



ENERGY DEVELOPMENT CORPORATION

MANUAL ON CORPORATE GOVERNANCE (2025)

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Section 1 INTRODUCTION

Subject 1 General Provisions

The Board of Directors, Officers, Management, and employees of the Company recognize that Corporate Governance is a vital component of sound strategic business management and hereby commit themselves to the principles and best practices of sound Corporate Governance provided in this Manual on Corporate Governance.

This Manual, which is adopted pursuant to SEC Memorandum Circular No. 24, Series of 2019, otherwise known as the Code of Corporate Governance for Public Companies and Registered Issuers, shall institutionalize the principles of sound Corporate Governance in the entire Company and shall serve as a guide in the attainment of the Company's corporate goals.

Corporate Governance Principles and Rationale

This Manual was adopted based on the following principles and rationale of Corporate Governance:

1. Fundamental Principles
 - a. **Transparency** – the Board should ensure that the Company has a properly functioning system of disclosure, in line with generally accepted standards of reporting financial and other material information to the public;
 - b. **Accountability** – the Board should ensure a regime of checks and balances to maintain the integrity of all aspects of corporate operations, and keep everyone in the Company aware of his duty to answer to another for what is done or not done within his area of responsibility; and
 - c. **Fairness and Equity** – the Board should observe fairness in the dealings of the Company with all other parties with stakes in or claims on it. The Company must act fairly and equitably towards all stakeholders, including, but not limited to, its stockholders, employees, creditors, suppliers, community, and government, mindful of its impact on the environment and society as a whole.
2. Rationale
 - a. To promote the sustainable growth of the Company by ensuring a productive alignment of interests among the various stakeholders of the Company and between the Company and the community; and
 - b. To promote a level-playing field within and outside the Company – a fundamental assumption of a free-market economy.

Periodic Review and Revisions

All business processes and practices of the Company that are not consistent with the Corporate Governance policies set out in this Manual shall be revoked or updated to ensure compliance with this Manual.

This Manual and the enforcement thereof shall be periodically reviewed and amended, if needed, to take into account the Company's changing needs, the conditions prevailing in its environment, and regulatory requirements. Any such amendment of this Manual shall be subject to the approval of the Board of Directors.

Dissemination

The Directors, Officers, Management, and unit heads shall ensure that this Manual shall be accessible to all employees and shall enjoin their compliance with its provisions.

With the proper dissemination of this Manual, it is expected that everyone in the Company will be familiar with its contents, thus enabling everyone to observe not only its letter, but also its spirit.

Inspection

This Manual shall be available for inspection by any stockholder, stakeholder, or employee of the Company, subject to limitations provided by the Corporation Code, this Manual, and other applicable laws, rules, and regulations.

Adoption and Effectivity

This Manual was originally adopted by the Board of Directors of the Company and made effective on 15 November 2006 under Board Resolution No. 133, Series of 2006.

Amendments to this Manual were effected under Board Resolution No. 36, Series of 2007, dated 26 April 2007; Board Resolution No. 121, Series of 2007, dated 20 November 2007; and Board Resolution No. 8, Series of 2008, dated 22 January 2008.

In 2010, this Manual was further amended in compliance with SEC Memorandum Circular No. 6, Series of 2009, under Board Resolution No. 29, Series of 2010, dated 10 March 2010 and Board Resolution No. 57, Series of 2010, dated 29 July 2010.

In 2011, this Manual underwent several further amendments, pursuant to Board Resolution No. 13, Series of 2011, dated 15 March 2011, in compliance with the directive of the SEC Corporate Finance Department in furtherance of SEC Memorandum Circular No. 6, Series of 2009, and to revise the provisions on the Risk Management Committee and Corporate Social Responsibility Committee.

In 2013, this Manual was further amended, pursuant to Board Resolutions Nos. 4 and 5, Series of 2013, both dated 30 January 2013, to revise the meeting provisions of the Operations Committee and the Corporate Social Responsibility Committee.

In 2014, this Manual was further amended to reflect the changes in the Operation Committee's Charter, particularly on its authority and approval limits, which changes were approved by the Board through Board Resolution No. 3, Series of 2014, dated 21 January 2014.

In 2015, the Board approved the creation of a new Board Committee to handle matters on related party transactions, the Related Party Transactions Committee, and approved the Committee's Charter, through Board Resolution No. 45, Series of 2015, dated 9 September 2015. With this, the Charter of the Audit and Governance Committee (which previously had oversight over related party transactions) and this Manual had to be amended to reflect the new Committee and the transfer of related party transactions oversight function to such new Committee.

In 2017, this Manual was yet again amended in compliance with SEC Memorandum Circular No. 19, Series of 2016, or the Code of Corporate Governance for Publicly Listed Companies, through Board Resolution No. 34, Series of 2017, dated 8 May 2017.

This Manual was last amended in 2020, following the delisting of the Company's common shares from the Philippine Stock Exchange on 29 November 2018 and pursuant to SEC Memorandum Circular No. 24, Series of 2019, otherwise known as the Code of Corporate Governance for Public Companies and Registered Issuers.

In 2025, this Manual was updated to reflect changes in the Company in furtherance of sound corporate governance practice.

Subject 2 Definitions and Interpretation

Definitions

The following capitalized terms are used in this Manual with the respective meanings ascribed to such terms below, unless the context otherwise requires:

Articles of Incorporation	the Articles of Incorporation of the Company and all amendments thereto
Board Committee or Committees	one or all of the following committees composed of the members of the Board of Directors: <ul style="list-style-type: none">a. Nomination and Compensation Committeeb. Audit and Governance Committeec. Risk Management Committeed. Sustainability Committeee. Operations Committeef. Related Party Transactions Committeeg. Health, Safety and Environment Committeeh. Such other Committees that the Board may constitute from time to time

Board of Directors or Board	the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all business, and controls its properties
BSP	the <i>Bangko Sentral ng Pilipinas</i>
By-Laws	the By-Laws of the Company and all amendments thereto
Chairperson	the Chairperson of the Board
Chief Audit Executive	the highest position in the Company responsible for Internal Audit activities. If Internal Audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results
Code	SEC Memorandum Circular No. 24, Series of 2019, otherwise known as the “Code of Corporate Governance for Public Companies and Registered Issuers”
Commission	the Securities and Exchange Commission
Company	Energy Development Corporation
Corporate Governance	the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal, and social obligations towards their stockholders and other stakeholders; the system of direction, feedback, and control using regulations, performance standards, and ethical guidelines to hold the Board of Directors and Management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with stockholder value to the benefit of all stakeholders and society; its purpose is to maximize the organization’s long-term success, thereby creating sustainable value for its stockholders, other stakeholders, and the nation
Corporation Code	Republic Act No. 11232, otherwise known as the “Revised Corporation Code of the Philippines”
Director	a duly elected member of the Board, classified as: <ul style="list-style-type: none"> a. Executive Director – a Director who has executive responsibility of day-to-day operations of a part or the whole of the Company b. Independent Director – a person who, apart from shareholdings and fees received from the Company, is independent of Management and free from any business or other relationship that could, or could reasonably be

perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Company

- c. 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 Company; by this definition, an Independent director may also be considered a Non-Executive Director

Internal Audit	an independent and objective assurance activity designed to add value to, and improve, the Company’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes
Internal Audit Department	a department or unit of the Company and its consultants, if any, that reports to the Audit and Governance Committee of the Board and provides independent and objective assurance services in order to add value to, and improve, the Company’s operations
Internal Control	a process designed and effected by the Board of Directors, Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations and reliable, complete, and timely financial reporting and management of corporate information; and to ensure compliance with applicable laws, regulations, and the organization’s policies and procedures
Management	the general body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Company
Manual	this Manual on Corporate Governance, as may be amended from time to time
Officers	the officers of the Company as defined in the By-Laws and the officers designated as such by the Board of Directors, including the Chairman of the Board, Vice Chairman, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer, Compliance Officer, Chief Audit Executive, Vice Presidents, Corporate Secretary, and Assistant Corporate Secretary
Securities Code	Republic Act No. 8799, otherwise known as “The Securities Regulation Code”
Year	a calendar year

Interpretation

1. Unless the context otherwise requires:
 - a. Words in the singular include the plural, and vice versa; and
 - b. Words importing any gender include all genders.
2. A reference to a statute or statutory provision shall be construed as a reference to that statute or provision as from time to time amended, modified, or re-enacted, any repealed statute or statutory provision which it re-enacts, and any orders, rules, or regulations made under the relevant statute or statutory provision.
3. The headings in this Manual are solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.
4. All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability, and fairness and equity to the stockholders of the Company.

Section 2 COMPLIANCE SYSTEM

Subject 1 Compliance Officer

To ensure adherence to sound Corporate Governance principles and best practices, the Board of Directors shall appoint a Compliance Officer with the rank of at least Senior Vice-President or an equivalent position, who shall assist the Board in its duties and report to the Board.

Subject 2 Duties of the Compliance Officer

The Compliance Officer is primarily responsible to the Company and its stockholders, and shall have, among others, the following duties and responsibilities:

1. Monitors, reviews, evaluates, and ensures compliance by the Company with this Manual, the Code, and laws, circulars, rules, and regulations issued in relation to Corporate Governance;
2. Appears before the Commission when summoned in relation to the Company's compliance with this Manual, the Code, and other laws, circulars, rules, and regulations issued in relation thereto;
3. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
4. Identifies possible areas of compliance issues and works towards the resolution of the same;

5. Reviews local and international development and trends in Corporate Governance and recommends appropriate changes to keep the Company at the forefront of Corporate Governance; and
6. Performs such other duties and responsibilities as may be assigned by the President, the Board, and the Commission, as well as those required by applicable laws, rules, and regulations.

Section 3 BOARD GOVERNANCE

BOARD RESPONSIBILITY

The Board is primarily responsible for the governance of the Company. Corollary to setting the strategies and policies for the accomplishment of the Company's objectives, it shall provide an independent check on Management. The Board shall likewise review and comment on the strategic directions identified by Management.

BOARD ACCOUNTABILITY

The Board is primarily accountable to the stockholders. It should provide them 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.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the Company's stockholders.

Section 4 BOARD OF DIRECTORS

Subject 1 Composition, Qualifications, and Disqualifications

Composition

The Board shall be composed of eleven (11) Directors, or such number of Directors as may be indicated in the Company's Articles of Incorporation. The Company shall have three (3) Independent Directors, or such number of Independent Directors as may be required by law, rules or regulations.

A majority of the Board shall be composed of Non-Executive and/or Independent Directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on the Company's affairs and to carry out proper checks and balances.

Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Code, and other relevant laws, rules, and regulations, the Board may provide for additional qualifications, which may include, among others, the following:

1. At least a college graduate or, in the absence of such college degree or formal education, with sufficient experience in managing a business;
2. At least twenty-one (21) years old;
3. Shall have been proven to possess integrity and probity;
4. Shall be prudent;
5. Shall have practical understanding of the business of the Company;
6. Shall have membership in good standing in relevant industry, business, or professional organizations; and
7. Shall have previous business experience.

For Non-Executive Directors, they should also possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

Disqualification of Directors

Permanent Disqualification

The following shall be permanently disqualified from being nominated and elected as Director:

- (i) Any person who is engaged in any business or activity that competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates, which disqualification may be waived by a majority vote of the Board of Directors, upon the recommendation of the Nomination and Compensation Committee. Without limiting the generality of the foregoing, a person shall be deemed to be engaged in such business or activity:
 - a. If he is an officer, manager, director, or controlling person of, or the owner (either of record or beneficially) of five percent (5%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty percent (30%) of its capital stock) or entity engaged in a business or activity that the Board of Directors, by at least a majority vote of the Directors present constituting a quorum, determines to be competitive or antagonistic to that of the Company or its subsidiaries and affiliates;
 - b. If he is an officer, manager, director, or controlling person of, or the owner (either of record or beneficially) of five percent (5%) or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company or

that of its subsidiaries and affiliates, where the Board of Directors, by at least a majority vote of the Directors present constituting a quorum, determines such corporation or entity as being involved in acts violative of the laws against combinations in restraint of trade; or where the membership in the Board of Directors of the Company of such officer, manager, controlling person, or owner of such corporations and entities, in the judgment of the Board of Directors, by at least majority vote of the Directors present constituting a quorum, may violate the laws against combinations in restraint of trade; or

- c. If he is a nominee, as determined by the Board of Directors, by at least a majority vote of the Directors present constituting a quorum, of any person set forth in the preceding clause (a) or (b);
- (ii) Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts or transgressions;
 - (iii) Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or for a violation of the Corporation Code, the Securities Code, or any other law, rule, regulation, or order administered by the Commission or the BSP, including willfully aiding, abetting, counseling, inducing, or procuring such violation, committed within five (5) years prior to the date of election as a Director;
 - (iv) Any person judicially declared to be insolvent;
 - (v) Any person convicted by final judgment or order by a competent court of a crime, or found liable or responsible by final decision or order by a competent administrative body for any violation that (a) involves the purchase or sale of securities, as defined in the Securities Code; (b) 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 (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
 - (vi) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission, the BSP, or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, or investment company or as an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;
 - (vii) Any person who (a) is the subject of an order of the Commission, the BSP, or any court or administrative body denying, revoking, or suspending any registration, license, or permit issued to him under the Corporation Code, Securities Code, or any other law administered by the Commission or the BSP or under any rule or regulation issued by the Commission or

the BSP; (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) is 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 organization;

- (viii) Any person found guilty by final judgment or order of a foreign court or financial regulatory authority of acts, violations, or misconduct similar to any of the acts, violations, or misconduct listed in the preceding paragraphs;
- (ix) Any person who has previously committed patently unlawful act/s and/or other act/s deemed inimical to the reputation and/or interest of the Company, its subsidiaries or affiliates;
- (x) Any person who has committed acts causing undue injury to the Company, its subsidiaries or affiliates, or committed acts causing injury to another corporation while acting as an officer or director therein;
- (xi) Any person who has previously committed gross negligence or bad faith in directing the affairs of another corporation where he served as an officer or director; and
- (xii) Any person who is disqualified by such other grounds for disqualification of directors as may be provided by law and applicable regulations, including those provided for under the Code, the Corporation Code, the Securities Code, as well as those that may be approved by the Board of Directors or provided by the Commission.

For purposes of determining whether or not a person is engaged in a business or activity that competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates, or if he is a controlling person, beneficial owner, or the nominee of another, or if he suffers from the foregoing disqualifications, the Board of Directors may take into account such factors as business, professional, and family relationships.

Temporary Disqualification

The following are grounds for the temporary disqualification of a Director:

- (i) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during said incumbency, unless the absence is justified such as if the absence is due to illness, death in the immediate family, or serious accident. The disqualification shall apply for purposes of the succeeding election;
- (ii) Dismissal, termination, or removal for cause as director of any publicly listed company, public company, registered issuer of securities, or holder of a secondary license from the Commission; provided that this disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal, termination, or removal;
- (iii) Any of the judgments or orders cited in the grounds for permanent disqualification of a Director has not yet become final;

- (iv) Refusal to fully disclose the extent of business interest as required under the Securities Code and the Amended Implementing Rules and Regulations of the Securities Code; provided that this disqualification shall be in effect as long as said refusal persists; and
- (v) Being under preventive suspension by the Company.

A temporarily disqualified Director shall, within 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.

The foregoing qualifications and disqualifications are in addition to the qualifications and disqualifications set out in the Articles of Incorporation and By-Laws of the Company and those provided for in the Corporation Code, Securities Code, and other relevant laws, rules, and regulations.

Additionally, an Independent Director shall be temporarily or permanently disqualified in cases falling under the additional grounds for disqualification provided under Rule 38 of the Amended Implementing Rules and Regulations of the Securities Code.

Subject 2 Independent Directors

The Company shall conform to the requirement to have Independent Directors in such number as may be required by law, rule, or regulation. An Independent Director provides independent judgment, insight based on experience, and objectivity.

An Independent Director shall be one who:

1. Is not, and has not been in the two (2) years immediately preceding the election, a Director, Officer, or employee of the Company or of its related companies or any of its substantial stockholders (other than as an Independent Director of any of the foregoing), or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities;
2. Is not the legal or beneficial owner of more than two percent (2%) of the outstanding shares of the Company, its related companies, or any of its substantial stockholders;
3. Is not a relative of a Director, Officer, executive, or substantial stockholder of the Company or any of its related companies or any of its substantial stockholders. For this purpose, "relatives" includes spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister;
4. Is not acting as a nominee or representative of any Director, Officer, executive, or substantial stockholder of the Company or any of its related companies;
5. Is not retained, or has not been retained, as a professional adviser, auditor, consultant, agent, or counsel by the Company, any of its related companies, or any of its substantial stockholders, either personally or through a firm, or is otherwise independent of Management and free from any business or other relationship, within two (2) years immediately preceding the date of his election;

6. Has not engaged, and does not engage, whether by himself or with other persons or through a firm of which he is a partner or a corporation of which he is a director or substantial stockholder, in any transaction with the Company, its related companies, or its substantial stockholders, other than transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment, within two (2) years immediately preceding the date of his election;
7. Is not a securities broker-dealer of listed companies and registered issuers of securities (i.e., 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, an associated person or salesman, and an authorized clerk of the broker or dealer); and
8. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial stockholders.

When used in relation to the foregoing paragraphs, "related company" means another company that is the Company's: (a) holding/parent company, (b) subsidiary or affiliate, or (c) a subsidiary or affiliate of its holding/parent company; and "substantial stockholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

The term "subsidiary", as used in the foregoing paragraphs of this Section, refers to a corporation or entity that the Company, directly or indirectly, owns, controls, or in which it has the power to vote at least a majority of the shares or interests. The term "affiliate", as used in the foregoing paragraphs, refers to a corporation or entity in which the Company directly or indirectly owns, controls, or in which it has the power to vote, at least ten percent (10%) but not more than fifty percent (50%) of the shares or interests.

Term Limits of Independent Directors

The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years. After this term, the Independent Director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-Independent Director.

In the instance that the Company wants to retain an Independent Director who has already served for nine (9) years as Independent Director for another year, the Board shall provide meritorious justification/s and seek the stockholders' approval during the annual stockholders' meeting.

Lead Independent Director

During meetings of the Board, if the Chairperson is not an Independent Director, or if the positions of the Chairperson and Chief Executive Officer are held by one person, and Management has clear conflict of interest, the Board shall designate a lead director among the Independent Directors who shall temporarily conduct the business of the Board at such meetings and perform such other function as may be assigned or delegated by the Board.

Subject 3 General Responsibilities of the Board and the Directors

Compliance with the principles of sound Corporate Governance shall be the paramount responsibility of, and shall start with, the Board.

The Board shall exercise the corporate powers and conduct and manage the business and affairs of the Company in consonance with the principles of sound Corporate Governance and shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

Consistent with a Director's three-fold duty of obedience, diligence, and loyalty to the corporation he serves, the Directors shall:

1. Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and in existing laws, rules, and regulations;
2. Actively provide sound strategic policies and guidance to the Company on objective setting as well as promote programs that can sustain its long-term viability and strength; and
3. Act on a fully informed basis, in good faith, with due diligence and care, skill, and judgment in the conduct and management of the business and affairs of the Company to promote the best interest of the Company, its stockholders, and other stakeholders.

A director's office is one of trust and confidence. As such, a Director shall act in a manner characterized by transparency, accountability, and fairness.

Subject 4 Specific Duties and Responsibilities of the Board

To ensure a high standard of practice on Corporate Governance for the Company and to promote and protect the interests of the Company, its stockholders, and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

1. Install a process of selection to ensure a diverse and complementary mix of Directors with a collective working knowledge, expertise, and experience that is relevant to the Company's industry, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and respond to the needs of the Company based on the evolving business environment and strategic direction;
2. Elect the Chairperson, President, and other Officers, as well as oversee and evaluate the performance of the Chairperson, President, other Officers, Management, and the heads of control functions such as, but not limited to, compliance, Internal Audit, risk management, and Investor Relations, and endeavour to adopt appropriate development or training program and an effective succession planning program for Officers and Management to ensure the continuous and consistent growth of the Company;

3. Determine, validate, and approve the Company's business objectives, purpose, vision, mission, and strategies, and monitor their implementation in order to sustain the Company's long-term viability and strength;
4. Ensure that the Company complies with all relevant laws, rules, and regulations and applicable codes of best business practices;
5. Promote a culture of integrity, anti-corruption, and ethical values and behavior in the Company by establishing policies and programs in furtherance thereof;
6. Identify the Company's major and other stakeholders in the community in which it operates or are directly affected by its operations, and formulate a clear policy of accurate, timely, and effective communication with them, as well as establish clear policies that provide a mechanism on the fair treatment and protection of stakeholders through an effective stakeholder relations program;
7. Promote stakeholder rights established by law, contractual relations, and those created through voluntary commitments, and allow opportunities for prompt and effective redress for violation of such rights through appropriate mechanisms;
8. Adopt a system of internal checks and balances and regularly evaluate applicability thereof under changing conditions;
9. Identify key risk areas and key performance indicators and monitor these factors with due diligence;
10. Ensure the continuing soundness, effectiveness, and adequacy of the Company's Internal Controls;
11. Properly discharge Board functions by meeting regularly, and give due consideration to independent views during Board meetings, which meetings shall be duly minuted;
12. Adopt procedures for the Directors, either individually or as a group, in furtherance of their duties, to take independent professional advice and to have access to Management;
13. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws, and existing rules and regulations;
14. Approve matters reserved to the Board, such as, but not limited to:
 - a. Annual Reports and Financial Statements,
 - b. Dividends,
 - c. Financial Policies,
 - d. Budget,
 - e. Retirement Plan,
 - f. Safety/asset integrity matters,
 - g. Selection/appointment of Directors, and
 - h. Others.

15. Provide sound strategic policies and guidelines to the Company on major capital expenditures and establish programs that can sustain its long-term viability and strength; periodically evaluate and monitor the implementation of such policies, guidelines, programs, and strategies, including business plans, operating budgets, and Management's overall performance;
16. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and transactions of the Company with another entity that has interlocking Directors with the Company;
17. Allow alternative dispute resolution in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
18. Establish policies, programs, and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance;
19. Establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns; and
20. Perform such other functions that may be required under applicable laws, rules, and regulations.

Subject 5 Specific Duties and Responsibilities of a Director

A Director shall have the following duties and responsibilities:

1. To conduct business transactions with the Company fairly, ensuring that personal interests do not affect his independent judgment and the Board's;
2. To devote the time and attention necessary to properly and effectively discharge his duties and responsibilities;
3. To submit himself to a low-indicative limit on directorships in other corporations in order that his capacity as Director to serve the Company with utmost diligence shall not be compromised. In the case of Non-Executive Directors, they shall, as far as practicable, have directorships in not more than five (5) publicly listed companies or in not more than ten (10) public companies and/or registered issuers. The maximum concurrent directorships shall be five (5) public companies and/or registered issuers if the Director also sits in at least three (3) publicly listed companies;
4. To exercise independent judgment and act judiciously on matters brought before the Board, thoroughly evaluating the issues involved before making any decision;

5. To have a working knowledge of the statutory and regulatory requirements affecting the Company and its operations, including the provisions of the Company's Articles of Incorporation, By-Laws, the requirements of the Commission and, where applicable, the requirements of other regulatory agencies having jurisdiction over the Company;
6. To observe confidentiality on non-public information acquired by reason of his position as a Director;
7. To report to the Board of Directors or the Corporate Secretary whenever he accepts other directorship or officership in another corporation;
8. To report to Investor Relations any dealings in the Company's shares immediately and in any case within five (5) business days, or such period as may be prescribed by law, rules, or regulations;
9. To abstain from taking part in the deliberations and in voting on any matter in which the Director has or may have conflict of interest;
10. To report to the Board of Directors or the Corporate Secretary immediately and in any case within five (5) business days from knowledge thereof, any action or proceeding filed against him or pending before any court or tribunal; and
11. To perform such other duties and responsibilities as may be assigned by the Board of Directors and the Commission, as well as those required by applicable laws, rules and regulations.

Subject 6 Board Meetings

The Board shall schedule and hold regular meetings and convene for special meetings when required by business exigencies. Every Director shall attend and actively participate in all meetings of the Board and shareholders in person or through tele- or video- conferencing conducted in accordance with applicable laws and the rules and regulations of the Commission, unless his absence is due to justifiable causes such as grave illness, death of an immediate family member, or serious accident.

In every meeting of the Board of Directors, the Board shall endeavor to attain at least 75% attendance, to ensure maximum engagement and participation in the discussions.

Subject 7 Non-Executive Directors' Meeting

The Company shall encourage and facilitate the meeting of its Non-Executive Directors without the presence of the Executive Directors. The Non-Executive Directors, which include the Independent Directors, are expected to scrutinize Management's performance, especially in meeting its goals and objectives.

The Non-Executive Directors shall have separate meeting/s, chaired by an Independent Director, as far as practicable, with the external auditor; the heads of Internal Audit, compliance, and risk management; and other key Officers, without Executive Directors present, to ensure proper checks and balances are in place within the Company.

Subject 8 Adequate and Timely Information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate, and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, members should be given independent access to Management and the Corporate Secretary.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Company's expense.

Subject 9 Training / Orientation Process

1. The Board undertakes to require a newly elected member of the Board to attend, within a reasonable period after his election to the Board, an orientation on the Company, including its business and charter.
2. In addition, newly elected members of the Board should familiarize themselves with the Company's operations, 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.
3. Appropriate training opportunities for newly elected and existing Directors may, from time to time, be identified and undertaken.
4. Funds shall be allocated by the Treasurer of the Company for the purpose of conducting orientation programs or workshops on Corporate Governance. A Director should attend relevant annual seminars on Corporate Governance conducted by any recognized director training organization.

Subject 10 Governance Self-Rating System

The Board shall annually undergo an internal self-rating evaluation that measures the performance of the Board and Management pursuant to the best practices on good Corporate Governance.

The Compliance Officer shall establish a system for the evaluation of the performance of the Board as a whole, the individual Directors, the various Board Committees, as well as the performance of the Chairperson, Vice-President/CEO, President/COO and other Officers related to the Company's Internal Controls to determine and measure compliance with the provisions of this Manual, SEC issuances and other regulations, and best practices on Corporate Governance.

The conduct of the performance evaluation shall be made annually, the results of which shall be reported to the Board of Directors through the proper Board Committee. The appropriate disclosures shall likewise be made by the Company on the conduct of the annual performance evaluation.

The Compliance Officer may engage external facilitators to conduct the performance evaluation, every three (3) years, or as frequent as may be determined by the Compliance Officer.

Section 5 BOARD COMMITTEES

Subject 1 General Provisions

The Board may create such committees, as it may deem necessary to support it in the performance of its functions and to aid in ensuring compliance with the principles of sound Corporate Governance. The following committees may be set up by the Board:

- a. Nomination and Compensation Committee,
- b. Audit and Governance Committee,
- c. Risk Management Committee,
- d. Sustainability Committee,
- e. Operations Committee,
- f. Related Party Transactions Committee, and
- g. Health, Safety and Environment Committee.

The Board, however, may create and constitute such other Committees as it may deem necessary. Any such newly constituted Committee shall have such authority and responsibilities and shall perform such duties as may, from time to time, be prescribed by the Board. As may be determined by the Board, it may also abolish and/or merge Committees upon assessment of the function and performance of such Committees.

Subject 2 Composition

The Board shall appoint the members and chairperson (from among the members) of each Board Committee following the annual meeting of stockholders at which the Directors are elected.

In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board.

The Board shall ensure that the members of the Board Committees shall be as follows:

1. Nomination and Compensation Committee (“NCC”):
 - a. The NCC shall have at least three (3) Directors as members, one of whom shall be an Independent Director.
 - b. The Chairperson shall either be a regular or Independent Director, elected from among the members of the NCC.
 - c. The Head of the Human Resources Division shall serve as head of the Secretariat of the NCC.

2. Audit and Governance Committee (“AGC”):
 - a. The AGC shall have at least three (3) Non-Executive Directors as members, three (3) of whom shall be Independent Directors.
 - b. Each member shall have (a) adequate understanding and relevant financial experience or competence on the Company’s financial management systems and environment, and (b) as far as practicable, relevant background, knowledge, skills, and/or experience in accounting, auditing, and finance.
 - c. The Chairperson of the AGC shall be an Independent Director and shall not be the Chairperson of the Board or of any other Board Committee.
 - d. The Chief Audit Executive shall serve as head of the Secretariat of the AGC.
3. Risk Management Committee (“RMC”):
 - a. The RMC shall have at least three (3) Directors as members, who shall, as far as practicable, be Non-Executive Directors, three (3) of whom shall be Independent Directors, as far as practicable.
 - b. The Chairperson shall, as far as practicable, be an Independent Director, who shall not be the Chairperson of the Board or of any other Board Committee.
 - c. The Chief Risk Officer of the Company shall serve as head of the Secretariat of the RMC.
4. Sustainability Committee
 - a. The Sustainability Committee shall have at least three (3) Directors as members, one of whom shall be elected as Chairperson.
 - b. The Head of the Corporate Support Functions (“CSF”) of the Company shall serve as head of the Secretariat of the Sustainability Committee.
5. Operations Committee (“OPSCOM”)
 - a. The OPSCOM shall have at least five (5) Directors as members, including the Chief Executive Officer and the Chief Operating Officer.
 - b. A Committee Secretary, with the rank of at least a Manager, shall serve as head of its Secretariat to be designated by the OPSCOM.
6. Related Party Transactions (“RPT”) Committee
 - a. The RPT Committee shall have at least five (5) Directors as members, three (3) of whom shall be Independent Directors.
 - b. The RPT Committee Chairman shall be elected by the members from among the Independent Directors.
 - c. The Company's Chief Financial Officer shall serve as Management representative, and the Secretariat shall be headed by the Chief Audit Executive.
7. Health, Safety and Environment (“HSE”) Committee
 - a. The HSE Committee shall be composed of at least three (3) Directors, including one Independent Director, as member;
 - b. The HSE Committee Chairman shall, as far as practicable, be an Independent Director;
 - c. The Head of the Health, Safety and Environment, and Business Process and Management System Division of the Company shall serve as the head of the Secretariat of the HSE Committee.

Each Board Committee may invite resource persons from within the Company, as may be necessary. At least one (1) Vice President may be designated by the President as Management representative to the Committee and/or Committee resource person. He shall have no voting rights on matters deliberated by the Committee.

Subject 3 Charter Requirement

Each Board Committee shall have a separate Charter, which shall define and govern, among other matters, the objectives, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, performance evaluation, and procedure for escalation to the Board of decisions of such Board Committee, in accordance with this Manual and the Company's Articles of Incorporation and By-Laws.

The respective Charters of the Board Committees shall be approved by the Board and shall not be amended, altered, or varied unless approved by the Board.

Each Board Committee shall report or submit to the Board a summary of the actions taken by such Committee pursuant to the terms of its Charter in such manner as may be prescribed by the Board.

Subject 4 General Duties and Functions of Board Committees

The general duties and functions of the different Board Committees are hereinafter set forth as a general guide in their respective operations, without prejudice to the promulgation of specific duties and internal Committee protocols in their respective Charters as duly approved by the Board, or to the assignment of other duties and functions by the Board.

Subject 4A Nomination and Compensation Committee

On Nomination:

1. To pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications for directors set forth in this Manual, the Articles of Incorporation, By-Laws, the Committee Charter, and applicable laws, rules, and regulations. In pre-screening and shortlisting candidates, the Committee shall ensure that there is complementarity of skills and experience and encourage diversity, considering factors such as, but not limited to, age, gender, ethnicity, culture, skills, competence, and knowledge.
2. To consider and recommend to the Board the permanent or temporary disqualification or such other appropriate administrative sanction of any Director based on the grounds provided under this Manual, the Articles of Incorporation, By-Laws, the Committee Charter, and applicable laws, rules, and regulations.
3. To determine and submit an appropriate recommendation or finding on whether a candidate's directorship in other corporations would affect his capacity to serve and perform his duties as a Director diligently, taking into consideration the following factors:
 - a. The nature of the business of the Company,
 - b. The number of directorships/active memberships and officerships of a Director in other corporations or organizations,

- c. Any possible conflict of interest,
 - d. The age of the Director, and
 - e. Such other factors as the Board may consider from time to time.
4. To ensure that 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.
 5. To ensure that the Company shall conform to the requirement to have Independent Directors in such number as may be required by law, rules, or regulations.
 6. To conduct the nomination process for the election of Directors following the procedures/guidelines provided in the Committee's Charter, this Manual, the Articles of Incorporation, By-Laws, and applicable laws, rules, and regulations.
 7. After the nomination, to prepare a final list of all candidates, which shall contain all the information about all the nominees, as required under Part IV (A) and (C) of Annex "C" of the Securities Code, Rule 12, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with Securities Code, Rule 20, or in such other reports the Company is required to submit to the Commission. For Independent Directors, the name of the person or group of persons who recommended their nomination shall be identified in such report, including any relationship with the nominee. Only nominees whose names appear on the final List of Candidates shall be eligible for election as Directors. No other nomination shall be entertained after the final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.
 8. To identify and recommend the candidates among the incumbent Directors to fill vacancies in any of the Board Committees, taking into consideration the factors set out in the respective Charters of said Committees as well as any other factors it deems appropriate.
 9. To redefine, in consultation with the Board, the roles, duties, and responsibilities of the President, if the Committee reasonably believes that such is necessary in order to integrate the dynamic requirements of the business as a going concern and the future plans of the Company, subject at all times to the principles of sound Corporate Governance.
 10. To identify candidates for any vacancies in the Board.
 11. To oversee the conduct of the annual Board evaluation process to assess the effectiveness of the Board and its processes and procedures in the nomination, election, or replacement/removal of a Director.
 12. To put together terms of reference for senior executives of the Company, including the CEO, COO, VPs, etc., setting forth qualifications and competencies for such offices, which shall include commercial, financial, and/or technical experience and expertise in running a business enterprise.

On Compensation:

1. To establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of Officers and Directors, and provide oversight over remuneration of Management and other key personnel, ensuring that compensation is aligned with the long-term interests of the Company, and consistent with the Company's culture, strategy, objectives, plans, and programs as well as the power and energy industry.
2. To review and recommend to the Board the Company's compensation system, policies, and guidelines and oversee the development and implementation of compensation and incentives program and guidelines affecting the members of the Board, the President, the Vice Presidents, and Senior Managers.
3. To review periodically the existing salary structure of the President, the Vice Presidents, and the Senior Managers against actual payline and existing trendline of the industry compensation and benefits and brief the Board on the situation of the Company and how it compares with the industry and leading companies.
4. To review and recommend to the Board changes in the organizational structure and staffing requirements affecting Senior Managers or higher.
5. To undertake any special projects or investigations that the Committee considers necessary, and to perform other tasks or duties as may be requested or delegated by the Board or the President.

Subject 4B Audit and Governance Committee

On Audit:

- A) To review all financial statements by:
1. Obtaining an understanding of the Company's significant financial reporting matters, including but not limited to:
 - a. Financial results,
 - b. Information on Management discussion and analysis,
 - c. Significant balance sheet changes,
 - d. Accounting principles, including changes,
 - e. Significant accounting issues and complex transactions,
 - f. Related party transactions,
 - g. Subsequent events, and
 - h. Recent professional, legal, tax, and other regulatory pronouncements and their impact on the financial statements.

2. Reviewing with Management and the external auditor the results of the audit, including any difficulty encountered. This review will include any restriction on the scope of the external auditor's activities or on access to requested information, and any significant disagreement with Management.
 3. Reviewing and discussing the quarterly, half-year, and annual financial statements with Management and external auditor (as applicable) before its submission to the Board and release to appropriate regulatory agencies and creditors, and considering whether these are complete and consistent with the information known to Committee members.
 4. Reviewing the Management representation letter before submission to the external auditor. The Committee fully recognizes that Management has the primary responsibility for the financial statements and the financial reporting process.
 5. Reviewing relevant sections of the annual report and related regulatory filings before release and considering the accuracy and completeness of the information.
 6. Understanding how Management develops interim financial information and the nature and extent of internal and external auditor involvement.
- B) To perform oversight function in the management of the Company's Internal Controls by:
1. Monitoring and evaluating the effectiveness of the Company's Internal Control in management, operations, finance, including information system security and control.
 2. Obtaining Management assurance on the state of Internal Controls.
 3. Understanding the scope of the internal and external auditors' review of Internal Control over the reliability of the Company's financial reporting, and obtaining reports on significant findings and recommendations, together with Management's responses.
 4. Promoting a culture of integrity and ethical values and behavior in the Company.
 5. Meeting periodically with the Risk Management Committee and key Management to discuss the control environment.
 6. Performing oversight and review function of the cost-effectiveness and efficiency of business units against established performance standards.
 7. Recommending policies as to how employees may, in confidence, raise concerns in matters of financial reporting or other matters, ensuring proportionate and independent investigation and follow-up action.

- C) To review the Internal Audit Department’s plans, activities, organizational structure, and effectiveness in complying with the International Standards for the Professional Practice of Internal Auditing, and to ensure that there are no unjustified restrictions or limitations on the reviews conducted by the Internal Audit Department. In this regard, the Committee shall, among others:
1. Review and approve the Internal Audit Department’s charter, plans, activities, staffing, and organizational structure.
 2. Review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing, by promoting quality assessment (“QA”) activities and reviewing results of QA reviews.
 3. Review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive, conduct performance appraisal, and approve compensation and salary adjustments of the Chief Audit Executive.
 4. Ensure that there are no unjustified restrictions in scope or budgetary limitations that may impede the ability of the Internal Audit Department to execute its responsibilities.
 5. Establish and identify the reporting line of the Internal Audit Department to enable them to properly fulfill their duties and responsibilities. The Internal Audit Department shall functionally report directly to the Audit and Governance Committee, which shall ensure that, in the performance of their work, the Internal Audit Department shall be free from interference by outside parties.
 6. Ensure that the Internal Audit Department maintains a professional audit staff with sufficient knowledge, skills, experience, and professional certifications in order to meet the requirements of the Internal Audit charter.
 7. On an annual basis, meet separately with the Chief Audit Executive to discuss any matters that the Committee believes should be discussed separately.
- D) To oversee the adequacy of external audit activities by:
1. Recommending to the Board an external auditor (subject to stockholder ratification), reviewing and approving the audit fee and engagement letter.
 2. Reviewing the external auditor’s proposed audit scope and approach, including coordination of audit effort with Internal Audit.
 3. Reviewing with Management the external audit reports and findings as well as the Company’s reply to audit findings.
 4. Reviewing the performance of the external auditor, assessing its integrity, objectivity, effectiveness, and suitability on an annual basis.

5. Evaluating, determining, and approving the non-audit work, if any, of the external auditor, and periodically reviewing the non-audit fees paid to the external auditor in relation to the total fees paid and the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report.

"Non-audit work" refers to other services offered by the external auditor to the Company that are not directly related and relevant to its statutory audit functions or that may compromise the independence and objectivity of the external audit.

6. Reviewing the required rotation of the external auditor partners or firms.
7. Reviewing and confirming the independence of the external auditor by obtaining statements from the auditor on relationships between the auditor and the Company, including non-audit services and discussing the relationships with the auditor.
8. Meeting separately, as necessary, with the external auditor to deliberate on any matter that the Committee or auditor believes should be discussed.

On Governance and Compliance:

1. To perform oversight function on the Company's compliance with applicable laws, rules, regulations, and Company policies by:
 - a. Formulating policies that will promote compliance,
 - b. Closely coordinating with the Compliance Officer, and
 - c. Reviewing potential conflicts of interests.
2. To receive and review reports of internal and external counsel, auditors, and regulatory agencies, where applicable, including updates on the status of litigations, claims, and contingencies, if any, and ensure that Management is taking appropriate corrective actions to address issues.
3. To review the process for communicating the Company's Code of Conduct to its employees and for monitoring compliance therewith.
4. To obtain regular updates from the Compliance Officer, Management, and the Company's legal counsel regarding compliance matters.
5. To review the Company's Corporate Governance activities and programs, and oversee their implementation.

Subject 4C Risk Management Committee

1. To perform oversight function over the Company's risk management system.
2. To conduct a yearly evaluation of the Company's risk assessment and risk management program and ensure that appropriate controls are in place.
3. To report to the Board the Company's strategic risks, including the risk mitigation and control measures that require immediate or urgent implementation.
4. To meet periodically with the Audit and Governance Committee, key Management, and internal and external auditors to understand and discuss the control environment.
5. To review the Company's risk tolerance, financial exposures, and investment guidelines, including the mitigating strategies, insurance, and other risk financing schemes being undertaken.
6. To review periodically the security, safety, physical loss control measures, and the specific Emergency Response Plan adopted by the Company to ensure that all risks are adequately covered.

Subject 4D Sustainability Committee

1. To provide the vision, strategic goals, and ambitions related to sustainability and ESG performance of the Company.
2. To oversee, coordinate, and integrate the management of the Company's sustainability programs for:
 - a. Employees;
 - b. Environment;
 - c. Communities and Interest Groups;
 - d. Government Instrumentalities; and
 - e. Business Partners.
3. To conduct an annual review of the integrated ESG performance of the Company to ensure that these:
 - a. comply with applicable laws,
 - b. conform with international standards and global trends, and
 - c. are consistent with the Company's policies, guidelines, and objectives on Sustainability; and
 - d. are effective in addressing sustainability-related risks and in optimizing opportunities.
4. To ensure consistent application of Sustainability Programs across the Company, and recommend improvements to enhance performance and reputation of the Company.
5. To apprise the Board and/or the President regularly of the accomplishments and issues/concerns related to the integrated Sustainability Programs.

6. To redefine, in consultation with the Board, the duties and responsibilities of the Sustainability Committee in order to integrate the dynamic requirements of business and the future plans of the Company, subject at all times to the principles of sound corporate governance.
7. To undertake special projects or activities that the Board, the President and/or the Sustainability Committee considers necessary.

Subject 4E Operations Committee

To deliberate, review, and approve:

- a. All matters that will require approval of the Board; and
- b. All proposals for expenditures and matters for decision in accordance with the limits specified in the Company's Approvals Manual, as the same may be revised, except that all transactions considered to be not in the usual course of business shall require the approval of the Board.

Subject 4F Related Party Transactions Committee

1. To perform oversight function in the Company's compliance with pertinent laws, rules, and regulations, and Company policies relating to related party transactions.
2. To review and approve or endorse related party transactions in accordance with the RPT Policy and Guidelines.
3. To review reports on related party transactions in view of proposing changes to the RPT Policy and Guidelines.
4. To review and endorse for approval of the Board of Directors any change in the RPT Policy and Guidelines, including any modification in the list of pre-cleared related party transactions and the materiality threshold.
5. To oversee the effective implementation of the RPT Policy and Guidelines.

Subject 4G Health, Safety and Environment Committee

1. To provide guidance on strategic HSE matters;
2. To conduct a yearly evaluation of the Company's HSE risk assessment and HSE risk management program at the enterprise level;
3. To provide support for the Company's transition to a generative culture; and
4. To perform such other function and authority that the Board may delegate to the HSE Committee.

Section 6 EXECUTIVE OFFICERS

Chairperson

The Board shall be headed by a competent and qualified Chairperson elected in accordance with the By-Laws of the Company.

The Chairperson of the Board shall be elected by and among the Directors. He shall preside at all meetings of the Board and shall perform such other duties as he may be called upon to perform by the Board.

He shall ensure that the Board meets regularly in accordance with Corporate Governance policies and practices and with an approved annual schedule and that the Board performs its duties responsibly. He shall determine the agenda of each meeting in consultation with the President.

The roles and responsibilities of the Chairperson include, among others, the following:

1. Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
2. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
3. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
4. Assures the conduct of proper orientation for first-time Directors and continuing training opportunities for all Directors; and
5. Makes sure that the performance of the Board is evaluated at least once a year and discussed or followed up on, if necessary.

Vice Chairperson

The Board may have a Vice Chairperson who shall be elected by and among the Directors. He shall assist the Chairperson of the Board and shall perform the roles and responsibilities of the Chairperson in his absence, and such other duties as he may be called upon to perform by the Board.

President

The President is responsible for leading the business and managing the operations of the Company within the authorities delegated by the Board. He shall ensure that the business and affairs of the Company are managed in a sound and prudent manner and that organizational and procedural controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, regulations, and contracts.

The President shall provide the Board with a balanced and understandable account of the Company's performance, position, and prospects on a regular basis.

Chief Executive Officer

The Chief Executive Officer shall have general supervision over the business and affairs, and the properties of the Company. He shall also perform such duties and responsibilities that shall be assigned to him by the Board of Directors from time to time.

If one person holds the position of CEO and Chairperson, the Board shall take steps to ensure that proper checks and balances are laid down to ensure that the Board gets the benefit of independent views and perspectives, such as, but not limited to, the designation of a lead Independent Director, who shall have sufficient authority to lead the meeting of the Board in cases where Management has clear conflict of interest.

Chief Operating Officer

The Chief Operating Officer shall be primarily responsible for overseeing the everyday operations and functions of the Company and performing such duties as the Board of Directors and/or the President from time to time may designate.

Corporate Secretary and Assistant Corporate Secretary

The Corporate Secretary and Assistant Corporate Secretary, who shall be citizens and residents of the Philippines, shall assist the Board in its duties and shall be the ex-officio secretaries of the Board of Directors.

The Corporate Secretary and Assistant Corporate Secretary are primarily responsible to the Company and its stockholders, and shall have, among others, the following duties and responsibilities:

1. Be loyal to the mission, vision, and specific business objectives of the Company;
2. Work fairly and objectively with the Board, Management, and stockholders, and contribute to the flow of information between the Board and Management, the Board and its Committees, and the Board and the stockholders, as well as other stakeholders;
3. Keep abreast of relevant laws, regulations, governance issuances, industry developments, and the operations of the Company, and advise the Board and the Chairperson on all relevant issues as they arise;
4. Inform the stockholders and members of the Board, in accordance with the By-Laws, of the agenda of their meetings and ensure that they have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
5. Ensure that all Board procedures, rules, and regulations are strictly followed by the members;

6. Assist the Board and, if necessary, the Secretariats of the relevant Board Committees, in the conduct of their meetings (i.e., in agenda setting and preparation of annual schedule of meetings and Board calendar);
7. Attend all Board meetings except when justifiable causes, such as illness, death in the immediate family, and serious accidents, prevent him from doing so;
8. Advise on the establishment and dissolution of Board Committees and their Charters;
9. Record all votes and proceedings of stockholders' and Board of Directors' meetings and safekeep and preserve the integrity of the minutes of the meetings of the Board and stockholders, as well as other official records of the Company;
10. Ensure implementation of the Corporate Governance improvements adopted by the Board from time to time, including but not limited to:
 - a. The organization of an annual one-day strategic planning for members of the Board for the purpose of discussing and agreeing on strategic issues related to the Company and its business; and
 - b. The organization of training on Corporate Governance for the Board, which shall be conducted by a recognized director training organization; and
11. Performs such other duties and responsibilities as may be provided by the President, the Board, and the Commission.

The Company shall allocate reasonable and sufficient resources to enable the Corporate Secretary and the Assistant Corporate Secretary to fulfill these functions, including the appointment of a law office to assist him, if needed.

Section 7 REMUNERATION OF DIRECTORS AND OFFICERS

The levels of honoraria, remuneration, or compensation in the Company should be sufficient to attract and retain the services of qualified and competent Directors and Officers. A portion of the honoraria, remuneration, or compensation of Executive Directors may also be structured or based on corporate and individual performance.

In order to accomplish and maintain the sufficiency of the remuneration system for Directors and Officers, the NCC shall review and recommend to the Board the Company's compensation system, policies and guidelines and oversee the development and implementation of compensation and incentives program and guidelines affecting members of the Board, President, Vice Presidents and Senior Managers.

No Director should participate in discussions or deliberations involving his own remuneration.

Section 8 INTERNAL AND EXTERNAL AUDITORS

Subject 1 Internal Audit Functions

The Company shall have in place an independent Internal Audit function, which shall be performed by the Internal Audit Department, through which the Board, Management, and stockholders of the Company shall be provided with reasonable assurance that the Company's key organizational and procedural controls are appropriate, adequate, effective, and complied with.

The Chief Audit Executive responsible for the Internal Audit activities shall report functionally to the Board, through the Audit and Governance Committee.

Subject 2 Guidelines on Organizational and Procedural Controls

The minimum Internal Control mechanisms for Management's operational responsibility shall center on the President, being ultimately accountable for the Company's organizational and procedural controls.

Management should formulate, through the Internal Audit Department and under the supervision of the AGC, the rules and procedures on financial reporting and Internal Control 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 organizational and procedural controls that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and stakeholders should be maintained, based on the following factors:
 - a. The nature and complexity of business and the business culture,
 - b. The volume, size, complexity of the transactions,
 - c. The degree of risk,
 - d. The degree of centralization and delegation of authority,
 - e. The extent and effectiveness of information technology, and
 - f. The extent of regulatory compliance;
- 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 governance, operations, and information systems, including 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 Commission.

Subject 3 Selection / Appointment / Resignation / Dismissal of External Auditor

The Board, through the AGC, may recommend a duly accredited external auditor, who shall be nominated for appointment by the stockholders, the term of which shall in no case exceed such period as may be allowed under applicable law, rule, or regulation.

The reasons for the resignation, dismissal, or cessation from service of the external auditor and the date thereof shall be reported in the Company's annual and current reports, if required. Said report shall 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.

Subject 4 Functions of, and Restrictions on, the External Auditor

The external auditor shall enable an environment of sound Corporate Governance as reflected in the financial records and reports of the Company. The external auditor shall undertake an independent audit and provide an objective assurance on the way in which the Company's financial statements have been prepared and presented. If the external auditor believes that the statements made in the Company's annual report or information or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

The external auditor of the Company shall not at the same time be engaged as the internal auditor thereof.

When the external auditor is tasked to perform non-audit work, the Company shall ensure that said non-audit work shall not conflict with its functions as the Company's external auditor.

The Company's external auditor shall be rotated or the handling partner shall be changed as may be required under applicable law, rule, or regulation.

Section 9 STOCKHOLDERS' RIGHTS AND PROTECTION

Subject 1 Commitment to Respect Stockholders' Rights

The Company recognizes that the most cogent proof of sound Corporate Governance is that which is visible to the eyes of its investors. Therefore, this Section on stockholders' rights and protection shall serve as a guide for all internal and external parties and as a means of Corporate Governance covenant between the Company and all its stockholders.

The Articles of Incorporation and all resolutions adopted by the Board establishing the shares of stock in the Company (including any series of such shares of stock), fixing the number of shares, and the rights, preferences, and limitations of these shares, shall lay down the specific rights and powers of stockholders with respect to such shares of stock, all of which shall be protected by the Company in accordance with applicable law.

The Board shall be committed to respect the rights of all stockholders, including their voting right, pre-emptive right, right to information and inspection, right to propose the holding of meetings, right to dividends, and appraisal right.

Subject 2 Voting Right

Owners of shares of common stock and voting preferred shares of stock of the Company shall have the right to elect, remove, and replace Directors and vote on certain corporate acts in accordance with the Corporation Code, the Articles of Incorporation, and the By-Laws.

At every meeting of the stockholders for the election of Directors, owners of voting shares of stock of the Company are entitled to one vote for each share of stock owned by him. He may vote such number of shares for as many persons as there are Directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall think fit.

A Director shall not be removed without cause if such removal will deny minority stockholders their representation in the Board.

Subject 3 Pre-Emptive Right

All stockholders shall have pre-emptive rights or the right to proportionately subscribe to or purchase any unissued shares of stock of the Company offered for subscription or purchase, subject to the provisions of the Articles of Incorporation and except as provided in Section 38 of the Corporation Code, which states that pre-emptive right shall not extend to shares issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares issued in good faith with the approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

Subject 4 Right to Information and Inspection

Subject to applicable laws, rules, and regulations:

- (1) stockholders shall be allowed to inspect corporate books and records, including minutes of meetings and stock registries; provided that, such right may be denied by the Board if the requesting stockholder improperly used information secured from prior examination, or is not acting in good faith, or does not have a legitimate purpose for inspecting the records, or if the Board determines it necessary to safeguard the rights and legitimate interest of the Company such as when the records to be inspected contain sensitive or confidential information or are covered by a confidentiality or non-disclosure obligation that will be breached by the Company if such records were made available for inspection.
- (2) stockholders shall be provided, upon request, with periodic reports filed by the Company with the Commission (e.g., proxy statement/information statement, and annual report), other than those already posted in the Company's website.

Subject 5 Right to Propose the Holding of Meetings

Subject to the provisions of the Corporation Code, the rules and regulations issued by the Commission in the implementation thereof, and the By-Laws, the minority stockholders shall be granted the right to propose the holding of a meeting and to propose items in the agenda of such meeting, provided that such items are for legitimate business purposes. The determination of whether any proposed item in the agenda of the proposed meeting is for a legitimate business purpose shall rest solely upon the discretion of the Board.

Subject 6 Right to Dividends

Subject to the provisions of the Corporation Code, the rules and regulations issued by the Commission in the implementation thereof, and the Articles of Incorporation, owners of shares of stock, as of the record date, shall be entitled to receive dividends, when declared so by the Board out of the Company's unrestricted retained earnings.

The Company shall be compelled to declare dividends when its retained earnings shall be in excess of one hundred percent (100%) of its paid-in capital stock, except: (i) when justified by definite corporate expansion projects or programs approved by the Board; or (ii) 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; or (iii) when it can be clearly shown that such retention is necessary given special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

Subject 7 Appraisal Right

Stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 80 of the Corporation Code, in any of the following instances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term or corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the Company's property and assets; provided that, a sale or other disposition shall be deemed to cover substantially all of the Company's property or assets if thereby the Company would be rendered incapable of continuing the business or accomplishing the purpose for which it was organized;
3. In case of merger or consolidation; and
4. In case of investment of corporate funds for any purpose other than the primary purpose of the Company and such investment is not reasonably necessary to accomplish the Company's primary purpose.

Subject 8 Duty to Promote Stockholders' Rights

It shall be the duty of the Board to promote stockholder's rights, remove impediments to the exercise thereof, and allow possibilities of seeking redress for violation of such rights. The Board shall encourage the exercise of stockholders' voting rights and collective action towards solution of problems through appropriate mechanisms.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be appraised ahead of time of their right to appoint a proxy. Subject of the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

The Board shall likewise be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The Board shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions in accordance with applicable laws, rules, and regulations.

Subject 9 Commitment to Disclose Material Information

The Board shall, at all times, commit to fully disclose all material information about the Company, including non-financial and sustainability information and issues, its dealings and/or transactions that could adversely affect its viability or the interest of its stockholders and stakeholders or that could potentially affect the market price of the Company's shares, and such other information that are required to be disclosed pursuant to the Securities Code and its Implementing Rules and Regulations.

The Board shall cause the filing with the Commission of all required disclosures, reports, and information, including the Annual Corporate Governance Report, in the interest of its stockholders and other stakeholders, in accordance with applicable law, rules, and regulations, including the Securities Code and its Implementing Rules and Regulations.

Subject 10 Corporate Governance Reports and Disclosures

The reports or disclosures required under this Manual shall be submitted to the Commission by the responsible Board Committee or Officer through the Company's Compliance Officer.

Section 10 INVESTOR RELATIONS

There shall be an Investor Relations unit within the Company, which shall be headed by a full-time employee of the Company and which shall be tasked with:

1. Creation and implementation of an investor relations program that reaches out to all stockholders and fully informs them of corporate activities; and
2. Formulation of a clear policy on communicating or relating relevant information to the Company's stockholders and to the broader investor community privately, accurately, effectively, and sufficiently.

Section 11 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

To enforce the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Company's Directors, Officers, and employees in case of violation of any of the provisions of this Manual:

1. In case of first violation, the subject person shall be reprimanded.
2. In case of second violation, the subject person shall be suspended from holding office; provided that, the duration of such suspension shall depend on the gravity of the violation in each case.
3. In case of third violation, the maximum penalty of removal from office shall be imposed.

The Compliance Officer shall be responsible for determining violation/s of this Manual, after notice and hearing, and shall recommend to the Chairperson the imposable penalty for such violation, subject to approval by the Board.

Section 12 ALTERNATIVE DISPUTE RESOLUTION

The Board of Directors undertakes to promote stockholders' rights and allow possibilities for seeking redress for violation of such rights out of court such as negotiation, mediation, conciliation, arbitration, and other alternative dispute resolution mechanisms. In addition, the Board of Directors encourages the exercise of stockholders' voting rights and collective action towards solution of problems through appropriate mechanisms.

CERTIFICATION

We, the Chairman of the Board and Senior Vice President and Compliance Officer for SEC of Energy Development Corporation (the "Company") hereby certify that this Manual has been endorsed by the Audit and Governance Committee and subsequently approved by the Board of Directors of the Company on 5 December 2025 pursuant to SEC Memorandum Circular No. 24, Series of 2019 or the Code of Corporate Governance for Public Companies and Registered Issuers.

Sgd.

FEDERICO R. LOPEZ
Chairman of the Board

Sgd.

ERWIN O. AVANTE
Senior Vice President and Compliance Officer
for SEC