

QUESTION	ANSWER	REMARKS
<b>E. RESPONSIBILITIES OF THE BOARD</b>		
<b><u>E.1 Board Duties and Responsibilities</u></b>		
<b>Clearly defined board responsibilities and corporate governance policy</b>		
<b>E.1.1 Does the company disclose its corporate governance policy / board charter?</b>	Yes	<p><b><u>Corporate Governance Policy and Objectives</u></b></p> <p>EDC’s Board of Directors, Officers, Executives and Employees are well aware of the crucial role that sound corporate governance plays in attaining EDC’s corporate goals. As EDC continues to create value for the company and for its various stakeholders — the shareholders, our employees, our creditors, our country and the community in which we operate – we remain steadfast in ensuring that our actions and decisions are aligned with our corporate initiatives. We challenge ourselves time and again, to continuously seek ways to improve our standards while considering innovations to level with international best practices. And we are persistent in observing responsible professional conduct and behavior to achieve more than just mere compliance with existing laws, rules and regulations.</p> <p>In transforming our business through the expansion of our sustainable energy projects from geothermal energy development into other clean and renewable energy ventures and taking them to international shores, we will continue to sustain and strengthen our corporate governance initiatives to ensure that our businesses will not only be fully compliant with existing laws, rules and regulations but will be carried out in a sound and efficient manner and with the best interests of all our stakeholders in mindEDC WEBSITE.2014 CORPORATE GOVERNANCE REPORT, Page 2</p>
<b>E.1.2 Are the types of decisions requiring board of directors / commissioners approval disclosed?</b>	YES	<p><i>Decisions Requiring Board Approval.</i> Our Corporate Governance Manual enumerates several matters requiring Board Approval, such as but not limited to, annual report and financial statements, dividends, financial policies, budgets, retirement plan and selection/appointment of Trustees, safety/asset integrity matters, strategy and direction. Other matters requiring Board Approval include decisions involving fundamental corporate acts identified in the Corporation Code, such as but not limited to amendments to the Articles of Incorporation and By-Laws, sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of EDC’s properties, incurring, creating or increasing its bonded indebtedness, increasing or decreasing its capital stock, merger or consolidation, investment of corporation funds in another corporation or business and dissolution. Our well-defined Approvals Manual also identifies several items requiring Board Approval, such as but not limited to contracts and purchase orders over P250 million, safety/asset integrity matters, strategy and direction. Other matters requiring Board Approval include decisions involving fundamental corporate acts identified in the Corporation Code, such as but not limited to amendments to the Articles of Incorporation and By-</p>

		Laws, sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of EDC's properties, incurring, creating or increasing its bonded indebtedness, increasing or decreasing its capital stock, merger or consolidation, investment of corporation funds in another corporation or business and dissolution. Our well-defined Approvals Manual also identifies several items requiring Board Approval, such as but not limited to contracts and purchase orders over P250 million.EDC WEBSITE. <a href="#">2014 CORPORATE GOVERNANCE REPORT</a> , Page 26
<b>E.1.3 Are the roles and responsibilities of the Board of directors / commissioners clearly stated?</b>	YES	The roles and responsibilities of our Board and Board Committees are clearly delineated in our Corporate Governance Manual, which is available in our website. EDC WEBSITE: <a href="#">2014 CORPORATE GOVERNANCE REPORT</a> , Page 24 <a href="#">CG MANUAL Web page</a>  <a href="#">CG Manual Full</a> , Pages 21-23
<b>Corporate Vision / Mission</b>		
<b>E.1.4 Does the company have a vision and mission statement?</b>	YES	<b>EDC Vision</b>  We will become the global leader in geothermal energy as we strengthen our leadership in the Philippine renewable energy industry.  <b>EDC Mission</b>  We are committed to provide the present and future generations a better life with clean and renewable energy.  We are committed to promote customer and investor interests, employee development, community welfare and environmental stewardship at all times.  <a href="#">EDC WEBSITE</a>
<b>E.1.5 Has the Board reviewed the vision and mission / strategy in the last financial year?</b>	YES	<b>The 2014 Board Strategic Planning Session</b>  In compliance with the mandate to be the strategic lead for the Corporation, the Board of Directors of the Energy Development Corporation undertook a one-day Strategic Planning Session last October 3, 2014.  The Strategic Planning Session provided the Board of Directors with the opportunity for concentrated discussion and strategic thinking about EDC's future state and alignment with its <u>vision and mission</u> . In particular, discussion focused on the 2020 goals and the strategies of (1) diversified growth, (2) world-class systems, and (3) empowered workforce.  <a href="#">WEBSITE</a>
<b>E.1.6 Does the Board of directors / commissioners monitor / oversee the implementation of corporate strategy</b>	YES	<b>The 2014 Board Strategic Planning Session</b>  In compliance with the mandate to be the strategic lead for the Corporation, the Board of Directors of the Energy Development Corporation undertook a one-day Strategic Planning Session last October 3, 2014.  <b>The Strategic Planning Session provided the Board of Directors with the opportunity for concentrated discussion and strategic thinking about EDC's future state and alignment with its vision and mission. In particular, discussion focused on the 2020 goals and the strategies of (1) diversified growth, (2) world-class systems, and (3) empowered workforce.</b>

## WEBSITE

**E.2 Board Structure****Code of ethics or conduct****E.2.1 Are the details of the code of ethics or conduct disclosed?**

Yes

From the **EDC WEBSITE**:

"EDC's Code of Conduct and Business Ethics was launched on September 13, 2004 when EDC was still a government corporation. The Code encourages the right actions through sometimes difficult choices and to act with unflinching integrity when faced with situations involving ethical issues. The Code lays down the key principles which guide in dealing with investors, principal stakeholders and critical issues and concerns facing the company, such as the government, the employees, EDC's business partners, the environment, the communities around the company, company books and records, confidential information, a healthy and safe workplace, and the media, among others.

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**E.2.2 Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?**

Yes

EDC WEBSITE. CORPORATE GOVERNANCE. CG INITIATIVES AND POLICIES. CODE OF CONDUCT AND BUSINESS ETHICS AND CODE OF CONDUCT AND DISCIPLINE

<http://www.energy.com.ph/corporate-governance/about-cg/corporate-governance-initiatives-policies/>

*Code of Conduct and Business Ethics.*

"The Code provides the policy guidelines and key principles to help EDC's directors, officers and employees align their personal values, actions and concepts of business behavior and governance based on enduring moral values. The Code likewise encourages the right actions through sometimes difficult choices and to act with unflinching integrity when faced with situations involving ethical issues."

*Code of Conduct and Discipline.*

"Complementary to the Code of Conduct and Business Ethics is EDC's Code of Conduct and Discipline which became effective September 16, 2011. The Code of Conduct and Discipline prescribes the norms of conduct and standards of behavior to instill a strong sense of discipline among its directors, officers and employees. These standards of behavior serve as guideposts in ensuring that our leadership and employees embrace and live the Company's core values."

**E.2.3 Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?**

Yes

THE CODE OF CONDUCT AND BUSINESS ETHICS AND THE CODE OF CONDUCT AND DISCIPLINE HAVE BEEN APPROVED BY THE BOARD AND HAVE BEEN CIRCULATED IN THE COMPANY NATIONWIDE. THE HUMAN RESOURCES MANAGEMENT SECTOR HAS BEEN INSTRUMENTAL IN INCLUDING THE INTERNAL COMMUNICATION AND INFORMATION DISSEMINATION ON THE CODES WITH REGULAR EXPANDED LABOR-MANAGEMENT COUNCILS (ELMCs) AND ORIENTATION SEMINARS. EDC WEBSITE. EDC INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI-CHECKED B+ RATING BASED ON EUSS

REPORTING STANDARDS. CODE OF CONDUCT AND BUSINESS ETHICS and CODE OF CONDUCT AND DISCIPLINE

#### BOARD RESPONSIBILITIES

Responsible for the governance of EDC and primarily accountable to our shareholders, our Board of Directors plays a crucial role in setting the direction and pace for EDC's operations and future energy projects and in ensuring long-term and sustainable corporate success. Leading our Company and guiding the actions of our Management, our Board steers EDC towards achieving and sustaining its corporate vision, mission and strategic goals through close supervision of our operations, monitoring Management's performance and setting down our corporate values [2014 CORPORATE GOVERNANCE REPORT](#), Page 24

### Board Structure & Composition

**E.2.4 Do independent directors/commissioners make up more than 50% of the board of directors/commissioners?**

Yes

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"The Board now comprises of 27.30 % independent directors, which is more than the minimum regulatory requirement of at least 2, or 20% of the board, whichever is higher"

[EDC WEBSITE](#)

**E.2.5 Are the independent directors/commissioners independent of management and major/ substantial shareholders?**

Yes

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Our Independent Directors maintain independent judgment from Management, and do not involve themselves in business transactions or relationships with the Group, so as not to compromise their independence.

[EDC WEBSITE:](#)

For the election of independent directors of EDC, the Nomination and Compensation Committee was principally guided by the definition of an "Independent Director", to wit:

*An Independent Director is one who is independent of Management and who is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a director of the Company. An Independent Director is also one who possesses all the qualifications and none of the disqualifications for an independent director under existing laws, government issuances, rules or regulations.*

More importantly, an independent director should provide indispensable independent judgment and objectivity on all issues presented to the Board.

**E.2.6 Does the company have a term limit of nine years or less for its independent directors/commissioners?**

Yes

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[EDC] has automatically adopted the SEC regulation on the term limits for independent directors embodied in SEC Memorandum Circular No. 9, series of 2011

		dated December 5, 2011 whereby Independent Directors may serve as such for five (5) consecutive years commencing on January 2, 2012, with a possibility for re-election for no more than another five consecutive years thereafter, PROVIDED that the independent director has undergone a 2-year "cooling off" period after the first five (5) years. At present, even though EDC has automatically adopted the rules embodied in the provisions of SEC MC No. 9, ss 2011 on the term limits for Independent Directors, the same has not yet found actual application in the company since the current independent directors in EDC have two more years' eligibility (2015 and 2016), in view of Section 6 of SEC MC No. 9, ss 2011 which states that the rule on term limits "shall take effect on January 2, 2012. All previous terms served by existing IDs shall not be included in the application of the terms limits subject of this circular". . Should there come a time when the five-year limit is reached, the affected Independent Director/s shall be rendered ineligible for re-election by our Nomination and Compensation Committee pursuant to SEC MC No. 9, ss 2011."
<b>E.2.7 Has the company set a limit of five board seats that an individual independent /non-executive director/commissioner may hold simultaneously?</b>	Yes	<p>THE CG MANUAL PROVIDES THAT THE NOMINATION COMMITTEE SHALL "ensure that the Executive Directors, the Independent Directors and Non-Executive Directors who serve as full-time executives in other corporations shall submit themselves to a low-indicative limit on directorships in other corporations in order that the capacity of said directors to serve the Company with utmost diligence shall not be compromised.</p> <p>" EDC WEBSITE. CORPORATE GOVERNANCE. CG MANUAL. <a href="http://www.energy.com.ph/corporate-governance/cg-manual/board-committees/principal-duties-and-responsibilities-of-the/nomination-and-compensation-committee/">http://www.energy.com.ph/corporate-governance/cg-manual/board-committees/principal-duties-and-responsibilities-of-the/nomination-and-compensation-committee/</a></p>
<b>E.2.8 Does the company have any independent directors/commissioners who serve on more than five boards of publicly-listed companies?</b>	No	<p>NONE. EDC'S INDEPENDENT DIRECTORS SERVE IN LESS THAN FIVE BOARDS OF PUBLICLY-LISTED COMPANIES. PLS SEE THEIR PROFILES IN THE ANNUAL REPORT.</p> <p><a href="#">Annual Corporate Governance Report (ACGR)</a>, Page 10-17</p>
<b>E.2.9 Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?</b>	No	<p>EDC Directors do not serve as Executive Directors on more than two (2) boards of listed companies outside the group.</p> <p>THE DIRECTORSHIPS OF THE EXECUTIVE DIRECTORS OF EDC, NAMELY, OSCAR M. LOPEZ, FEDERICO R. LOPEZ, RICHARD B. TANTOCO, and ERNESTO B. PANTANGCO ARE MOSTLY WITHIN THE LOPEZ GROUP. THEIR DIRECTORSHIPS OUTSIDE OF THE LOPEZ GROUP ARE EITHER NONE, OR BELOW 2. PLS SEE THEIR PROFILES FOR REFERENCE.</p> <p><a href="#">EDC WEBSITE</a></p>
<b><u>a. Nominating Committee</u></b>		
<b>E.2.10 Does the company have a Nominating Committee (NC)?</b>	Yes	<p>Yes, EDC has a NOMINATION AND COMPENSATION COMMITTEE</p> <p><a href="#">EDC WEBSITE</a></p> <p><a href="#">2014 CG REPORT</a></p>

		<a href="#">Annual Corporate Governance Report (ACGR),</a>
<b>E.2.11 Does the Nominating Committee comprise of a majority of independent directors/commissioners?</b>	No	AT PRESENT, THERE IS ONLY ONE INDEPENDENT DIRECTOR AS COMMITTEE MEMBER, WHO MAY BE ELECTED AS COMMITTEE CHAIRPERSON.  <a href="#">EDC WEBSITE.</a>  <a href="#">2014 CG REPORT,</a>  <a href="#">Annual Corporate Governance Report (ACGR),</a>
<b>E.2.12 Is the chairman of the Nominating Committee an independent director/commissioner?</b>	No	THE CHAIRMAN OF THE COMMITTEE IS NOT AN INDEPENDENT DIRECTOR.  <a href="#">EDC WEBSITE.</a>  <a href="#">2014 CG REPORT,</a>  <a href="#">Annual Corporate Governance Report (ACGR),</a>
<b>E.2.13 Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?</b>	Yes	THE FULL COMMITTEE CHARTER IS IN THE COMPANY WEBSITE AND IS ALSO INCORPORATED IN THE CG MANUAL.  <a href="#">EDC WEBSITE.</a>  <a href="#">CORPORATE GOVERNANCE MANUAL</a>  <a href="#">2014 CG REPORT,</a>  <a href="#">Annual Corporate Governance Report (ACGR),</a>
<b>E.2.14 Did the Nominating Committee meet at least twice during the year?</b>	Yes	For 2014, the Committee met three times, with all members having 100% attendance throughout.  <a href="#">EDC WEBSITE.</a>  <a href="#">CORPORATE GOVERNANCE. CG MANUAL</a>  <a href="#">2014 CG REPORT,</a>  <a href="#">Annual Corporate Governance Report (ACGR),</a>
<b>E.2.15 Is the attendance of members at Nominating Committee meetings disclosed?</b>	Yes	For 2014, the Committee met three times, with all members having 100% attendance throughout.  <a href="#">EDC WEBSITE.</a>  <a href="#">CORPORATE GOVERNANCE. CG MANUAL</a>  <a href="#">2014 CG REPORT,</a>  <a href="#">Annual Corporate Governance Report (ACGR),</a>
<b><u>b. Remuneration Committee</u></b>		
<b>E.2.16 Does the company have a Remuneration Committee?</b>	Yes	OUR NOMINATION AND COMPENSATION COMMITTEE ALSO PERFORMS THE FUNCTIONS OF A REMUNERATION COMMITTEE.  <a href="#">EDC WEBSITE.</a>  <a href="#">CORPORATE GOVERNANCE. CG MANUAL</a>  <a href="#">2014 CG REPORT,</a>  <a href="#">Annual Corporate Governance Report (ACGR),</a>
<b>E.2.17 Does the Remuneration Committee comprise of a majority of independent directors/commissioners?</b>	No	AT PRESENT, THERE IS ONLY ONE INDEPENDENT DIRECTOR AS COMMITTEE MEMBER, WHO MAY BE ELECTED AS COMMITTEE CHAIRPERSON.  <a href="#">EDC WEBSITE.</a>

		2014 CG REPORT, Annual Corporate Governance Report (ACGR),
<b>E.2.18 Is the chairman of the Remuneration Committee an independent director/commissioner?</b>	No	THE CHAIRMAN OF THE COMMITTEE IS NOT AN INDEPENDENT DIRECTOR.  EDC WEBSITE.  CORPORATE GOVERNANCE. CG MANUAL  2014 CG REPORT, Annual Corporate Governance Report (ACGR),
<b>E.2.19 Does the company disclose the terms of reference/ governance structure/charter of the Remuneration Committee?</b>	Yes	THE FULL COMMITTEE CHARTER IS IN THE COMPANY WEBSITE AND IS ALSO INCORPORATED IN THE CG MANUAL  CORPORATE GOVERNANCE. BOARD COMMITTEES.  CORPORATE GOVERNANCE. CG MANUAL  2014 CG REPORT,
<b>E.2.20 Did the Remuneration Committee meet at least twice during the year?</b>	Yes	For 2014, the Committee met three times, with all members having 100% attendance throughout.  EDC WEBSITE.  CORPORATE GOVERNANCE. CG MANUAL  2014 CG REPORT, Annual Corporate Governance Report (ACGR),
<b>E.2.21 Is the attendance of members at Remuneration Committee meetings disclosed?</b>	Yes	For 2014, the Committee met three times, with all members having 100% attendance throughout.  EDC WEBSITE.  CORPORATE GOVERNANCE MANUAL  2014 CG REPORT, Annual Corporate Governance Report (ACGR),
<b><u>c. Audit Committee</u></b>		
<b>E.2.22 Does the company have an Audit Committee?</b>	Yes	Yes, the Company has an AUDIT AND GOVERNANCE COMMITTEE majority of which are Independent Directors comprising 100% of EDC Independent Directors  EDC WEBSITE.  CORPORATE GOVERNANCE MANUAL (excerpt) (full)  2014 CG REPORT, Annual Corporate Governance Report (ACGR),
<b>E.2.23 Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?</b>	NO	PRESENTLY, THE AUDIT COMMITTEE IS COMPRISED OF 5 MEMBERS. 3 OF WHICH ARE INDEPENDENT DIRECTORS. ONE IS A NON-EXECUTIVE DIRECTOR AND THE OTHER IS AN EXECUTIVE DIRECTOR.  EDC WEBSITE.  CORPORATE GOVERNANCE MANUAL (excerpt) (full)  2014 CG REPORT, Annual Corporate Governance Report (ACGR),

<b>E.2.24 Is the chairman of the Audit Committee an independent director/commissioner?</b>	YES	The Chairman of the Audit and Governance Committee, Mr. EDGAR O. CHUA, is an Independent Director  <a href="#">EDC WEBSITE</a> .  <a href="#">CORPORATE GOVERNANCE MANUAL (excerpt) (full)</a> <a href="#">2014 CG REPORT</a> , <a href="#">Annual Corporate Governance Report (ACGR)</a> ,
<b>E.2.25 Does the company disclose the terms of reference/ governance structure/charter of the Audit Committee?</b>	YES	The Committee Charter is available for viewing or downloading at the Company website: <a href="#">AGC CHARTER</a>  A discussion of the Charter was also reported in the Corporate Governance Manual and the CG Report for 2014.
<b>E.2.26 Did the Annual Report disclose the profile or qualifications of the Audit Committee members?</b>	YES	Yes, the profile of the individual Committee members for the AGC was disclosed  <a href="#">2013 Annual Performance Report</a>
<b>E.2.27 Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?</b>	YES	Mr. Edgar O. Chua is an Independent Director of EDC since July 2010. Among others, he has more than 30 years of experience in the business fields of chemicals, <u>auditing, supply planning and trading, marketing and sales</u> , lubricants, corporate affairs and <u>general management</u> . Mr. Chua earned his Bachelor of Science degree in Chemical Engineering from De La Salle University (1978)  <a href="#">2013 Annual Performance Report</a> <a href="#">2014 CG Report</a>
<b>E.2.28 Did the Audit Committee meet at least four times during the year?</b>	Yes	Yes, the Audit and Governance Committee met at least 4 times in 2014.  <a href="#">2014 CG Report</a>
<b>E.2.29 Is the attendance of members at Audit Committee meetings disclosed?</b>	Yes	Yes, the attendance is disclosed. The AGC met 4 times in 2014, and on the average, 90% of the Committee members are in attendance in every meeting  <a href="#">2014 CG Report</a> , page 29
<b>E.2.30 Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?</b>	YES	Yes, the AGC Charter provides for the authority.  The Committee Charter is available for viewing or downloading at the Company website: <a href="#">AGC CHARTER</a>
<b><u>E.3 Board Processes</u></b>		
<b><u>Board meetings and attendance</u></b>		
<b>E.3.1 Are the board of directors/commissioners meetings scheduled before the start of the financial year?</b>	YES	MEETINGS ARE ADVISED IN ADVANCE IN ORDER THAT SCHEDULING ISSUES COULD BE MANAGED, AND THEREFORE, AVOIDED.
<b>E.3.2 Does the board of directors/commissioners meet at least six times per year?</b>	Yes	As the Board Meetings are scheduled and held bi-monthly, the meetings are held on the average, not less than 6 times a year.  <a href="#">2014 Board Attendance</a>



		<a href="#">2014 CG Report</a>
<b>E.3.3 Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?</b>	Yes	In 2014, our Board had a total of seven meetings, including the Organizational Meeting. On the average, 90% of our Directors are in attendance in every Board meeting in 2014.  <a href="#">2014 Board Attendance</a> <a href="#">2014 CG Report</a> , Page 26
<b>E.3.4 Does the company require a minimum quorum of at least 2/3 for board decisions?</b>	No	By-Laws. Article IV: BOARD OF DIRECTORS  3. Quorum. xxx However, once an Independent Director is elected to the Board, <u>the quorum shall constitute a majority of the Board of Directors, with the presence of at least one (1) Independent director</u> , and every decision of a majority of the quorum shall require the concurrence of at least one (1) Independent Director for validity of the decisions of the Board.  The minimum quorum requirement for board decisions under our By-Laws is a majority of the members of the Board, with the presence of at least one independent director. Every decision of a majority of the quorum shall require the concurrence of at least one independent director for the validity of the decisions of the board. Board meetings are recorded and minuted, and all resolutions are documented by our Corporate Secretary. Committee meetings are likewise recorded and minuted, with the resolutions documented by the respective Committee Secretariats. <a href="#">2014 CG Report</a> , Page 27
<b>E.3.5 Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?</b>	Yes	Our Non-Executive Directors had a separate meeting without the presence of our executive directors last December 5, 2014. Our non-executive directors discussed about process improvements in the conduct of Board meetings as well as increasing Board participation and attendance.  <a href="#">2014 CG Report</a> , Page 27
<b><u>a. Access to information</u></b>		
<b>E.3.6 Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?</b>	Yes	<i>Board Meetings and Director's Attendance.</i> Our Board Meetings are scheduled at the beginning of the year so that our Directors can plan accordingly and fit the year's Board meetings into their respective schedules. Our Corporate Secretary prepares the schedule of the meeting, in accordance with the provisions in the By-laws, and disseminates it to the members of the Board and Key executives, through the Office of the President or the Director Relations Office.  Our directors are expected to prepare for, attend, and participate in these meetings, and to act prudently, in good faith, and in the best interest of EDC and our shareholders. Our Board is aptly apprised and has full and unrestricted access to information on EDC's overall performance, major business issues, new projects, our economic and environmental impact. Our Board has direct contact and communication with our Management and employees at any time.  <b><u>Board papers for Board Meetings are provided at</u></b>

		<b><u>least five (5) business days before the date of the Board Meeting.</u></b>  2014 CG Report, Page 26
<b>E.3.7 Does the company secretary play a significant role in supporting the board in discharging its responsibilities?</b>	Yes	<i>Corporate Secretary.</i> Atty. Teodorico Jose R. Delfin is our Corporate Secretary and has been serving as such since July 2010. He is assisted by Atty. Ana Maria A. Katigbak-Lim, who is the Company's Assistant Corporate Secretary since January 2007. Both have extensive legal experience and training, focusing on corporate and business law practice and litigation. <b><u>They play a crucial role in assisting the Board during the meetings, in facilitating the dissemination of notices, agenda, board papers and other board materials, and performing such other functions as may be required by the Board.</u></b>  2014 CG Report, Page 25  CORPORATE GOVERNANCE. CG MANUAL. <a href="http://www.energy.com.ph/corporate-governance/cg-manual/executive-officers/specific-duties-and-functions/">http://www.energy.com.ph/corporate-governance/cg-manual/executive-officers/specific-duties-and-functions/</a>
<b>3.8 Is the company secretary trained in legal, accountancy or company secretarial practices?</b>	Yes	<i>Corporate Secretary.</i> Atty. Teodorico Jose R. Delfin is our Corporate Secretary and has been serving as such since July 2010. He is assisted by Atty. Ana Maria A. Katigbak-Lim, who is the Company's Assistant Corporate Secretary since January 2007. Both have extensive legal experience and training, focusing on corporate and business law practice and litigation. <b><u>They play a crucial role in assisting the Board during the meetings, in facilitating the dissemination of notices, agenda, board papers and other board materials, and performing such other functions as may be required by the Board.</u></b>  2014 CG Report, Page 25  CORPORATE GOVERNANCE. CG MANUAL. <a href="http://www.energy.com.ph/corporate-governance/cg-manual/executive-officers/specific-duties-and-functions/">http://www.energy.com.ph/corporate-governance/cg-manual/executive-officers/specific-duties-and-functions/</a>
<b><u>b. Board Appointments and Re-Election</u></b>		
<b>E.3.9 Does the company disclose the criteria used in selecting new directors/commissioners?</b>	Yes	THE CRITERIA, THE QUALIFICATIONS AND DISQUALIFICATIONS ARE EMBODIED IN OUR CG MANUAL, THE CHARTER OF THE NOMINATION AND COMPENSATION COMMITTEE AND THE COMPANY BY-LAWS.
<b>E.3.10 Does the company disclose the process followed in appointing new directors/commissioners?</b>	Yes	THE PROCEDURE, CRITERIA, THE QUALIFICATIONS AND DISQUALIFICATIONS ARE EMBODIED IN OUR CG MANUAL, THE CHARTER OF THE NOMINATION AND COMPENSATION COMMITTEE AND THE COMPANY BY-LAWS.
<b>E.3.11 Are all the directors/commissioners subject to re-election at least once every three years?</b>	Yes	DIRECTORS ARE ELECTED ANNUALLY, AS PROVIDED IN THE COMPANY BY-LAWS
<b><u>Remuneration Matters</u></b>		
<b>E.3.12 Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy (i.e. the use of short term and long term incentives</b>	Yes	ALL DIRECTORS' BENEFITS AND REMUNERATION ARE DISCLOSED IN COMPANY REPORTS FILED WITH REGULATORS

and performance measures) for its executive directors and CEO?		<p><a href="#">2014 CG REPORT</a></p> <p><a href="#">2014 ANNUAL AUDITED FINANCIAL STATEMENTS</a></p> <p><a href="#">ANNUAL CORPORATE GOVERNANCE REPORT</a></p>
<b>E.3.13 Is there disclosure of the fee structure for non-executive directors/commissioners?</b>	Yes	<p>ALL DIRECTORS' (INCLUDING NON-EXECUTIVE DIRECTORS) BENEFITS AND REMUNERATION ARE DISCLOSED IN COMPANY REPORTS FILED WITH REGULATORS</p> <p><a href="#">2014 CG REPORT</a></p> <p><a href="#">2014 ANNUAL AUDITED FINANCIAL STATEMENTS</a></p> <p><a href="#">ANNUAL CORPORATE GOVERNANCE REPORT</a></p>
<b>E.3.14 Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?</b>	Yes	<p>THE CURRENT REMUNERATION STRUCTURE WAS APPROVED BY THE SHAREHOLDERS DURING THE 2007 ANNUAL STOCKHOLDERS MEETING.</p> <p><a href="#">2014 CG REPORT</a></p> <p><a href="#">2014 ANNUAL AUDITED FINANCIAL STATEMENTS</a></p> <p><a href="#">ANNUAL CORPORATE GOVERNANCE REPORT</a></p>
<b>E.3.15 Do independent non-executive directors/commissioners receive options, performance shares or bonuses?</b>	Yes	<p>ALL EDC'S DIRECTORS, INCLUDING INDEPENDENT DIRECTORS, RECEIVE A BONUS AS A GROUP.</p> <p><a href="#">2014 CG REPORT</a></p> <p><a href="#">2014 ANNUAL AUDITED FINANCIAL STATEMENTS</a></p> <p><a href="#">ANNUAL CORPORATE GOVERNANCE REPORT</a></p>
<b><u>Internal Audit</u></b>		
<b>E.3.16 Does the company have a separate internal audit function?</b>	Yes	<p><b>Internal Audit.</b> We have a well-established and independent Internal Audit Department, headed by our <b>Chief Audit Executive (CAE), Glenn L. Tee</b>, which is tasked to perform the Internal Audit functions in EDC and to provide reasonable assurance to our Board, Management and shareholders that key organizational and procedural controls are appropriate, adequate, effective and complied with. The Internal Audit functions encompass an independent and objective evaluation and improvement of the adequacy, propriety, effectiveness and compliance with EDC's risk management, control and governance processes.</p> <p>As the working arm of the Audit and Governance Committee, the Internal Audit Department reports functionally to the AGC but reports administratively to the President of the Company. As such, internal Audit plans, activities, organizational structure, including the appointment and removal of the CAE, staffing and charter are reviewed and approved by the Audit and Governance Committee. Likewise, Internal Audit has direct access to the AGC and to all records, personnel and properties as mandated by the Internal Audit Charter. The results of the work of internal audit are reported to the AGC on a quarterly basis and any such period as may be deemed necessary.</p> <p><a href="#">2014 CORPORATE GOVERNANCE REPORT, Page 38</a></p>

		EDC WEBSITE. CORPORATE GOVERNANCE. CG MANUAL./ <a href="http://www.energy.com.ph/corporate-governance/cg-manual/internalexternal-auditors/">http://www.energy.com.ph/corporate-governance/cg-manual/internalexternal-auditors/</a>
<b>E.3.17 Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?</b>	Yes	EDC's Head of Internal Audit, the Chief Audit Executive, is Mr. Glenn L. Tee.  <b>2014 CORPORATE GOVERNANCE REPORT</b> , Page 38  EDC WEBSITE. CORPORATE GOVERNANCE. CG MANUAL./ <a href="http://www.energy.com.ph/corporate-governance/cg-manual/internalexternal-auditors/">http://www.energy.com.ph/corporate-governance/cg-manual/internalexternal-auditors/</a>
<b>E.3.18 Does the appointment and removal of the internal auditor require the approval of the Audit Committee?</b>	Yes	EDC WEBSITE. CORPORATE GOVERNANCE. CG MANUAL. AGC CHARTER. <a href="http://www.energy.com.ph/corporate-governance/cg-manual/board-committees/principal-duties-and-responsibilities-of-the/audit-and-governance-committee/AUDIT_AND_GOVERNANCE_COMMITTEE_CHARTER">http://www.energy.com.ph/corporate-governance/cg-manual/board-committees/principal-duties-and-responsibilities-of-the/audit-and-governance-committee/AUDIT AND GOVERNANCE COMMITTEE CHARTER</a> .
<b>E.3.19 Does the company disclose the internal control procedures/risk management systems it has in place?</b>	Yes	<b>2014 CORPORATE GOVERNANCE REPORT</b> ,
<b>E.3.20 Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?</b>	Yes	<b>2014 CORPORATE GOVERNANCE REPORT</b> ,
<b>E.3.21 Does the company disclose how key risks are managed?</b>	Yes	THE KEY RISKS ARE IDENTIFIED AND THEIR MANAGEMENT IS DISCUSSED IN THE <b>RISK MANAGEMENT PAGES IN THE COMPANY WEBSITE</b>
<b>E.3.22 Does the Annual Report contain a statement from the Board of Directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?</b>	YES	a DISCUSSION ON THE ADEQUACY OF INTERNAL CONTROLS IS DISCUSSED IN THE <b>ANNUAL AUDITED FINANCIAL STATEMENTS</b>
<b>(1) <u>E.4 People on the Board</u></b>		
<b><u>Board Chairman</u></b>		
<b>E.4.1 Do different persons assume the role of chairman and CEO?</b>	NO	THE ROLE OF THE CHAIRMAN AND CEO ARE MERGED IN ONE PERSON, CHAIRMAN/CEO FEDERICO R. LOPEZ. <a href="http://www.energy.com.ph/bod/federico-r-lopez/">http://www.energy.com.ph/bod/federico-r-lopez/</a>
<b>E.4.2 Is the Chairman an independent director/commissioner?</b>	NO	THE CHAIRMAN/CEO IS A REGULAR BOARD DIRECTOR <a href="http://www.energy.com.ph/bod/federico-r-lopez/">http://www.energy.com.ph/bod/federico-r-lopez/</a>
<b>E.4.3 Has the Chairman been the company CEO in the last three years?</b>	NO	THE CHAIRMAN/CEO HAS BEEN THE CHAIRMAN SINCE HIS ELECTION TO THE POSITION IN JULY 2010 <a href="http://www.energy.com.ph/bod/federico-r-lopez/">http://www.energy.com.ph/bod/federico-r-lopez/</a>
<b>E.4.4 Are the role and responsibilities of the Chairman disclosed?</b>	YES	THE ROLES AND RESPONSIBILITIES OF THE CHAIRMAN IS DISCLOSED IN THE COMPANY'S <b>CG MANUAL AND BY-LAWS</b>
<b>E.4.5 Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?</b>	YES	EDC'S NON-EXECUTIVE DIRECTORS HAVE PRIOR WORKING EXPERIENCE IN THE POWER/ENERGY SECTOR. <b>EDC WEBSITE</b> .

<p><b>E.4.6 Does the company disclose a Board of directors/commissioners diversity policy?</b></p>	<p>YES</p>	<p><b>Board Diversity Policy.</b> Our policy on diversity of the Board's structure is clearly defined in our Corporate Governance Manual. The Nomination and Compensation Committee reviews and evaluates the qualifications of all persons nominated to the Board to ensure a diverse yet balanced mix of competent Directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.</p> <p>To ensure a healthy balance of knowledge, reputation, experience and know-how in the Board and in the roster of officers, the Nomination and Compensation Committee scrutinizes and discusses the curriculum vitae, the background, experience and relevant information of a nominee for election as a Director of EDC. Furthermore, the nominees are screened and evaluated without discrimination as to gender, race or religion. Lastly, the Board members are selected on the basis of their knowledge, experience and skills in diverse fields relevant to our business, such as power and energy, business and finance and the environment.</p> <p>While no woman is currently sitting in our Board, previous EDC Boards have one female director, namely, Lilia R. Bautista [1987], Corazon R. Estrella [1987, 1990, 1998, 1999, 2000, 2001, 2002, 2003, 2004], Regina O. Benitez [1998, 1999, 2000], Veronica I. Jose [1999, 2000], and Asuncion J. Espina [2005, 2006].</p> <p><b>2014 CG REPORT</b></p> <p>THE DIVERSITY ON THE CANDIDATES FOR THE BOARD OF DIRECTORS IS DISCLOSED IN THE COMPANY'S <b>CG MANUAL</b> AND <b>BY-LAWS</b></p>
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**(2) E.5 Board Performance**

**Directors Development**

<p><b>E.5.1 Does the company have orientation programmes for new directors/commissioners?</b></p>	<p>Yes</p>	<p>THE CG MANUAL PROVIDES: Training/Orientation Process The Board undertakes to require a newly elected member of the Board to attend, within a reasonable period after his election to the Board, a seminar on corporate governance conducted by any duly recognized private or government institution. In addition, newly-elected members of the Board should familiarize themselves with the Corporation's operations, senior management and business environment. They should be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the Board's expectations. Appropriate training opportunities for both existing and potential directors may, from time to time, be identified and undertaken. EDC WEBSITE. CORPORATE GOVERNANCE. CG MANUAL. <a href="http://www.energy.com.ph/corporate-governance/cg-manual/board-of-directors/general-responsibilities-specific-duties-and-responsibilities-of-a-director-board-meetings-trainingorientation-process/">http://www.energy.com.ph/corporate-governance/cg-manual/board-of-directors/general-responsibilities-specific-duties-and-responsibilities-of-a-director-board-meetings-trainingorientation-process/</a></p>
<p><b>E.5.2 Does the company have a policy that encourages directors /commissioners to attend ongoing or continuous professional</b></p>	<p>YES</p>	<p>THE CG MANUAL PROVIDES: Training/Orientation Process The Board undertakes to require a newly elected member of the Board to attend, within a</p>

<p><b>education programmes?</b></p>		<p>reasonable period after his election to the Board, a seminar on corporate governance conducted by any duly recognized private or government institution. In addition, newly-elected members of the Board should familiarize themselves with the Corporation's operations, senior management and business environment. They should be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the Board's expectations. Appropriate training opportunities for both existing and potential directors may, from time to time, be identified and undertaken.</p> <p>THE ROLES AND RESPONSIBILITIES OF THE CHAIRMAN IS DISCLOSED IN THE COMPANY'S <a href="#">CG MANUAL AND BY-LAWS</a></p>
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### **CEO/Executive Management Appointments and Performance**

<p><b>E.5.3 Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?</b></p>	<p>YES</p>	<p><i>Succession.</i> Our By-Laws provide for the succession, i.e. vacancy or replacement, of the Board of Directors. Any vacancy in the Board of Directors, except that caused by removal, shall be filled by a majority vote of the Board of Directors constituting a quorum at a meeting specially called for that purpose, and the director so chosen shall serve for the unexpired term. For any vacancy arising from removal, the stockholders shall fill up such vacancy in the manner provided in Sections 28 and 29 of the Corporation Code.</p> <p><a href="#">2014 CG REPORT</a></p>
<p><b>E.5.4 Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?</b></p>	<p>Yes</p>	<p><b>The Annual in-House Corporate Governance Evaluation.</b> Since 2008, we have adopted an annual Board Self-assessment Evaluation and President's Evaluation, with majority of the Board providing their inputs and insights on the overall performance of the Board and Board Committees as well as their assessment of the President's performance, leadership, operational management, working relationship with the Board, and financial management.</p> <p>In 2014, the Compliance Office again assisted the Board in the conduct of its Annual Integrated Corporate Governance Evaluation. The 2014 Integrated Corporate Governance Evaluation covers the Board, the Board Committee and the President's performance for the period from May 7, 2013 to May 6, 2014. For the 2014 cycle, the Compliance Office has also incorporated the recommendations under the ASEAN Corporate Governance framework and made improvements in the CG evaluation, i.e. modification of the questions and inclusion of the individual director's self-assessment. The evaluation form has quantitative and qualitative components. The quantitative component involves an evaluation of the scores given by the Board participants on the following:</p> <ul style="list-style-type: none"> <li>● Board's Performance</li> <li>● Board Committee's Performance</li> </ul>

- Individual Director’s Self-Appraisal
  - Chairman’s Performance
  - President’s Performance
- [2014 CG REPORT](#)

**Board Appraisal**

**E.5.5 Is an annual performance assessment conducted of the board of directors/commissioners?**

Yes

**The Annual in-House Corporate Governance Evaluation.** Since 2008, we have adopted an annual Board Self-assessment Evaluation and President’s Evaluation, with majority of the Board providing their inputs and insights on the overall performance of the Board and Board Committees as well as their assessment of the President’s performance, leadership, operational management, working relationship with the Board, and financial management.

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- Board’s Performance
- Board Committee’s Performance
- Individual Director’s Self-Appraisal
- Chairman’s Performance
- President’s Performance

[2014 CG REPORT](#)

**E.5.6 Does the company disclose the process followed in conducting the board assessment?**

Yes

**The Annual in-House Corporate Governance Evaluation.** Since 2008, we have adopted an annual Board Self-assessment Evaluation and President’s Evaluation, with majority of the Board providing their inputs and insights on the overall performance of the Board and Board Committees as well as their assessment of the President’s performance, leadership, operational management, working relationship with the Board, and financial management.

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		<p>ASEAN Corporate Governance framework and made improvements in the CG evaluation, i.e. modification of the questions and inclusion of the individual director's self-assessment. The evaluation form has quantitative and qualitative components. The quantitative component involves an evaluation of the scores given by the Board participants on the following:</p> <ul style="list-style-type: none"> <li>• Board's Performance</li> <li>• Board Committee's Performance</li> <li>• Individual Director's Self-Appraisal</li> <li>• Chairman's Performance</li> <li>• President's Performance</li> </ul> <p><a href="#">2014 CG REPORT</a></p>
<b>E.5.7 Does the company disclose the criteria used in the board assessment?</b>	Yes	<p>THE CRITERIA FOR EVERY EVALUATION IS DISCLOSED IN THE ANNUAL CG REPORT</p> <p><b>The Annual in-House Corporate Governance Evaluation.</b> Since 2008, we have adopted an annual Board Self-assessment Evaluation and President's Evaluation, with majority of the Board providing their inputs and insights on the overall performance of the Board and Board Committees as well as their assessment of the President's performance, leadership, operational management, working relationship with the Board, and financial management.</p> <p>In 2014, the Compliance Office again assisted the Board in the conduct of its Annual Integrated Corporate Governance Evaluation. The 2014 Integrated Corporate Governance Evaluation covers the Board, the Board Committee and the President's performance for the period from May 7, 2013 to May 6, 2014. For the 2014 cycle, the Compliance Office has also incorporated the recommendations under the ASEAN Corporate Governance framework and made improvements in the CG evaluation, i.e. modification of the questions and inclusion of the individual director's self-assessment. The evaluation form has quantitative and qualitative components. The quantitative component involves an evaluation of the scores given by the Board participants on the following:</p> <ul style="list-style-type: none"> <li>• Board's Performance</li> <li>• Board Committee's Performance</li> <li>• Individual Director's Self-Appraisal</li> <li>• Chairman's Performance</li> <li>• President's Performance</li> </ul> <p><a href="#">2014 CG REPORT</a></p>
<b><u>Director Appraisal</u></b>		
<b>E.5.8 Is an annual performance assessment conducted of individual director/commissioner?</b>	Yes	<a href="#">2014 CG REPORT</a> , Page 36
<b>E.5.9 Does the company disclose the process</b>	Yes	<a href="#">2014 CG REPORT</a> , Page 34-37



<b>followed in conducting the director/commissioner assessment?</b>		
<b>E.5.10 Does the company disclose the criteria used in the director/commissioner assessment?</b>	No	<a href="#">2014 CG REPORT</a> , Page 34-37
<b><u>Committee Appraisal</u></b>		
<b>E.5.11 Is an annual performance assessment conducted of the board of directors/commissioners committees?</b>	Yes	<a href="#">2014 CG REPORT</a> , Page 34-37