



**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
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) <b>“Recommendations”</b> – derived from the CG Code for PLCs;</p> <p>(2) <b>“Supplement to Recommendation”</b> – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) <b>“Additional Recommendations”</b> – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) <b>“Optional Recommendation”</b> – practices taken from the ASEAN Corporate Governance Scorecard</p> <p><b>*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.</b></p>	<p>The company shall <b>indicate compliance or non-compliance</b> with the recommended practice.</p>	<p>The company shall provide additional information to <b>support their compliance</b> with the recommended CG practice</p>	<p>The PLCs shall <b>provide the explanations for any non-compliance</b>, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include <b>how the overall Principle being recommended is still being achieved</b> by the company.</p> <p><b>*“Not Applicable” or “None” shall not be considered as sufficient explanation</b></p>

**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, 2023
2. SEC Identification Number 36359
3. BIR Tax Identification No. 000-438-702-000
4. Exact name of issuer as specified in its charter BASIC ENERGY CORPORATION
5. MAKATI CITY  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. GM Building, Florida St., Barangay Wack-Wack, Greenhills East, Mandaluyong City  
Address of principal office
- 1556  
Postal Code
8. (+632) 7917-8118  
Issuer's telephone number, including area code
9. UB 111 Paseo de Roxas Bldg., Paseo de Roxas Avenue, Legaspi Village, Makati City  
Former name, former address, and former fiscal year, if changed since last report.

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> 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.</p>			
<b>Recommendation 1.1</b>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>The Board's composition continues to be that of individuals that have broad experience in various fields related to the Company's industry.</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant	<p>Directors composing the Board have had experience in the production, distribution and importation of oil, biofuels, and gas products; hydro fuel technology; oil recycling; solar; geothermal; wind and other renewable energy sources.</p> <p>Other members also bring to the Board their expertise and knowledge in fields such as investments, banking, finance, tax and media relations.</p> <p>The Company is confident that the current variety in the knowledge and expertise of its current Board more than meets the recommendation under these items.</p>	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities</p>	Compliant	<p>Currently, there have been no disqualifications or other impediments</p>	

and respond to the needs of the organization.		noted during the last screening process for the 2024 election of directors.  All Directors of the Board remain competent and qualified for their respective posts.	
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**Recommendation 1.2**

1. Board is composed of a majority of non-executive directors (NED).	Compliant	<p>The following are the Board of Directors of the Company for 2023:</p> <p>Chairman Position VACANT as of March 2024  Manuel Antonio Z. Gonzalez – Vice-Chairman-NED  Oscar L. de Venecia Jr.- 2<sup>nd</sup> Vice-Chairman-NED  Luisito V. Poblete –President-ED*  Ramon L. Mapa – NED  Jaime J. Martinez – NED  Beatrice Jane L. Ang – NED  Maria Rosette Geraldine L. Oquias – NED  Andres S. Reyes Jr. – Independent Director (ID)-NED  Kim S. Jacinto-Henares – ID-NED  Gil Azanza Buenaventura – ID-NED</p> <p>*Out of the 10 Directors of the Company, only the President &amp; COO (Mr. Luisito V. Poblete) is an executive director.</p>	
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**Recommendation 1.3**

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The Board Charter and Manual on Corporate Governance under Part A – “Governance Responsibilities of the Board” Item 1 (c) &amp; (g) as well as Item 2 (c) provides for new directors to undergo an orientation program, while veteran directors are required to comply with the annual continuing training on professional development program for all veteran directors. In 2023 all directors had attended the annual Corporate Governance Seminars sponsored by the Company and conducted by</p>	
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		accredited service provide – Institute of Corporate Directors (ICD).	
2. Company has an orientation program for first time directors.	Compliant	As mentioned, new directors are required to undergo an orientation program to familiarize themselves and gain adequate exposure to the industry and business of the Company and its existing projects.	
3. Company has relevant annual continuing training for all directors.	Compliant	As of 2023, all directors were able to attend Corporate Governance trainings for the year; no directors of the Company were classified as “New Directors”. Compliance of which is reported through SEC together with this IACGR submission.	

**Recommendation 1.4**

1. Board has a policy on board diversity.		<p>The Board, acting through its Nominating Committee, ensures that diversity in the composition of the Board and in screening potential candidates should the need to fill a vacancy arise. Diversity of Board members include that in age, skills, gender, and competence – to name a few.</p> <p>As to gender, the current Board of the company has three (3) female directors.</p> <p>Diversity in knowledge, competence, and skills is also ensured as discussed under our remarks in IACGR Item no. 1.1</p>	
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**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.		xxx	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	On February 28, 2023, a change in the Corporate Secretary of the Company was disclosed as the result of Atty. Angel P. Gahol (previous Corporate Secretary) resigning from his position and being designated as Land Acquisition Manager of the Company.  The new Corporate Secretary of the Company is Atty. Gwyneth S. Ong and Assistant Corporate Secretary is Atty. Janice L. Co. (as disclosed to the PSE and SEC on February 28, 2023, publish date March 1, 2023; PSE disclosure reference Nos. C01506-2023 & C01507-2023).  As with all Corporate Secretaries, Atty. Ong's primary duty as the Corporate Secretary revolves around providing the necessary assistance to the Board and its Committees in conducting its affairs/meetings which include preparation of schedules, minutes, annual calendar of the Board activities, and agenda to name a few.  The Corporate Secretary's position is held separately from the Compliance Officer position of the Company, with both	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

		positions being non-members of the Board of Directors.	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Both the Corporate Secretary and Assistant Corporate Secretary have complied with their annual Corporate Governance Seminar/Training attendance for the year 2023.	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	Corporate Secretary provides all members of the Board the relevant materials for upcoming Board Meetings – ideally at least 5 days prior to any meeting, although in practice these materials are usually provided 3 days prior.	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	The position of the Company's Compliance Officer is currently held by Atty. Dominique P. Pascua since July 29, 2021.	
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		Being the Compliance Officer, Atty. Pascua's rank is considered that of a Senior Vice President, taking into consideration the present operations and complement of the Company.  Like the Corporate Secretary, the Compliance officer is also not a member of the Board.
4. Compliance Officer attends training/s on corporate governance.	Compliant	The Compliance Officer has also attended the Corporate Governance	

		training sponsored by the Company on December 2023.	
<b>Principle 2:</b> 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.			
<b>Recommendation 2.1</b>			
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	Materials on matters taken up during Board meetings are ideally distributed at least five (5) days prior – although in actual practice, it has been noted that, these materials are usually provided three (3) days prior to the Board Meetings. This is to ensure that members of the Board can participate in all meetings, discuss matters and make informed decisions thereon.	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Business plan and budget for the ensuing year is presented to the Board for discussion and approval before the start of the year. The business plan and budget of the succeeding year is prepared by Management and usually submitted during the last quarter of the previous year.  All investments and/or projects are thoroughly discussed by the relevant Committees (such as Management, Risk, Related Party Transactions, etc.) before endorsement to the Board proper.  The Board is also given a monthly update and report on the financial status as well as project updates and	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		

		stages of the Company during the monthly Board meetings.	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Non-Compliant		<p>While the Company's vision, mission and core values have been set and long standing since its incorporation, Management and the Board had deemed it prudent to review and update these considering the recent developments that have occurred within the Company and the investments that it has engaged in – particularly in relation to its revived interest in the downstream oil industry.</p> <p>While the Board has entrusted the review and update process to the Management group, Management has yet to properly meet on the matter due to the time constraints and priority on overseeing its current project pipeline for the year 2023.</p> <p>Update of the Company's vision, mission and core values is presently placed “on-hold” indefinitely.</p>
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p>The strategy execution process of the Company is adapted to its current business environment and culture. Implementation of the process is the responsibility of the Management Committee of the Company.</p> <p>The Board ensures that by the end of the year, said strategy execution process</p>	

		aligns with all projects in execution to ensure effective and efficient management and operations.	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The Chairman of the Board – Mr. Ramon F. Villavicencio is well-established personality in the downstream oil industry business and a known pioneer in renewable energy sources – particularly oil recycling and biofuels.</p> <p>His knowledge, experience and expertise are perfectly aligned with the Company's vision and intentions. The Chairman has also shown his capability to foster active participation and discussion among members of the Board during the Board Meetings.</p> <p><i>Post Coverage Period Note: The Chairman of the Board had tendered his resignation from his position as Chairman and Member-Director of the Board effective March 31, 2024 – for health reasons. Since then, the Board is presently being headed by its two (2) Vice-Chairmen – Atty. Manuel Antonio Z. Gonzalez and Mr. Oscar L. De Venecia Jr.</i></p>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	This has been clearly provided for and is expressly stated under Item 2 (g) of the Company's Manual on Corporate	

		Governance as well as the Charter of the Board of Directors.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant for Key Officers	<p>Retirement of key officers is covered and governed by the Company's retirement plan and Personnel Policy Manual.</p> <p>Existing retirement plan and benefits are designed and designated for BSC employees and officers only.</p> <p>As Non-executive Directors are not employed by the Company, they are excluded from the coverage of the Company retirement plan, they are provided instead with a stipend/per diem for every attendance in regular and/or special Board/Shareholder</p>	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>It is to be noted that the Company adheres to the general rule that directors do not receive remuneration from the Company – instead, per diems for attendance at Board and Committee meetings are provided for attending directors.</p> <p>Currently compensation of officers and staff as well as the per diems of directors are recommended by Management and are incorporated as part of the annual budget for general and administrative expenses – which matter is approved by the Board.</p>	

2. Board adopts a policy specifying the relationship between remuneration and performance.	Non-Compliant		While this responsibility is enshrined in the Company's Manual of Corporate Governance and in the Charter of the Corporate Governance Committee, the Board has yet to implement specific policies and procedure. Currently, the practice is that compensation of officers and staff as well as the per diems of directors are recommended by Management and are incorporated as part of the annual budget for general and administrative expenses – which matter is approved by the Board.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>It is reiterated that directors do not receive remuneration from the Company – with the sole exception of the President &amp; CEO who is the only executive director member of the Board.</p> <p>Director(s) whose remuneration is subject to discussion and/or review do not participate in such discourse.</p>	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.		XXX; not applicable/implemented	
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.		XXX; not applicable/implemented	
<b>Recommendation 2.6</b>			

1. Board has a formal and transparent board nomination and election policy.	Compliant	Nominations of directors is done through its Nominating Committee. This is in accordance with the existing provisions provided for under the Securities and Regulations Code as well as the applicable provisions of the Revised Corporation Code.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	<p>This is provided for under the Charter of the Nominating Committee which provides – “Any stockholder may submit nominations for election as members of the Board after the disclosures to the SEC and the PSE. Nominations shall be signed by the nominating stockholder and accepted and signed by the would-be nominee and submitted to the Nominating Committee at any time before the Committee submits the Final List to the Board.”</p> <p>The above includes minority stockholders.</p>	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	Charter of Nominating Committee prescribes for the process on how the Committee determines the “Final List” (Shortlist) of candidates for submission to the Board; the process of the Board in nomination, election and replacement of a director(s); as well as the determination of the qualifications of said directors to ensure it is aligned with	
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	<p>the Company's overall strategic business direction.</p> <p>To ensure and assess the effectiveness in the performance and processes of the Board and all Board Committees, the Company has in place a self-assessment process which it regularly and consistently conducts annually.</p>	
<b>Optional: Recommendation to 2.6</b>			
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.		XXX; not applicable/implemented	
<b>Recommendation 2.7</b>			
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	This is provided for under the Company's Manual on Corporate Governance – particularly Item 3 (e) and its sub-provisions, which thoroughly outlines the role and responsibility of the Related Party Transactions Committee and provides for the appropriate review process and subject material RPT transactions.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		The RPT policy of the Company adheres to the SEC's Rules on Material Related Party Transactions for Publicly Listed Companies MC No. 10 Series of 2019.
<b>Supplement to Recommendations 2.7</b>			
1. Board clearly defines the threshold for disclosure and approval of RPTs and	Compliant	Review of and determination of material RPTs is conducted by the Risk Committee	

<p>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.</p>		<p>and RPT Committee. It is only upon the review and endorsement of both these committees that a transaction considered as a material RPT shall be presented to the Board for approval.</p> <p>Disclosure of material RPT are made in accordance with the Company's policy on RPT prescribed under its Manual on Corporate Governance and also taking into consideration the rules set under SEC MC. No 10-2019.</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Non-Compliant</p>		<p>The Board has not yet implemented a voting system where a majority of non-related party shareholders approves RPT transactions during the shareholders' meeting.</p> <p>However, as a matter of practice, a director representing a shareholder involved in an RPT transaction, does not participate in the deliberations of and voting for the RPT transaction by the Board.</p>
<b>Recommendation 2.8</b>			
<p>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).</p>	<p>Compliant</p>	<p>Appointment of the Management Team – which includes the CEO – is done at the organizational meeting of the Board held after the Company's ASM.</p>	

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	This is embodied in the Company's Manual on Corporate Governance and Personnel Policy Manual, which is adhered to by the Board in practice/application.	
<b>Recommendation 2.9</b>			
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		While embodied in the Company's Manual on Corporate Governance and Personnel Policy Manual, the Management Team has yet to implement the performance assessment of the Company's Management and personnel.
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		This is among the items which is set to be discussed and planned for implementation during the series of meetings on the review and update of the Company's mission, vision and core values.
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	This function is accomplished by the Board through its Audit Committee which ensures that the internal control system is in place.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	This includes determination, monitoring, evaluating and managing the effectiveness of the Company's rules, mechanisms and procedures to ensure integrity of its financial and accounting information as well as promoting accountability and fraud prevention.	

3. Board approves the Internal Audit Charter.	Compliant	Charter of Audit Committee mandates approval by the Board of the Internal Audit Charter.	
<b>Recommendation 2.11</b>			
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.	Non-Compliant		<p>The Board has yet to establish an ERM considering the size of the operations and project lineup of the Company.</p> <p>It is to be noted, however, that a risk management process is implemented where a team of technical, financial and legal staff is formed in relation to every project that the Company is considering.</p> <p>This technical team reports to the Risk Committee which in turn endorses its presentation to the Board to properly appraise the members and the Company on the risks involved in any given project.</p>
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	The Company has established risk management and compliance policies which is provided for under its Manual on Corporate Governance. Policies, procedures and processes which are specific in its relation to the Company's live projects are also in place.	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The Board has a charter which provides for the roles, responsibilities and accountabilities of its members.	

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	All directors have been provided copies of the Board Charter.	
3. Board Charter is publicly available and posted on the company's website.	Compliant	The Board Charter is publicly available in the Company's website under its Corporate Governance and Company Disclosures page:  <a href="https://www.basicenergy.ph">https://www.basicenergy.ph</a>	

**Additional Recommendation to Principle 2**

1. Board has a clear insider trading policy.	Compliant	The Board adheres to the insider trading rules prescribed under Rule 27 if the Implementing Rules and Regulations of the SRC.  The Compliance Officer also sends frequent reminders to the Board, Officers and employees of the Company through internal notices, memorandums and email blasts.	
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**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.		XXX; not applicable/implemented	
2. Company discloses the types of decision requiring board of directors' approval.		XXX; not applicable/implemented	

**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**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>The Board has established the following committees:</p> <ul style="list-style-type: none"> <li>• Audit Committee;</li> <li>• Risk Committee;</li> <li>• Corporate Governance Committee;</li> <li>• Nominations Committee;</li> <li>• Compensation and Remuneration Committee;</li> <li>• Related Party Transactions Committee (<i>ad hoc</i>)</li> </ul>	
<b>Recommendation 3.2</b>			
<p>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.</p>	<p>Compliant</p>	<p>Company has an Audit Committee established which possesses the functions and duties as outlined under Recommendation 3.2 of SEC MC no. 24 series of 2019 or the Code of Corporate Governance for Public Companies and Registered Issuers.</p> <p>Said duties and functions have been adopted in the Company's Manual on Corporate Governance.</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>The composition of the Audit Committee complies with this requirement as provided for under its Manual on Corporate Governance and Section 2 of the Audit Committee Charter.</p> <p>Presently the Audit Committee is composed of 5 members all qualified non-executive directors; 3 of whom are</p>	

		independent directors, including the Chairman of the Committee.	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>Compliance with this item is also achieved as it is provided under Section 2 of the Charter of the Audit Committee that all the members of the Committee must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing, risk, management, finance and regulatory compliance.</p> <p>All incumbent members of the Committee possess the relevant and required criteria indicated.</p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>This requirement is provided for under Section 3 of the Charter of the Audit Committee.</p> <p>The present chairman of the Committee is Director Gil Azanza Buenaventura (filling the vacancy left by the late Director Gamboa) who is an independent director and is confirmed not to be a Chairman of any other Committee.</p>	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	It is confirmed that these are functions are implemented/practiced as provided for under the Charter of the Audit Committee.	
2. Audit Committee conducts regular meetings and dialogues with the external	Compliant		

audit team without anyone from management present.			
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.		XXX; not applicable/implemented	
2. Audit Committee approves the appointment and removal of the internal auditor.		XXX; not applicable/implemented	
<b>Recommendation 3.3</b>			
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	Provided for under the Charter of the Corporate Governance Committee.  The Corporate Governance Committee is separate from the Nominations Committee as well as the Compensation and Remuneration Committee.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	Current composition of the Corporate Governance Committee is 5 directors, 3 of which are independent directors – including the Chairman.	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant		
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.		xxx	
<b>Recommendation 3.4</b>			
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.	Compliant	The functions of the BROC are presently assumed and performed by the Company's Risk Committee.	
2. BROC is composed of at least three members, the majority of whom should be	Compliant	Composition of the Risk Committee is 5 directors – 3 of which are independent including the Chairman.	

independent directors, including the Chairman.			
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Chairman of the Risk Committee is confirmed not to be the Chairman of the Board or of any other committee.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	All members of the Risk Committee possess the required knowledge and background on risk and risk management.	
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	The Company has established an RPT Committee, however, given the present size, risk appetite and nature of the Company's transactions said committee is convened on an ad hoc basis.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	The members of the RPT Committee total 4 in count with 3 being independent directors including the Chairman.	
<b>Recommendation 3.6</b>			
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	The Audit Committee; Risk Committee; Corporate Governance Committee; Nominating Committee and Compensation and Remuneration Committee all have their respective Charters which provide for the standards for evaluating the performance of the respective committees.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	Copies of the Committee Charters are publicly accessible in the Company's	

		website through its Corporate Governance page:  <a href="http://www.basicenergy.ph">www.basicenergy.ph</a>	
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**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	Adapting to the "New Normal", a majority of the Board Meetings of the Company are conducted through videoconferencing and in accordance with the rules and regulations set by the SEC and as provided for under the Company's Bylaws.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Ideally materials for any Board Meeting are to be provided to all members of the Board five (5) days before the meeting proper to afford them ample time to review and comment on the materials. Currently, the practice is that these materials are provided three (3) days prior to the meeting.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	All directors have and are actively participating during the Company's Board Meetings.	

**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,	Compliant	It is confirmed that none of the non-executive directors serve over the maximum count of publicly-listed companies (5).	
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challenge Management's proposals/views, and oversee the long-term strategy of the company.		All directors are able to allocate sufficient time to prepare for minutes, discuss and challenge Management's proposals, views and projects, and oversee the long-term strategic direction of the Company.	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Provided for under the Charter of the Board of Directors.	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.		XXX; not applicable/implemented	
2. Company schedules board of directors' meetings before the start of the financial year.		XXX; not applicable/implemented	
3. Board of directors meet at least six times during the year.		XXX; not applicable/implemented	
4. Company requires as minimum quorum of at least 2/3 for board decisions.		XXX; not applicable/implemented	
<b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</b>			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The Company's Board currently has 3 independent directors in compliance with existing laws and rules of the Commission.	
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	It is confirmed that all incumbent independent directors possess all qualifications and none of the	

		disqualifications of independent directors as provided for under the Company's Manual on Corporate Governance and in the Charter of the Board of Directors.	
<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	There are no shareholder agreements and/or any other arrangements that restrict/limit any directors' ability to vote independently.	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	These are all currently practiced / implemented and provided for under the Company's Manual on Corporate Governance as well as the Charter of the Board of Directors	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant		
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		
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	For the period coverage of this report the Chairman of the Board is Director Ramon F. Villavicencio while the incumbent President & COO is Director Luisito V. Poblete  <i>Post coverage note: after the vacancy in the Chairman position this item</i>	

		<i>remains to be complied with as the Company has two (2) vice-chairmen ensuring that the positions of (Acting) Chairman and CEO are held by separate individuals.</i>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The roles and responsibilities of the Chairman of the Board and Chief Executive Officer are clearly defined in the Company's Manual on Corporate Governance and supported by the provisions in the Charter of the Board of Directors.	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>The Company has decided to implement a rotating setup in the designated lead director among independent directors which rotates annually after the election of Directors at the scheduled ASM of the Company for the year.</p> <p>Presently, the designated Lead Director among Independent Directors is Director Andres B. Reyes Jr. and is set to rotate to Director Gil Buenaventura after the 2024 ASM of the Company.</p>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>This is practiced as provided for under the Charter of the Board of Directors.</p> <p>A recent practice of this can be seen during the deliberation and voting process of the Company's Committee</p>	

		and Board on its decision to proceed with its equity investment in another company.  Being determined to be a material RPT, directors who had material interest in the transaction duly inhibited themselves from the deliberation and voting process related to the transaction.	
<b>Recommendation 5.7</b>			
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.	Compliant	NEDs conduct occasional meetings with external auditors and heads of the internal audit, compliance and risk on a case to case basis and in relation to ongoing projects of the Company.	
2. The meetings are chaired by the lead independent director.	Compliant	Any meetings of NEDs with external auditors and heads of compliance and risk functions are attended to by an independent director.	
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	Non-Compliant		Director Oscar L. De Venecia Jr. is a former President/CEO of the Company and current member of the Board and serves as 2 <sup>nd</sup> Vice Chairman. His appointment and election to the position has undergone proper review of the Nominations Committee. The Board and Company has deemed Mr. De Venecia Jr.'s presence and knowledge contributed invaluable to the future plans and projects of the Company.  The independence of the Board's functions is maintained despite non-compliance of this Principle; Director De

			Venecia Jr. discloses and/or inhibits himself from any matter he is deemed to have a conflict-of-interest in.
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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	For the year 2023 the Board (as a whole), Chairman, individual members, and committees have conducted a self-assessment of their respective performance.	
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 assessment was conducted internally and not supported by 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.	Compliant	The Board has established the assessment system setting the criteria and processes for the assessment of the performance of the Board, the individual directors and the Committees.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	Mechanism for shareholder feedback is currently limited to direct contact or email to the Corporate Secretary and/or Compliance Officer.	

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

<b>Recommendation 7.1</b>			
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.	Compliant	This is complied with through the Company's Business Conduct and Ethics Provisions of the Personnel Policy Manual which provides for proper guidelines to be observed in the performance of the functions, duties, and responsibilities of every Board member, officer, and employee of the Company.	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Copies are provided to the Board, officers and all employees of the Company.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	A copy of the Company's Code of Business Conduct and Ethics is also publicly available in the Company's website through its Corporate Governance page:  <a href="http://www.basicenergy.ph">www.basicenergy.ph</a>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	This is provided for under the Company's Code of Business Conduct and Ethics on giving and receiving gifts as well as under the Company's Personnel Policy Manual (Chapter 7 thereof on the Code of Discipline) – which provides that “the offering, paying and receiving of bribes is a serious offense subject to dismissal or suspension, as may be warranted, after due administrative hearing.”	
<b>Recommendation 7.2</b>			

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Board properly implements and monitors compliance to its Code of Business Conduct and Ethics and is responsible for ensuring compliance of all subject directors, officers, and employees.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	The Board, through the report on the findings and recommendation of the Compliance Officer, ensures compliance and alignment of all of the Company's internal policies.	

### 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	The Company adheres to the disclosure policies and procedures of the Philippine Stock Exchange (PSE) through its "Edge Submission System" and as provided for under the Company's Manual on Corporate Governance and existing PSE Listing and Disclosure Rules and relevant SEC circulars/issuances.	
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#### 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-	Compliant	<p>The 2022 Annual Report of the Company which contains the 2022 financial statements was submitted to the SEC and PSE on April 17, 2023.</p> <p>Quarterly Report was likewise submitted on May 15, 2023. These reports have duly</p>	
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five (45) days from the end of the reporting period.		disclosed to the PSE and are also posted in the Company's website.	
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.	Non-Compliant		Currently there is no disclosure of these risks in the 2022 and 2023 submitted SEC Form 17-A (Annual Report).  The Company shall endeavor to discuss with the respective and relevant departments to address this and strive for the inclusion of said disclosures in the Annual Report.
<b>Recommendation 8.2</b>			
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	The Company follows the implementing rules and regulations of the Securities Regulation Code as well as the existing PSE Disclosure Rules requiring directors and officers to report their dealings in the Company's shares within five (5) business days. The Company, in turn, upon receipt of said report, submits a report to the SEC on the director's/officer's dealings involving the securities of the Company.	
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	The Compliance Officer also makes frequent reminders to the directors, officers and individuals concerned on this disclosure requirement and encourages disclosure to be done at the soonest possible time instead of just within five business days.	
<b>Supplement to Recommendation 8.2</b>			
1. Company discloses the trading of the corporation's shares by directors, officers	Compliant	Upon receipt of report/notices from directors and officers on the conduct of	

<p>(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).</p>		<p>any trading by them of the Company's shares, the Company discloses the same to the PSE and/or SEC.</p> <p>This is being done pursuant to the existing rules of the Securities Regulation Code, PSE Disclosure Rules and relevant SEC issuances/circulars.</p>	
<b>Recommendation 8.3</b>			
<p>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.</p>	<p>Compliant</p>	<p>Qualifications of the directors are clearly and fully provided through the Information Statement distributed by the Company prior to any ASM.</p> <p>Directors are required to inhibit themselves from deliberations or voting on any matter which they deem could present a conflict-of-interest situation.</p>	
<p>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.</p>	<p>Compliant</p>	<p>Qualifications and details of the Company's Officers are also indicated in the Information Statement distributed by the Company prior to any ASM.</p>	
<b>Recommendation 8.4</b>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>The directors do not receive remuneration from the Company, except for per diems for attendance at Board meetings.</p> <p>The exception being the President &amp; CEO, whose remuneration, together with</p>	

		the other senior officers of the Company, as a group, are also disclosed in the Information Statement.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Non-Compliant		Board has yet to establish the policies and procedures in setting executive remuneration.  This is among the intended items to be taken up when the Board and Management commences its review and update of the Company's mission, vision and core values.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		Remuneration of officers are not disclosed on an individual basis for security reasons.  These are instead reported on a group basis in the Company's Information Statements.
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	RPT policies are embodied in the Company's Manual on Corporate Governance.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	No MRPT disclosures have been made for the year 2023.	
<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	This is provided for under the Company's Manual on Corporate Governance, directors are reminded by the Compliance Officer to disclose any perceived or potential conflict of interest	

		in any transactions up for review/deliberation/approval to duly inhibit themselves.	
<b>Optional : Recommendation 8.5</b>			
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	
<b>Recommendation 8.6</b>			
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	Done through Edge Submission system of the PSE as well as through the relevant disclosures made to the SEC through its recently implemented EFAST (OST) and email submission channels.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Company practices the engagement of SEC-PSE accredited property appraisal companies to assist in evaluating the fairness of the transaction price on the acquisition or disposal of assets – especially in material RPTs.  For projects, the Board engages and refers to an investment adviser to determine the fairness of the consideration for acquisition or participation cost of the Company in new projects.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such	Compliant	In December of 2020 the Company had disclosed to the PSE the justification and details of transactions of the Company with MAP 2000 Development Corp.	

<p>other agreements that may impact on the control, ownership, and strategic direction of the company.</p>		<p>(M2DC) relating to the intention of the latter acquiring 9,827,990,853 primary shares of the Company which is to be subscribed and issued out of the increase in the authorized capital stock of the Company from Php2.5 Billion to Php5 Billion.</p> <p>Further, on December 10, 2021, the Company had disclosed with the PSE its consummation of its equity investment in Filoil Energy Company Inc. and the execution of all relevant documents such as subscription agreements and the preparation of execution of the respective Shareholders Agreement between the parties.</p> <p>No particular disclosures related to this Item/Principle was disclosed for the year 2023.</p>	
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**Recommendation 8.7**

<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>The Company's corporate governance policies and procedures are embodied in the Manual on Corporate Governance.</p>	
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	<p>Compliant</p>	<p>The Company's Manual on Corporate Governance was submitted to the SEC and the PSE on May 31, 2017.</p>	
<p>3. Company's MCG is posted on its company website.</p>	<p>Compliant</p>	<p>The Manual on Corporate Governance is posted in the company's website:</p> <p><a href="http://www.asicenergy.ph">www.asicenergy.ph</a></p>	

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	There have been no changes or updates to the Company's Manual on Corporate Governance to date.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	Majority of these items are provided for in the Annual Report (SEC 17-A) submitted to SEC and PSE on April 16, 2024 – with the sole exception of the attendance record of the Board.  Attendance Record of the Board are instead reported during the Annual Stockholders' Meeting.	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
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.			
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.			
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.			
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).			

**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	This is provided for under the Charter of the Audit Committee which is publicly available through the Company's website.	
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	The Company adheres to the process where the appointment of the external auditors is recommended by the Audit Committee and endorsed by the Board for the concurrent approval by the shareholders during the ASM.	

		This process was observed for the appointment of the external auditors for the 2023 financial statement of the Company.	
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	This is also provided for under the Charter of the Audit Committee which is posted and publicly available in the Company's website.	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	It is to be noted that the Company had engaged a new external auditor for its 2020 Financials and the same external auditor has been re-engaged for the 2023 financial statements of the Company. As the five-year period has not yet lapsed the external auditor for the 2023 financial statements remains the same.  Company will formalize a policy requiring the rotating of the lead audit partner every five years.	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on:  i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external	Compliant	This is also provided for under the Charter of the Audit Committee which is posted and publicly available in the Company's website:  <a href="http://www.basicenergy.ph">www.basicenergy.ph</a>	

iii. auditor's independence and objectivity; and 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	This is embodied in the Charter of the Audit Committee.	
<b>Supplement to Recommendations 9.2</b>			
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	These items are also confirmed to be provided for under the Charter of the Audit Committee.	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant		
<b>Recommendation 9.3</b>			
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	For 2023, no non-audit service has been performed by the external auditor, and this was disclosed in the Company's Annual Report.	
2. Audit Committee stays alert for any potential conflict of interest situations,	Compliant	This is provided for under the Charter of the Audit Committee and practiced.	

given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.			
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	For 2023, no non-audit service has been performed by the external auditor	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	The Company's external auditor for its 2023 financial statements is Reyes Tacandong and Associates, which is accredited by SEC under SEC for Audit Period 2023.	
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 confirmation by Tacondong, Reyes & Associates, it has agreed to be subjected to the SOAR Inspection Program of the SEC.	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
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	This is provided for under the Company's Manual on Corporate Governance	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant		

<b>Principle 11:</b> 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.			
<b>Recommendation 11.1</b>			
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	The Company occasionally corresponds with media channels (mostly limited to newspaper publishers of general circulation like Manila Bulletin; Business World; Inquirer; etc.) for certain disclosures and press statements.  Majority of the disclosure of material and relevant information is done through disclosure reports to the SEC and PSE channels.	
<b>Supplemental to Principle 11</b>			
1. Company has a website disclosing up-to-date information on the following:	Compliant	This information can all be accessed through the Company's website:  www.basicenergy.ph	
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		

<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	It is confirmed that the Company's website is compliant with the prescribed template by the SEC.	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> 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.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	The Company has an internal control system in place which is aligned with the present nature of its operations and overall business direction.  Said internal control system will be reviewed to determine the need of any updates by the Internal Auditor (when hired) and said review report shall be submitted to the Audit Committee for approval.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Considering the Company's size, risk profile and nature of operations, the Company confirms that the present enterprise risk management framework as practiced in the conduct of its business and projects is adequate and effective.  Plans to further improve and formalize the ERM framework shall be taken up during the review/update of the Company's vision, mission and core values.	

<b>Supplement to Recommendations 12.1</b>			
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.	Compliant	A compliance program is in place where the Company's compliance with applicable laws and relevant regulations is reviewed annually.	
<b>Optional: Recommendation 12.1</b>			
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.		xxx	
<b>Recommendation 12.2</b>			
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.	Non-Compliant		The Company has not yet engaged an internal auditor. Plans are being discussed for the engagement of an audit firm that will provide internal audit services to the Company.
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		The Company's size, nature of operations and volume of transactions, do not as yet warrant the appointment of a CAE.  This is among the matters for discussion when the Company reviews and updates its mission, vision and core values.
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		

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		
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	The risk management oversight function is performed by the Company's Risk Committee	
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<p>The Company had an occasion in the past to seek external technical support in risk management when the Company undertook drilling operations for its Mabini Geothermal project.</p> <p>As of present no further similar engagements have been made.</p>	
<b>Recommendation 12.5</b>			
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 Company's size, risk profile, nature of operations and volume of transactions, do not, as yet, warrant the appointment of a CRO.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		
<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit,	Non-Compliant		No appointed CAE for the Company at present.

control and compliance system is in place and working effectively.			
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Basic rights of shareholders are provided for under the Company's Bylaws and the Manual on Corporate Governance	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Company's Bylaws and Manual on Corporate Governance are publicly accessible in the Company's website.  <a href="http://www.basicenergy.ph">www.basicenergy.ph</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	These are provided for under the Company's Bylaws and Manual on Corporate Governance.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant		
3. Board has an effective, secure, and efficient voting system.	Compliant		
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	The Company adheres to the general voting requirements prescribed by the Corporation Code.	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	These are provided for under the Company's Bylaws and Manual on Corporate Governance.	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant		
7. Company has a transparent and specific dividend policy.	Compliant	The By-laws of the Company prescribes the legal requirements for the declaration of dividends, giving the Board the authority to determine the specific amount, time and mode of payment, when and if dividends are declared and approved by the Board.  The Company has not declared dividends for the past several years.	
<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.		xxx	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Non-Compliant		The Company adheres to the minimum required period for sending of notices as prescribed by the Securities Regulation Code – 15 business days (equivalent to 21 calendar days) prior to ASM to ensure that Shareholders are properly informed.  Notice for the 2023 ASM (and any reschedule, if any) is posted at the Company's website and duly disclosed with the PSE and/or SEC.
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	These are all included in the Company's SEC Form 20-IS as well as clearly indicated in the Agenda for the year's ASM.	
b. Auditors seeking appointment/re-appointment	Compliant		
c. Proxy documents	Compliant		
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Rationale for agenda items are only made for those matters requiring it and which have elicited questions from the Company's stakeholders.	
<b>Recommendation 13.3</b>			
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.	Compliant	The draft of the minutes of the 2022 Annual Shareholders' Meeting which indicates the number of votes taken on matters taken up in the meeting, are posted in the Company's website the next working day after the stockholders' 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.	Compliant		
<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The presence of the external auditors are ensured by the Company to address any questions of the shareholders during the ASM. Their attendance is also properly	

		documented in the Minutes of the Meeting.	
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		The Board has yet to establish an alternative dispute mechanism.  This is among the matters to be discussed during the review and update of the Company's mission, vision and core values.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant		
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Company has established an Investor Relations Office Concerned stakeholders may reach the company by emailing: <a href="mailto:investor.relations@basicenergy.ph">investor.relations@basicenergy.ph</a>	
2. IRO is present at every shareholder's meeting.	Compliant	It is confirmed that the IRO is always present during the ASM.	
<b>Supplemental Recommendations to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	This is embodied in the Manual of Corporate Governance.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		As of April 15, 2024 the Company's public float is 26.77%  While below the 30% indicator under this item this public float is in compliance with

			the SEC and PSE requirements for all listed companies.
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		xxx	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		xxx	
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> 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.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	This responsibility is clearly outlined and provided for under the Company's Manual on Corporate Governance.	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	This responsibility is clearly outlined and provided for under the Company's Manual on Corporate Governance.	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Concerned stakeholders may reach the company and/or its Investor Relations Officer by emailing: <a href="mailto:investor.relations@basicenergy.ph">investor.relations@basicenergy.ph</a> for any concerns and/or complaints for possible violation of their rights.	

		The Company's Compliance Officer may also be notified through the same phone number or emailed at <a href="mailto:dppascua@basigenergy.ph">dppascua@basigenergy.ph</a> as an alternative/copy furnished addressee.	
<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-Compliant		The Board has yet to establish an alternative dispute mechanism.  This is among the matters to be discussed during the review and update of the Company's mission, vision and core values.
<b>Additional Recommendations to Principle 14</b>			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Company has not requested for any exemption from the application of any law, rule or regulation especially those referring to corporate governance issues.	
2. Company respects intellectual property rights.	Compliant	In practice, the Company respects intellectual property rights. With the Company being incorporated in the Philippines, all laws applicable to it, are followed and respected by the Company (which includes the Intellectual Property Code of the Philippines).	
<b>Optional: Principle 14</b>			

1. Company discloses its policies and practices that address customers' welfare		xxx	
2. Company discloses its policies and practices that address supplier/contractor selection procedures		xxx	

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

1. 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	This responsibility and function is clearly indicated under the Company's Personnel Policy Manual	
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**Supplement to Recommendation 15.1**

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	This policy is clearly indicated under the Company's Personnel Policy Manual	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Officers and employees are covered by HMO plans.	
3. Company has policies and practices on training and development of its employees.	Compliant	These policies are provided for under the Company's Personnel Policy Manual	

**Recommendation 15.2**

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	This is provided for under the Company's Code of Business Conduct and Ethics as well as its Personnel Policy Manual	
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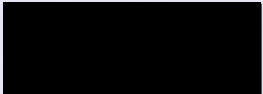
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Proper trainings and/or seminars are conducted to embed such policy and program in the Company's employees, officers and Board.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	This is provided for under the Company's Personnel Policy Manual.  As of the date of this report no violations have occurred and/or have been reported that warrant any investigation by the Company.	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	A framework for whistleblowing as outlined under this item is provided for under the Company's Code of Business Conduct and Ethics.	
2. 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.	Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant		
<b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial	Compliant	The Company is involved in community development and environment-related programs in communities where its projects are located. The Company has	

relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.		established the BEC CSR Foundation, which is in charge of the community related services required by said programs.	
<b>Optional: Principle 16</b>			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development		xxx	
2. Company exerts effort to interact positively with the communities in which it operates		xxx	

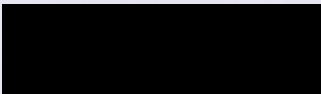
MAY 30 2024

MANDALUYONG CITY

Submitted this \_\_\_ day of May 2024 at Makati City.



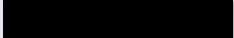
MANUEL Z. GONZALEZ  
Acting Chairman  
TIN: [REDACTED]



LUISITO V. POBLETE  
President & Chief Operating Officer  
TIN: [REDACTED]



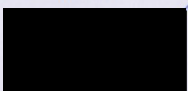
ANDRES B. REYES, JR.  
Independent Director  
TIN: [REDACTED]



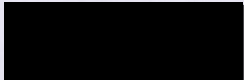
KIM S. JACINTO-HENARES  
Independent Director  
TIN: [REDACTED]



GIL BUENAVENTURA  
Independent Director  
TIN: [REDACTED]



GWYNETH S. ONG  
Corporate Secretary  
TIN: [REDACTED]



DOMINIQUE P. PASCUA  
Compliance Officer  
TIN: [REDACTED]

MAY 30 2024

MANDALUYONG CITY

SUBSCRIBED AND SWORN TO this \_\_\_ day of May 2024, in Makati City, affiants exhibited to me their Tax Identification Numbers indicated above.

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Page No. 21  
Book No. 1  
Series of 2024.

SEC Form - I-ACGR \* Updated 21Dec2017

[REDACTED]  
JULIANNE KRISTINA B. BELTRAN  
NOTARY PUBLIC FOR MANDALUYONG CITY  
Until December 23, 2025  
APPOINTMENT NO. 0695-24; Roll No. 84822  
R No. ML1545455, January 8, 2024, Manila City  
P No. 333592, 328283; 12-24-23; Quezon City  
MCLE Compliance No. N.A.  
Admitted to the Bar: May 2, 2023  
240 GM Bldg. EDSA Brgy. Wack Wack  
Mandaluyong City  
Tel No. (+632) 88301800  
Email: jbbeltran@basicenergy.ph