



MANUAL OF CORPORATE GOVERNANCE

The Board of Directors, officers, executives, and employees of **KING ENERGY GENERATION INC.** (herein referred to as "**COMPANY**") hereby commit themselves to the fundamental principles of sound corporate governance provided in this Manual of Corporate Governance and acknowledge that the same are necessary components of sound strategic business management that will enhance the value of the Company to all its stakeholders. This Manual is adopted pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 24 Series of 2019 (Code of Corporate Governance for Public Companies and Registered Issuers) issued on December 19, 2019 and Securities and Exchange Commission (SEC) Memorandum Circular No. 6 Series of 2009 (Revised Code of Corporate Governance) issued on July 15, 2009.

DECLARATION OF CORPORATE PRINCIPLES

The Company adheres to the principles of integrity, accountability, fairness, and transparency to develop and uphold an ethical culture that will protect and promote the best interest of the Company for the common benefit of the Company's stockholders and other stakeholders. The Company likewise adheres to the laws enfranchising its corporate existence and utility operations.

As the Company progresses, this Manual shall be kept under constant review and revision to meet the emerging standards of good corporate governance practices.

Definition of Terms

Board of Directors- the governing body elected by the shareholders/members that exercises the corporate powers of a corporation, conducts all its business and controls its properties.

Corporate Governance- the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal, and social obligations toward their shareholders/members and other stakeholders.

Corporate governance is a system of direction, feedback, and control using regulations, performance standards, and ethical guidelines to hold the board of directors and Senior Management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with shareholder/member value to the benefit of all stakeholders and society.



KING ENERGY GENERATION INC.

"Efficiently providing you the most reliable source of energy..."

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Its purpose is to maximize the organization's long-term success, thereby creating sustainable value for its shareholders/members, other stakeholders, and the nation.

Enterprise Risk Management - a process, effected by an entity's Board of Directors, Management, and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

Executive director - a director who has executive responsibility for the day-to-day operations of a part or the whole of the corporation.

Independent director - a person who is independent of Management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Internal control- a process designed and effected by the entity's Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete, and timely financial and management of corporate information; and compliance with applicable laws, regulations, and the organization's policies and procedures.

Management - a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.

Non-executive director - a director who has no executive responsibility and does not perform any work related to the day-to-day operations of the corporation.

Non-Proprietary Right - an interest, participation, or privilege over a specific property of a corporation that allows the holder to use such property under certain terms and conditions. The holder, however, shall not be entitled to dividends from the corporation or to its assets upon its liquidation.

Proprietary Right - an interest, participation, or privilege in a corporation which gives the holder the right to use the facilities and to receive dividends or earnings from the corporation. Upon the liquidation of the corporation, the holder shall have proportionate ownership rights over its assets.

Public Company - a company with assets of at least Fifty Million Pesos (Php50,000,000.00) and having two hundred (200) or more shareholders holding at least one hundred (100) shares each of equity securities.

Registered Issuer - a company that: (1) issues proprietary and/or non-proprietary shares/certificates; (2) issues equity securities to the public that are not listed in an



Exchange; or (3) issues debt securities to the public that are required to be registered to the SEC, whether or not listed in an Exchange.

Related parties - covers the covered entity's directors, officers, substantial shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, and other persons if these persons have control, joint control, or significant influence over the covered entity. It also covers the covered entity's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture, or an entity that is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

Related Party Transactions - a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Significant Influence - The power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

Stakeholders - any individual, organization, or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions, and operations, in general. This includes, among others, non-proprietary certificate holders, customers, creditors, employees, suppliers, investors, as well as the government and the community in which the company operates.

CORPORATE GOVERNANCE RULES & PRINCIPLES

I. BOARD GOVERNANCE

Section 1.0 Composition of the Board

1.1 The Board consists of nine (9) directors who shall be elected by the stockholders at a regular or special meeting in accordance with the Amended By-Laws of the Company.

1.2 The Board shall have at least two (2) independent directors or such number of independent directors that constitute twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

Section 2.0 Independent Directors

2.1 Independent Director means a person who, apart from his fees and shareholdings, is independent of Management and the controlling shareholder, and free from any business or other relationship which could, or could reasonably



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be perceived to, materially interfere with his exercise of any independent judgment in carrying out his responsibilities as a director in the Company and includes, among others, any person who:

a. Is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

b. Is not, and has not been in the two (2) years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;

c. Does not own more than two percent (2%) of the shares of the company and/or its related companies or any of its substantial shareholders;

d. Is not related to any director, officer or substantial shareholder of the company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

e. Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

f. Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

g. Is not retained, either personally or through his firm or any similar entity, as a professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years;

h. Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and or through a firm of which he is a partner and/or a Company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial;

i. Is not the chairman emeritus or an ex-officio director/officer or a member of the advisory board of the Company, or otherwise appointed in a capacity to assist the Board of the Company in the performance of its duties and responsibilities within the last two (2) years;



j. Is not a director (other than an independent director) of the Company who resigned or whose term ended within the last two (2) years;

k. Is not a securities broker-dealer or a person holding any office of trust and responsibility in a broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer;

l. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders;

Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) subsidiaries; and (c) subsidiaries of its holding/parent company.

2.2 Independent directors should, as much as possible, be in attendance during board meetings to promote transparency. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement.

Section 3.0 Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company.

Section 4.0 Duties and Responsibilities of the Board

4.1 General Responsibility

a. The Board of Directors is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

b. The Board should establish the Company's vision, mission, strategic objectives, policies, and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance.

c. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness.

4.2 Specific Duties and Functions



To ensure a high standard of best practice for the Company and its stakeholders, the Board shall:

a. Adopt a process of selection to ensure a mix of competent directors and officers and oversee the implementation of compensation plans and professional development programs for officers and succession planning for senior management;

b. Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans, and policies and periodically evaluate Management's overall performance;

c. Ensure that the Company complies with all relevant laws, regulations, and endeavors to adopt best business practices;

d. Identify the Company's major and other stakeholders and oversee Management's formulation and implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs;

e. Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness;

f. Provide oversight with regard to enterprise risk management;

g. Identify key risk areas and key performance indicators and monitor these factors with due diligence;

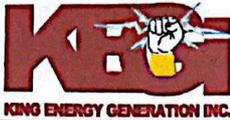
h. Ensure that the Company establishes appropriate policies and procedures in accordance with this Manual and applicable laws and regulations, including, but not limited to, conflict of interest and related party transactions;

i. Constitute Board Committees, including an Audit and Risk Management Committee, that it deems necessary to assist the Board in the performance of its duties and responsibilities;

j. Consider the creation and maintenance of an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its stockholders, if applicable;

k. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;

l. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing law, rules and regulation; and



m. Appoint a Compliance Officer who shall have the rank of at least vice president.

n. Adopt alternative dispute mechanisms to amicably resolve and settled intra-corporate disputes.

4.3 Chairman of the Board

In addition to the duties provided in the By-Laws of the Company, the responsibilities of the Chairman in relation to the Board shall include the following:

a. To ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;

b. To supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the directors and Management; and

c. To maintain qualitative and timely lines of communication and information between the Board and Management.

If the positions of Chairman and Chief Executive Officer (CEO) are not separate and matters for resolution of the Board involve the accountability of Management and there is a perceived conflict of interest in relation thereto, the Chairman must appoint a lead director from among the independent directors to temporarily preside in the meeting to ensure the independence of the Board.

4.4 Internal Controls Responsibilities of the Company

a. The control environment of the Company consists of :

i. The Board which ensures that the Company is properly managed and effectively supervised;

ii. The Management that actively manages and operates the Company in a sound and prudent manner;

iii. The organizational and procedural controls supported by effective management information and risk management reporting systems; and

iv. An independent audit mechanism to monitor the adequacy and effectiveness of the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the



safeguarding of assets, confidential information, and compliance with laws, rules, regulations and contracts.

b. The Board's internal control mechanisms for the Board's oversight responsibility may include:

i. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;

ii. Selection of a CEO who possesses the ability, integrity and expertise essential for the position;

iii. Establishment by the Company of an internal audit system that can reasonably assure the Board, Management, and stockholders that the Company's key organizational and operational controls are appropriate, adequate, effective, and complied with;

iv. Selection and appointment of proposed senior management officers; and

v. Review of the Company's personnel and human resource policies and sufficiency, conflict of interest situations, changes in the compensation plan for employees and succession plan for officers and management.

Section 5.0 Qualifications of Directors

5.1 Every director shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. He must have all the qualifications and none of the disqualifications of a director. The following are the qualifications:

a. Possesses college education or the skills needed to effectively carry out his functions as director;

b. Possesses integrity/probity; and

c. Has strong adherence to legal and moral principles.

As much as possible, a director must have a practical understanding of business in general and of the business of the Company, in particular.

5.2 The director shall not engage in any competitive or antagonistic business or activities against KEGI. The following are additional qualifications of a director, but are not limited to:

a. A director shall not be directly or indirectly interested as a stockholder in any other firm, company, or association which competes with KEGI;



- b. A director shall not be the immediate member of the family of any stockholder in any other firm, company, or association which competes with KEGI;
- c. A director shall not be an officer, agent, employee, attorney, or trustee in any other firm, company, or association which competes with KEGI; and
- d. No person who is an attorney against KEGI in a lawsuit is eligible for service on the board.

5.3 The BOARD and the Nomination, Remuneration, and Corporate Governance Committee have the prerogative of determining whether the director or nominee is engaged in competitive or antagonistic business as a measure of self-defense to protect the corporation from the clear and present danger that the election of a business competitor to the Board may cause upon KEGI and the other stockholders' inseparable prejudice. In line with such, The BOARD and the Nomination, Remuneration, and Corporate Governance Committee may disqualify a competitor from nomination and election to its Board of Directors.

5.4 The Nomination, Remuneration, and Corporate Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.

Section 6.0 Disqualification of a Director

6.1 Permanent Disqualification

a. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC:

i. an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

ii. any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; or

iii. having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the



Revised Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP;

b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasibank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above.

The disqualification shall also apply if such person: (1) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; or (2) has otherwise been restrained to engage in any activity involving securities and banking or (3) is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization.

c. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above;

d. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation appointment; and

e. Any person judicially declared as insolvent.

6.2 Temporary Disqualification

The Nomination, Remuneration and Corporate Governance Committee may consider and recommend to the Board temporary disqualification of a director based on any of the following grounds:

- a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists.
- b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the



immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

- c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.
- d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a director recommended by the Nomination, Remuneration, and Corporate Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations.

A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

6.3 If an independent director becomes an officer or employee of the Company, his designation as an independent director is automatically terminated and he shall be disqualified as an independent director.

6.4 The Nomination, Remuneration, and Corporate Governance Committee may consider and recommend to the Board other grounds for disqualifications that are now or may hereafter be provided under existing laws and regulations or any amendments thereto.

Section 7.0 Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

7.1 To conduct fair business transactions with the Company and ensure that his personal interest does not conflict with the interest of the Company;

7.2 To devote time and attention necessary to properly discharge and effectively perform his duties and responsibilities;

7.3 To act judiciously;

7.4 To exercise independent judgment;



7.5 To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies;

7.6 To observe confidentiality of information; and

7.7 To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.

Section 8.0 Compensation of Directors

Directors, as such, shall not receive any compensation unless approved by the stockholders or provided in the By-Laws of the Company. No director should participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings.

Section 9.0 Board Committees

The Board of Directors shall form Board Committees to aid in ensuring compliance with the principles of good corporate governance. The members of such Committees shall be appointed by the Board of Directors annually.

9.1 Nomination, Remuneration, and Corporate Governance Committee

a. The Nomination, Remuneration, and Corporate Governance Committee shall preferably have at least three (3) directors, one of whom must be an independent director.

b. The Nomination, Remuneration, and Corporate Governance Committee shall have the following duties and responsibilities:

i. Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval in accordance with the qualifications prescribed by law, pertinent rules and regulations, the Company's By-Laws and this Manual. The screening shall include the evaluation of the nominee's directorship, membership and officership in other corporations or organizations to ensure that he can perform his duties diligently and effectively;

ii. Provide a Final List of all qualified nominees to the Board;



- iii. Recommends the continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- iv. Proposes and plans relevant trainings for the members of the Board;
- v. Review and endorse to the Board the Compliance Officer's recommendations in relation to violations of this Manual, the Code of Corporate Governance and such other circulars, rules and regulations issued in relation thereto;
- vi. Recommend Committee membership appointments, including Committee chairmanships, to the Board for approval after receiving advice from the Chairman of the Board and CEO and with consideration of the desires of individual Board members;
- vii. Recommend processes and mechanisms for evaluating the performance of the Board, the Board Committees, and Management;
- viii. Oversees the periodic performance evaluation of the Board and its committees as well as the executive management, and conducts an annual evaluation of the said performance;
- ix. Ensures that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- x. Review annually the prescribed Full Business Interest Disclosure of all incoming Directors and officers; and
- xi. Review annually the Charters of the Board Committees for the purpose of recommending any needed change(s) to the Board;
- xii. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
- xiii. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, the complexity of operations and business strategy, as well as its business and regulatory environments;
- xiv. Establishes a formal and transparent procedure for determining the remuneration of directors and officers that is consistent with the



corporation's culture and business strategy as well as the business environment in which it operates.

xv. Oversees the formulation of the compensation and retirement philosophy as well as study and evaluate the appropriate compensation, retention, and retirement policies and programs for the officers of the Company as appointed in accordance with the Company's By-Laws, as well as managers or executives with the rank of vice president and up;

xvi. Such other responsibilities as may be provided in the Nomination, Remuneration, and Governance Committee Charter.

9.2 Audit & Risk Management Committee

a. The Audit and Risk Management Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be independent directors. The Chairperson of the Audit and Risk Management Committee should not be the Chairperson of the Board or any other Committees. All of the members of the committee must have a relevant background, knowledge, skills, and /or experience in the areas of accounting, auditing, and finance.

b. The Audit and Risk Management Committee shall have the following duties and responsibilities:

i. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring compliance with applicable laws, rules, and regulations;

ii. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;

iii. Performs oversight functions over the Company's internal and external auditors. It should ensure that internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions;

iv. Review and approve the annual internal audit plan to support the attainment of the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;



v. Recommends the approval of the Internal Audit (IA) Charter, which formally defines the responsibilities, powers, and authority of the Internal Audit Department, the audit plan of the Internal Audit Department, as well as oversees the implementation of the IA Charter;

vi. Through the IA Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, the integrity of financial reporting, and the security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to: (a) safeguard the company's resources and ensure their effective utilization, (b) prevent the occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

vii. Oversees the IA Department, and recommends the appointment and removal of an IA head as well as his qualifications, and grounds for appointment and removal. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services, if applicable;

viii. Prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

ix. Considers the appointment of an independent internal and independent external auditor, and the terms and conditions of their engagement and removal;

x. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

xi. Review the reports submitted by the internal and external auditors;

xii. Review the completeness, accuracy, and fairness of the quarterly, half-year, and annual financial statements before their submission to the Board or regulators with particular focus on the following matters:

- a. Any change/s in accounting principles and practices
- b. Major judgmental areas
- c. Significant adjustments resulting from audit
- d. Going concern assumptions



- e. Compliance with accounting standards
- f. Compliance with tax, legal, and regulatory requirements
- xiii. Coordinate, monitor, and facilitate compliance with laws, rules, and regulations;
- xiv. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses.
- xv. The Audit and Risk Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- xvi. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. The Audit and Risk Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
- xvii. Monitors the Management's responsiveness to the Internal Auditor's findings and recommendations;
- xviii. Elevate to international standards the accounting and auditing processes, practices, and methodologies; and
- xix. Such other duties and responsibilities as may be provided in the Audit and Risk Management Committee Charter.
- xx. The Audit and Risk Management Committee shall meet quarterly and as often as may be necessary.
- xxi. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, Related Party Transactions (RPTs) are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);
- xxii. In case of the absence of a Related Party Transactions (RPTs) Committee, evaluates all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related



parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied;

xxiii. In case of the absence of an RPT Committee:

- a. Determines any potential reputational risk issues that may arise as a result of or in connection with RPTs. In evaluating RPTs, the Committee takes into account, among others, the following:
 1. The related party's relationship to the company and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the corporation of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is undertaken on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- b. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on potential and/or actual conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
- c. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- d. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;



- e. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and
- f. Performs the functions of the Board Risk Oversight Committee, as provided under Recommendations 3.4 (SEC MC 24, Series of 2019), in the absence thereof.
- g. Meets internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the Internal Audit (IA).

Section 10.0 The Management

The Management is represented by a Management Committee (Mancom) composed of corporate officers and executives formed and headed by the CEO. All principal policies and directions governing the organization, management and operation of the Company as well as its subsidiaries shall be formulated and implemented by this Committee, subject to Board approval when required by existing laws. The Committee shall regularly report to the Board at its regular Board meeting, or during special meetings whenever necessary or requested by the Board, through the CEO, on all matters concerning the Company's operation as well as significant events or occurrences affecting the Company.

Section 11.0 Duties and Responsibilities of the CEO

The CEO shall be in charge of the management and administration of the business operations, affairs and properties of the Company. He shall ensure that all resolutions of the Board are carried into effect and see that the business and affairs of the Company are managed in a sound and prudent manner. He shall ensure the reliability and integrity of financial and operational information and effectiveness, as well as, the efficiency of operations.

The CEO shall report to the Board, from time to time, all matters within his knowledge in which the Company has material interest.



Section 12.0 The Corporate Secretary and Assistant Corporate Secretary

The Corporate Secretary and the Assistant Corporate Secretary are officers of the Company and are expected to observe the highest degree of professionalism, integrity, and diligence.

12.1 Qualifications of the Corporate Secretary and Assistant Corporate Secretary:

a. The Corporate Secretary and the Assistant Corporate Secretary shall be resident Filipino citizens of good moral character.

b. They shall have adequate legal, administrative, and interpersonal skills.

12.2 Duties and responsibilities of the Corporate Secretary and the Assistant Corporate Secretary:

a. Work and deal fairly and objectively with all the constituencies of the Company, namely, the Board, Management, stockholders and other stakeholders.

b. Be fully informed and be part of scheduling the Board activities.

c. Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.

d. Schedule meetings at least for the current year and duly notify the Board before every meeting.

e. Advise directors on matters pertaining to their legal responsibilities and obligations and ensure that appropriate Board procedures are being followed and that applicable rules and regulations are complied with.

f. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.

g. Attend all Board meetings and maintain record of the same.

h. Submit to the SEC, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

i. Report to the SEC matters involving the Company, which are required to be disclosed under applicable laws and regulations.

j. Safekeep and preserve the integrity of minutes and other official records of the Company.

k. Be loyal to the mission, vision, and objectives of the Company. Have a working knowledge of the operations of the Company.



I. Ensure that all Board procedures, rules and regulations are faithfully followed by its members.

Section 13.0 Compliance Officer

13.1 The Board shall appoint a Compliance Officer, who shall report to the Board must have at least the rank of a Vice President and is not a member of the Board.

The Compliance Officer shall perform the following duties:

- a. Monitors compliance with the provisions and requirements of this Manual;
- b. Ensures proper onboarding of new directors (orientation on the company's business, charter, articles of incorporation, and by-laws, among others);
- c. Monitors, reviews, evaluates, and ensures the compliance by the corporation, its officers, and directors with the relevant laws, this Code, rules and regulations, and all governance issuances of regulatory agencies;
- d. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- e. Ensures the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations;
- f. Appears before the SEC when summoned in relation to compliance with this Code and other relevant rules and regulations;
- g. Collaborates with other departments within the company to properly address compliance issues, which may be subject to investigation;
- h. Identifies possible areas of compliance issues and works towards the resolution of the same;
- i. Determines violation/s of this Manual and recommend action for violation thereof to be reviewed and approved by the Board;
- j. Issues a certification every January 30th of the year on the extent of the Company's compliance with this Manual for the completed year, explaining the reason for any deviation from the same, if any;
- k. Identifies, monitors and reports compliance risks;



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- i. Ensures the attendance of board members and key officers to relevant trainings; and
- m. Performs such other duties and responsibilities as may be provided by the Board and SEC.

13.2 The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence related to his functions as such shall be addressed to said Officer.

Section 14.0 External Auditor

14.1 The Board, with the recommendation of the Audit and Risk Management Committee, shall appoint an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

14.2 The external auditor of the Company should not at the same time provide the services of an internal auditor.

14.3 The Company's external auditor should be rotated or the handling partner should be changed every five (5) years or earlier. The Board may however extend the duration of the handling partner beyond the five (5) year period if it deems fit and necessary.

14.4 The reason(s) for the resignation, dismissal or cessation from service of an external auditor and the date thereof shall be reported in the Company's annual and current reports. Said report should include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

14.5 If an external auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

Section 15.0 Internal Auditor

15.1 The Company shall have in place an independent internal audit function which shall be performed by an Internal Auditor or an internal audit organization, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.



15.2 The Internal Auditor should certify that the conduct of internal audit activities is in accordance with the International Standards for Professional Practice of Internal Auditing.

15.3 The Internal Auditor shall functionally report directly to the Audit and Risk Management Committee.

15.4 The Internal Auditor should submit to the Audit and Risk Management Committee and Management an annual report on the internal audit department's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Audit and Risk Management Committee.

II. SUPPLY OF INFORMATION

All directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties.

a. Management is responsible for providing the Board with appropriate and timely information. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

b. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board.

c. A full agenda and comprehensive Board papers are be circulated to all directors well in advance of each Board meeting.

d. Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.

III. DISCLOSURE AND TRANSPARENCY

a. The Board shall commit to disclose material information dealings unless such disclosure will put the company at risk. It shall cause the filing of all required information for the interest of the stakeholders. All material information may include earnings results, acquisition or disposition of assets, board changes, related party transactions, shareholdings of directors, changes in ownership, remuneration (including stock options) of all directors and senior management, corporate strategy, and off-balance sheet transactions.



b. All disclosed information may be released via the approved procedure for Company announcements as well as through the annual report. The Company shall cause the filing of all required information for the interest of the stakeholders.

IV. ACCOUNTABILITY AND AUDIT

a. The Board shall ensure that stockholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

b. Management should formulate the rules, procedures on internal controls, and financial operations for presentation to the Audit & Risk Management Committee in accordance with the following guidelines:

- I. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- II. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained;
- III. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations; and
- IV. The Company should consistently comply with the financial reporting requirements of the SEC.

V. INVESTORS' RIGHTS AND PROTECTION

The Board shall commit to respect the following rights of the stockholders:



Section 1.0 Voting Right

1.1 Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.

Section 2.0 Pre-emptive Right

Unless otherwise stated in the Articles of the Incorporation or the Revised Corporation Code of the Philippines, all stockholders shall enjoy the pre-emptive right to subscribe to all issues or disposition of shares in proportion to their respective shareholdings.

Section 3.0 Right of Inspection

Any stockholder who desires to exercise his right to inspect corporate books and records of the Company must make a written request addressed to the Corporate Secretary, and stating the specific reason(s) or purpose(s) for the inspection. The exercise of such right may be denied if: (i) the requesting stockholder improperly used information obtained from prior examination; or, (ii) is not acting in good faith; or, (iii) there is a reasonable ground to safeguard the interests of the Company, such as when the subject of inspection contains confidential or proprietary information or covered by a confidentiality or non-disclosure obligation which will be violated by the Company if inspection were allowed. In no case shall the stockholder be allowed to take corporate books and other records out of the principal office of the Company for the purpose of inspecting them. The Corporate Secretary may elevate the request for inspection for the information, approval, or other appropriate action by the Board.

This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

Section 4.0 Right to Information

Stockholders shall be provided, upon request, with periodic reports filed by the Company with the SEC (e.g., proxy statement/information statement and annual report) which disclose personal or professional information about the Directors and Officers such as their educational and business background, holdings of the Company's shares, material transactions with the Company, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.



Section 5.0 Right to Dividends

5.1 Stockholders shall have the right to receive declared dividends subject to the procedures prescribed by the Board.

5.2 The Company shall be compelled to declare dividends when its retained earnings exceed one hundred percent (100%) of its paid-in capital stock, except:

a. when justified by definite corporate expansion projects or programs approved by the Board; or

b. when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured;

c. when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

Section 6.0 Appraisal Right

The stockholders shall have appraisal right under any of the following circumstances:

a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any aspect superior to those of outstanding shares of any class, or of extending or reducing the term of corporate existence;

b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Company;

c. In case of merger or consolidation; and

d. Investment of funds in any other corporation or business or for a purpose other than the primary purpose for which the Company was organized.

Section 7.0 Right to Transparent and Fair Conduct of Stockholders' Meeting

The Board shall adopt appropriate measure to ensure that stockholders' meetings are conducted in a fair and transparent manner. The stockholders should be encouraged to personally attend such meetings, and if unable to do so, they should be advised ahead of time of their right to appoint a proxy on their behalf. Subject to the requirements of law, rules and regulations, the By-Laws of the Company and the



rules approved by the Board, the validity of a proxy should be resolved in favor of the stockholder.

It shall be the duty of the directors to promote stockholder rights, remove impediments to the exercise of stockholders' rights and allow possibilities to seek redress for violation of their rights. The directors shall envisage the exercise of stockholders' voting rights and the solution of problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person.

VI. COMPLIANCE AND MONITORING SYSTEM

Section 1.0 Communication and Training Process

1.1 All Company directors and executives are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

1.2 An adequate number of printed copies of this Manual must be reproduced and distributed to each department of the Company.

1.3 Funds will be allocated by the Company for the purpose of conducting an orientation program or workshop to operationalize this Manual.

1.4 A director shall, before his assumption of duty, be required to attend a seminar on corporate governance which shall be conducted by a recognized and reputable training provider.

Section 2.0 Governance Rating System

The Board shall develop a rating system to measure the performance of the Board and Management in accordance with the criteria provided in this Manual and other rules and regulations on good corporate governance.

Section 3.0 Penalties for Non-Compliance with the Manual

3.1 The Compliance Officer shall be specifically tasked with the responsibility of ensuring compliance with this Manual.



3.2 The Compliance Officer shall, after proper investigation, notice and hearing, determine and recommend to the Board, the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent repetition of the violation.

3.3 Other than the Compliance Officer, the Nomination, Remuneration, and Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

VII. APPLICABILITY TO SUBSIDIARIES

Subsidiaries of the Company are encouraged to adopt their own Manual of Corporate Governance.

VIII. SEPARABILITY CLAUSE

The Board endeavors to comply at all times with the principles set out in this Manual. In case of conflict between the Code of Corporate Governance issued by the SEC and this Manual, the Code shall prevail. If the conflict is such that the affected provision of this Manual is rendered invalid, the rest of the provisions of this Manual shall remain valid.

IX. AMENDMENTS

The Board from time to time, amends, revises, and modifies portions of the entire Manual of Corporate Governance when it deems necessary, and/or when it needs to amend in compliance with the latest rules, regulations, and guidelines issued by the SEC, and applicable laws.

X. EFFECTIVITY

This Manual was approved by the Board of Directors on January 12, 2023, and shall take effect immediately.

Signed:

ENGR. EDELYN JANE A. SALVAME Sgd.
Chairman of the Board