ASEAN Corporate Governance Scorecard *Items under (1) - (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.	The company shall indicate compliance or non-compliance with the recommended practice.	The company shall provide additional information to support their compliance with the recommended CG practice	The PLCs shall provide the 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 as sufficient explanation

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended December 31, 2019
2. SEC Identification Number AS094-002365 3. BIR Tax Identification No. 003-868-048
4. Exact name of issuer as specified in its charter SPC POWER CORPORATION
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 7th Floor, Cebu Holdings Center, Cebu Business Park, Cebu City 6000
Address of principal office Postal Code
8. (63 32) 232 0375; 232 0377 ; (63 2) 810 4474 to 77
Issuer's telephone number, including area code
9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT				EXPLANATION
COMPLIANT / NON-COMPLIANT		ADDITIONAL INFORMATION		
The Board's Governance Responsibilities				
Principle 1: 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 profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.				
Recommendation 1.1				
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Refer to the profile of incumbent Board of Directors and Executive Officers in our Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A; see also http://www.spcpowergroup.com		
2. Board has an appropriate mix of competence and expertise.	Compliant			
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 organization.	Compliant			
Recommendation 1.2				
1. Board is composed of a majority of non-executive directors.	Compliant	See Annual Reports as of Dec. 31, 2019 per SEC Form 17-A; see also www.spcpowergroup.com		
Recommendation 1.3				
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Refer to the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/		

2. Company has an orientation program for first time directors.	Compliant	Section 2.2.1.2 of the Revised Manual On Corporate Governance of the Company adopts a policy training of Directors, including an orientation for first time directors.	
3. Company has relevant annual continuing training for all directors.	Compliant		
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A and Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	

Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A, By-Laws and Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	See Annex 1	

Optional: Recommendation 1.5

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	
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Recommendation 1.6

1. Board is assisted by a Compliance Officer.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	See Annex 2	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	See minutes of General Stockholders' Meeting http://www.spcpowergroup.com/company-disclosures/	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	See Annex 3	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	See Annex 27	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	Refer to website link http://www.spcpowergroup.com/about-us/mission-vision-and-values/	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	See Annex 4 and 5	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A; see also www.spcpowergroup.com	
Recommendation 2.4			

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	For Directors: See section 2.2.1.4 of the Revised Manual of Corporate Governance and Article 3 of Amended By-Laws. For Key Officers and Management: See Article 5 of the Amended By-Laws.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A ; see also www.spcpowergroup.com	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	See section 2.2.1.11 of the Revised Manual of Corporate Governance	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.		Provide proof of board approval	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.		Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	See section 6 of the Revised Manual on	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Corporate Governance	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		The Company follows SRC Rule 38 for Independent Director and applies the same by analogy to the other directors
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		The Company follows SRC Rule 38 for Independent Director and applies the same by analogy to the other directors
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		Identify the professional search firm used or other external sources of candidates	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	See section 2.2.1.2 of the Revised Manual on Corporate Governance See Note 5 of the Notes to the Consolidated Financial Statements as	

guarantee fairness and transparency of the transactions.			All Related Party Transactions are disclosed regardless of amount. See also: http://www.spcpowergroup.com/corporate-governance/company-statements/policies/related-party-transactions-rpt/	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant			
Supplement to Recommendations 2.7				
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant		See Note 5 of the Notes to the Consolidated Financial Statements as of and for the year ended Dec. 31, 2019. See also: http://www.spcpowergroup.com/corporate-governance/company-statements/policies/related-party-transactions-rpt/	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant		See Agenda for the Annual Stockholders' Meeting re Ratifications of All Previous Actions of the Board of Directors and Officers of the Corporation Since the Last Annual/Regular Meeting.	

Recommendation 2.8			
1. 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	By-Laws of the Company (see www.spcpowergroup.com)	
2. 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).	Compliant	See section 2.2.1.9 of the Revised Manual on Corporate Governance (see http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/)	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Non-Compliant		Although the Board has no formal performance management framework, the agenda for every board meeting requires inclusion of reports that serve as parameters by which the board measures the performance of management. This include financial reports, operations report, update on projects.
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Non-Compliant		The Board delegated to the Management Committee, the function of establishing effective performance management framework that ensures personnel's performance.
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant		

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	See section 2.2.1.9 of the Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
3. Board approves the Internal Audit Charter.	Compliant	See section 2.2.2.4 (b) of the Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
Recommendation 2.11			
1. 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.	Compliant	See section 2.2.1.2 of the Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
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.	Compliant	See Note 28 of the Notes to the Consolidated Financial Statements as of and for the year ended Dec. 31, 2019.	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Revised Manual on Corporate Governance of SPC Power Corporation at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		

1. Board has a clear insider trading policy.	Compliant	See http://www.spcpowergroup.com/corporate-governance/company-statements/policies/insider-trading-policy/	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

Compliant

Revised Manual on Corporate Governance of the Company at <http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/>

Recommendation 3.2

1. 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.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.

Compliant

Revised Manual on Corporate Governance of the Company <http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/>

See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A.

Compliant

See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A

Compliant

See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A

Compliant

Supplement to Recommendation 3.2

1. Audit Committee approves all non-audit services conducted by the external auditor.

Compliant

See section 2.2.2.1.2 of the Revised Manual Corporate Governance at <http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/>

2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-Compliant		Per Section 2.2.2.1.2 of the Revised Manual on Corporate Governance, the audit committee shall meet external auditor without management's presence at least annually. No such meeting was held.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
Recommendation 3.3			
1. 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	See Sections 2.2.2.2 and 2.2.2.2.2 of Manual on Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	See Section 2.2.2.2 of the Manual Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	

3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	See Section 2.2.2.2 of the Manual Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
Recommendation 3.4			
1. 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 ensure its functionality and effectiveness.	Non-Compliant		The functions of the BROC are performed by the Audit Committee.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		The functions of the BROC are performed by a five (5) - member Audit Committee, majority of which are independent directors including the chairman.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		The functions of the BROC are performed by the Audit Committee. However, the chairman of the audit committee is not the chairman of any other board committee.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		The functions of the BROC are performed by the Audit Committee. The members of the audit committee have relevant thorough knowledge and experience on risk and risk management. See profile of the Board of Directors per Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A

Recommendation 3.5

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		The functions of the RPT Committee are performed by the Audit Committee.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant		The functions of the RPT Committee are performed by a five (5) - member Audit Committee, majority of which are independent directors including the chairman. See profile of the Board of Directors per Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A.

Recommendation 3.6

1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	See Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	See Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
3. Committee Charters were fully disclosed on the company's website.	Compliant	See Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	

Principle 4: 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 in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	See Annex 5	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Refer to Section 5, Article 3 of the Amended By-Laws of the Company	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	See Annex 6	

Recommendation 4.2

1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	See Section 2.2.1.8 of the Manual on Corporate Governance at http://www.spcpowergroup.com/corp-governance/manual-of-corporate-governance/	
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Recommendation 4.3

1. The directors notify the company's board before accepting a directorship in another company.	Non-Compliant		The company does not require prior written notification from the director on his acceptance of directorship in another company. However, they are required to update the company of their board membership in other companies.
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Optional: Principle 4

1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.				
2. Company schedules board of directors' meetings before the start of the financial year.				
3.				
4. Board of directors meet at least six times during the year.			Indicate the number of board meetings during the year and provide proof	
5. Company requires as minimum quorum of at least 2/3 for board decisions.			Indicate the required minimum quorum for board decisions	

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.

Compliant

See profile of the Board Directors per Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A at www.spcpowergroup.com

Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.

Compliant

See profile of the Board of Directors per Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A at www.spcpowergroup.com

Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.

Compliant

See Section 2.2.1.3 of the Manual on Corporate Governance at <http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/>

Recommendation 5.3

1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	See profile of the Board of Directors per Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A at www.spcpowergroup.com	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	See Section 2.2.1.7.1 of the Manual on Corporate Governance at http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	See Section 2.2.1.7 of the Manual on Corporate Governance at http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	

Recommendation 5.4

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Chairman of the Board: Alfredo L. Henares Chief Executive Officer: Dennis T. Villareal	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Refer to Article 5 of Amended By-Laws of the company and Section 2.2.3 of the Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	

Recommendation 5.5

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Non-Compliant		The Board has not designated a Lead Director among the independent directors. This is however, being considered to be taken up.
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Recommendation 5.6

1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	See section 2.2.1.3 of the Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corp-governance/manual-of-corporate-governance/
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Recommendation 5.7

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-Compliant	The non-executive directors do not conduct separate meeting or periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present. The Non-executive directors based on their assessment on how management performs its task do not find it as yet necessary to have a meeting without its presence. However, if in the future, they find it necessary to do so, the NEDs will hold one.
2. The meetings are chaired by the lead independent director.	Non-Compliant	The non-executive directors do not conduct separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present, for the same reason above stated

Optional: Principle 5

1. None of the directors is a former CEO of the company in the past 2 years.		Provide name/s of company CEO for the past 2 years
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Principle 6: 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 backgrounds and competencies.

Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	See Annexes 7 – 12	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		The Board will consider looking into the necessity of engaging the services of an external facilitator.

Recommendation 6.2

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Non-Compliant		The Board uses as a guide the Code of Corporate Governance for PLC's, Corporation Code, the SRC and its implementing rules, its own Manual on Corporate Governance, SEC and PSE rules.
2. The system allows for a feedback mechanism from the shareholders.	Non-Compliant		Same as above

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Non-Compliant	Although the Company has not codified formally a Code of Business Conduct and Ethics, it considers the Values it adopted, in its Manual on Corporate Governance, its policies on Related-Party Transactions, Conflict of Interest, Insider Trading, Whistle-Blowing Policy, SPC Code of Conduct, SPC Uniform Conduct for employees, serve as its "Code" providing the ethical and professional behavior governing the Company.
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2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Although there is no formal "Code" those mentioned above have been disseminated through the SPC Website or posting on Company Bulletin Boards (see Annex 13)
3. The Code is disclosed and made available to the public through the company website.	Compliant	Although there is no formal "Code" those mentioned above have been disseminated through the SPC Website.

Supplement to Recommendation 7.1

1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Whistle-blowing policy. See http://www.spcpowergroup.com/corporate-governance/company-policies/whistle-blowing-policy/
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Recommendation 7.2

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	See Annex 14
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.

Compliant

Refer to Quarterly and Annual Operations and Financial Reports per SEC Forms 17-Q and 17-A.
<http://www.spcpowergroup.com/company-disclosures/>

Supplement to Recommendations 8.1

1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.

Compliant

Quarterly Reports (17-Q): Within 45 days after end of each quarter

Annual Reports (17-A): Within 105 days from end of fiscal year in accordance with SEC Memo Circulars for Companies listed in the PSE

2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.

Compliant

See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A

Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Refer to Section 5 of the Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant		
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	Refer to Section 5 of the Revised Manual on Corporate Governance at http://www.spcpowergroup.com/corp-orate-governance/manual-of-corporate-governance/	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
Recommendation 8.4			

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Refer to 2.2.1.11 of the Revised Manual on Corporate Governance and Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	Refer to 2.2.1.11 of the Revised Manual on Corporate Governance and Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	See http://www.spcpowergroup.com/	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	Refer to 2.2.1.2 of the Revised Manual on Corporate Governance and website on RPT policy	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	See Note 5 of the Notes to the Consolidated Financial Statements as of and for the year ended Dec. 31, 2019.	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Although this is an established policy, there is yet no instance where the directors have conflict of interest in transactions of the company.	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any	

Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	See Note 29 of the Notes to the Consolidated Financial Statements as of and for the year ended Dec. 31, 2019.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	It is always the company's policy to engage independent parties (financial advisors, technical advisors, legal advisors) whenever there is major acquisition or disposal. Please see attached for the engagement of KEPCO Engineering and Consultation Company, Inc. for the feasibility study of the SPC-Coal-fired Power Plant Project (See Annex 15)	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Non-Compliant		No policy on this matter.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	http://www.spcpowergroup.com/corporate-governance/manual-of-	

2. Company's MCG is submitted to the SEC and PSE.	Compliant	corporate-governance/and see Annex 16	
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	http://www.spcpowergroup.com/corporate-governance/ and Annex 16	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant		
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
d. Dividend Policy	Compliant	Refer also to website link http://www.spcpowergroup.com/company-disclosure/	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors' meetings held during the year	Compliant	See also SEC Form 17-C for the attendance details of each director in all directors' meetings held during the year	
g. Total remuneration of each member of the board of directors	Compliant		

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	See Note 28 of the Notes to the Consolidated Financial Statements as of and for the year ended Dec. 31, 2019.	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Non-Compliant	See Annex 17	The Annual Report did not contain statement from the board of directors or audit committee commenting on the adequacy of the company's internal control. However, the Chairman of the Audit committee reported to the Board, the adequacy of the company's internal control when he presented the audited financial statements for approval by the Board.
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	See Note 28 of the Notes to the Consolidated Financial Statements as of for the year ended Dec. 31, 2019	

Principle 9: 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. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A and Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A and Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 20-IS and Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	

Supplement to Recommendation 9.1

1. Company has a policy of rotating the lead audit partner every five years.	Compliant	See SEC Form 20-IS Definitive Information Statement (DIS)	
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Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on:	Compliant	Please see Section 2.2.2.1.2 of the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
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.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Please see Section 2.2.2.1.2 of the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Please see Section 2.2.2.1.2 of the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Please see Section 2.2.2.1.2 of the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	

Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Please see Section 2.2.2.1.2 of the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	See Annual Report for the year ended Dec. 31, 2019 per SEC Form 17-A	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	Information on company's external auditor below: 1. Partner: Alvin M. Pinpin 2. SEC Accredited No. 0781-AR-3 (Group A) 3. Date Accredited: April 3, 2018 4. Expiry date of accreditation April 2, 2021 5. Sycip Gorres Velayo & Co. Unit 1003 & 1004, Insular Life, Cebu Business Centre, Mindanao Avenue Corner Biliran Road, Cebu Business Park, Cebu City [032] 266.2947 to 49	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant		Per our Audit Firm SGV, they have not been subject to SOAR.

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	See SEC Form 17-A (Annual Report):CY 2019 for the Sustainability Report for 2019.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	See SEC Form 17-A (Annual Report):CY 2019 for the Sustainability Report for 2019.	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	See Annex 18	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	Compliant	http://www.spcpowergroup.com/company-disclosure/ https://www.spcpowergroup.com/presentations-materials/or-See-Annex-20 http://www.spcpowergroup.com/company-disclosure/ http://www.spcpowergroup.com/company-disclosure/ http://www.spcpowergroup.com/company-disclosure/ http://www.spcpowergroup.com/about-us/articles-of-incorporation-and-by-laws/	
2.			
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	Compliant	http://www.spcpowergroup.com/	
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Internal Control System and Risk Management Framework

Principle 12: To ensure the 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 framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Please see Section 2.2.6 of the Revised Manual on Corporate Governance Frequency of review is at least annually or as often as needed. http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	See Note 28 of the Notes to the Consolidated Financial Statements as of and for the year ended Dec. 31, 2019 http://www.spcpowergroup.com/company-disclosures/	

Supplement to Recommendations 12.1

1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Non-Compliant		Although there is a policy on compliance with all relevant laws, regulations and codes of best practices, the company has no single formal program covering compliance with the above. Each policy has its own compliance requirement that is disseminated to the Company and its subsidiaries, e.g. whistle blowing policy, Code of Conduct.
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Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.		Provide information on IT governance process	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Internal Auditors is in-house.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		Still in process of hiring and selecting the replacement of former internal auditor
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Non-Compliant		Still in process of hiring and selecting the replacement of former internal auditor
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Non-Compliant		We are not outsourcing.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		The risk management functions are performed by the Audit Committee as allowed under the Code of Corporate Governance for PLC's.

Supplement to Recommendation 12.4				
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	See Annex 19		
Recommendation 12.5				
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant			The risk management functions are performed by the Audit Committee as allowed under the Code of Corporate Governance for PLC's
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant			The risk management functions are performed by the Audit Committee as allowed under the Code of Corporate Governance for PLC's
Additional Recommendation to Principle 12				
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-Compliant			The determination of whether a sound internal audit, control and compliance system is in place and working effectively is done by the audit committee.

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Please see Section 6 of the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please see Section 6 of the Revised Manual on Corporate Governance http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/	

Supplement to Recommendation 13.1

1. Company's common share has one vote for one share.	Compliant	See SEC Form 20-IS Definitive Information Statement (DIS) http://www.spcpowergroup.com/company-disclosures/	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	See SEC Form 20-IS Definitive Information Statement (DIS) http://www.spcpowergroup.com/company-disclosures/	
3. Board has an effective, secure, and efficient voting system.	Compliant	See SEC Form 20-IS Definitive Information Statement (DIS) http://www.spcpowergroup.com/company-disclosures/	

Supplemental to Recommendation 13.2

1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
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a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	See SEC Form 20-IS Definitive Information Statement (DIS) http://www.spcpowergroup.com/company-disclosures/	
b. Auditors seeking appointment/re-appointment	Compliant	See SEC Form 20-IS Definitive Information Statement (DIS) http://www.spcpowergroup.com/company-disclosures/	
c. Proxy documents	Compliant	See SEC Form 20-IS Definitive Information Statement (DIS) http://www.spcpowergroup.com/company-disclosures/	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting		Provide link or reference to the rationale for the agenda items	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Non-Compliant		Minutes not available the next working day because its needs to be reviewed by the Chairman of the Board as signatory thereto. However, the Company discloses to the PSE, highlights of the results of the annual stockholders meeting immediately after said meeting.
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Non-Compliant		Minutes not available within five (5) business days because its need to be reviewed by the Chairman of the Board as a signatory thereto. However, the Company will exert its best efforts to comply. However, the Company discloses to the PSE, highlights of the results of the annual stockholders meeting immediately after said meeting.