

C. ROLE OF STAKEHOLDERS

C.1 The rights of stakeholders that are established by law or by mutual agreement are to be respected.

Does the company disclose a policy that :

(1)	C	C.1.1 Stipulates the existence and scope of the company's efforts to address customers' welfare?	Yes	<p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. HEALTH, SAFETY AND ENVIRONMENT . PAGES 7-10. http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-17A-FY-2013-PSE.pdf</p> <p>EDC WEBSITE. CORPORATE GOVERNANCE. EDC CODE OF CONDUCT AND BUSINESS ETHICS http://www.energy.com.ph/corporate-governance/cg-related-policies/</p> <p>EDC WEBSITE. EDC ANNUAL AND SUSTAINABILITY REPORT. Page 32. http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. CUSTOMER'S WELFARE. PAGES 86-87. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p>
(2)	C	C.1.2 Explains supplier/contractor selection practice?	Yes	<p>EDC WEBSITE. EDC ANNUAL AND SUSTAINABILITY REPORT. Page 32. http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. SUPPLIER/CONTRACTOR SELECTION PRACTICE. PAGE 87. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p>
(3)	C	C.1.3 Describes the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	Yes	<p>EDC WEBSITE. 2013 PERFORMANCE REPORT. OUR 2013 PERFORMANCE. FEATURES. REACH RESOURCES AND RESPONSIBILITY. PAGES 35-39. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. HEALTH, SAFETY AND ENVIRONMENT . PAGES 7-10. http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-17A-FY-2013-PSE.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. ENVIRONMENTALLY FRIENDLY VALUE CHAIN. PAGES 87-89. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p>

				<p>AGCR-PSE.pdf</p> <p>EDC WEBSITE. EDC ANNUAL AND SUSTAINABILITY REPORT. Pages 41-49. EDC'S SUSTAINABILITY REPORT HAS BEEN GRI-CHECKED WITH A B+ LEVEL BASED ON EUSS (ELECTRIC UTILITY SECTOR SUPPLEMENT) STANDARDS http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(4)	C	C.1.4 Elaborates the company's efforts to interact with the communities in which they operate	Yes	<p>EDC WEBSITE. 2013 PERFORMANCE REPORT. OUR 2013 PERFORMANCE. EMPOWERING PEOPLE, EMPOWERING COMMUNITIES. STRENGTHENING SHARED SOURCES. PAGE 33. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. HEALTH, SAFETY AND ENVIRONMENT . PAGES 7-10. http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-17A-FY-2013-PSE.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. COMMUNITY INTERACTION. PAGES 86-87. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>EDC ANNUAL AND SUSTAINABILITY REPORT. Pages 64-69. http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(5)	C	C.1.5 Describes the company's anti-corruption programmes and procedures?	Yes	<p>EDC WEBSITE. 2013 PERFORMANCE REPORT. OUR 2013 PERFORMANCE. SCALING NEW HEIGHT: POLICY IN FOCUS. WHISTLEBLOWER POLICY. PAGES 64-65. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. EDC'S CORPORATE GOVERNANCE RELATED POLICIES AND ISSUANCES. -GUIDELINES ON GIVING AND RECEIVING CORPORATE GIFTS. - CODE OF CONDUCT AND BUSINESS ETHICS. - CODE OF CONDUCT AND DISCIPLINE. - WHISTLEBLOWER POLICY. PAGES 83-84. http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-17A-FY-2013-PSE.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. CUSTOMER'S WELFARE. ANTI-CORRUPTION PROGRAMMES. PAGE 86 AND 90. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>EDC ANNUAL AND SUSTAINABILITY REPORT. Page 58.</p>

				http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf
(6)	C	C.1.6 Describes how creditors' rights are safeguarded?	Yes	EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. CUSTOMER'S WELFARE. SAFEGUARDING CREDITOR'S RIGHTS. PAGES 86-87 AND 90. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf EDC WEBSITE. -INVESTOR RELATIONS. SEC Form 17-A Page 78 http://www.energy.com.ph/wp-content/uploads/2011/05/Amended-FY2011-Annual-Report-SEC-Form-17-A-website.pdf -ANNUAL REPORT PAGE 188 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf
(7)		Does the company disclose the activities that it has undertaken to implement the above-mentioned policies?	YES	EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. CUSTOMER'S WELFARE. SUPPLIER/CONTRACTOR SELECTION PRACTICE. ENVIRONMENTALLY FRIENDLY VALUE CHAIN. COMMUNITY INTERACTION. ANTI-CORRUPTION PROGRAMMES. SAFEGUARDING CREDITOR'S RIGHTS. PAGES 86-90. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf
(8)	C	C.1.7 Customer health and safety	Yes	EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. CUSTOMER'S WELFARE. PAGES 86-87. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf EDC WEBSITE -INVESTOR RELATIONS. SEC FORM 17-A PAGE 4 http://www.energy.com.ph/wp-content/uploads/2011/05/Amended-FY2011-Annual-Report-SEC-Form-17-A-website.pdf -ANNUAL REPORT PAGES 62-63 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf
(9)	C	C.1.8 Supplier/Contractor selection and criteria	Yes	EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. SUPPLIER/CONTRACTOR SELECTION PRACTICE. PAGE 87. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf EDC WEBSITE -INTEGRATED ANNUAL AND SUSTAINABILITY REPORT http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf

(10)	C	C.1.9 Environmentally-friendly value chain	Yes	<p>EDC WEBSITE. 2013 PERFORMANCE REPORT. OUR 2013 PERFORMANCE. ENVIRONMENTAL PERFORMANCE. NURTURING AND PROTECTING BIODIVERSITY. PAGES 46-49. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. ENVIRONMENTALLY FRIENDLY VALUE CHAIN. PAGES 87-89. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>EDC ANNUAL AND SUSTAINABILITY REPORT. Pages 41-49. http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(11)	C	C.1.10 Interaction with the communities	Yes	<p>EDC WEBSITE. 2013 PERFORMANCE REPORT. OUR 2013 PERFORMANCE. FEATURES. REACH RESOURCES AND RESPONSIBILITY. PAGES 35-37. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. COMMUNITY INTERACTION. PAGES 89-90. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>EDC WEBSITE. EDC ANNUAL AND SUSTAINABILITY REPORT. Pages 64-69. http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(12)	C	C.1.11 Anti-corruption programmes and procedures	Yes	<p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. ANTI-CORRUPTION PROGRAMMES. PAGES 86 AND 90. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>EDC WEBSITE. EDC ANNUAL AND SUSTAINABILITY REPORT. Page 58. http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(13)	C	C.1.12 Creditors' rights	Yes	<p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . ROLE OF STAKEHOLDERS. SAFEGUARDING CREDITOR'S RIGHTS. PAGES 86 AND 90. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>EDC WEBSITE. -INVESTOR RELATIONS. SEC Form 17-A Page 78 http://www.energy.com.ph/wp-content/uploads/2011/05/Amended-FY2011-</p>

				Annual-Report-SEC-Form-17-A-website.pdf -INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI CHECKED B+ BASED ON EUSS REPORTING STANDARDS PAGE 188 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf
(14)	C	C.1.13 Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?	Yes	EDC WEBSITE. 2013 PERFORMANCE REPORT. OUR 2013 PERFORMANCE. BUSINESS PERFORMANCES AND ECONOMIC IMPACT. STRENGTHENING SHARED SUCCESSES. PAGES 33-44. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf -INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI CHECKED B+ BASED ON EUSS REPORTING STANDARDS http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf
C.2. Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.				
(15)	C	C.2.1 Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	Yes	EDC WEBSITE. -INVESTOR RELATIONS. http://www.energy.com.ph/investor-relations/psesec-structured-reports/ -CORPORATE GOVERNANCE WHISTLEBLOWER HOTLINE WHICH STATES: "In furtherance of EDC's good governance initiatives and in consonance with its internal Fraud Policy and the Code of Conduct and Discipline, the Company's Internal Audit Department (IAD) has assigned new hotlines to enable employees to report serious concerns of irregularities and wrongdoings. Employees are encouraged to raise complaints at hotline nos. +63 2 982-2202 or +63 917 863-4260 . All reports will be acted upon and treated with strict confidentiality in accordance with the provisions of EDC's Protected Disclosure Policy" . http://www.energy.com.ph/corporate-governance/cg-related-policies/ 2013 PERFORMANCE REPORT. BACK COVER SHEET. CONTACT NUMBER OF HEAD OFFICE AND STRATEGIC BUSINESS UNIT. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf -ANNUAL REPORT PAGE 207 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf
C.3 Performance-enhancing mechanisms for employee participation should be permitted to develop.				
(16)	C	C.3.1 Does the company explicitly disclose the health, safety, and welfare policy for its employees?	Yes	EDC WEBSITE. 2013 PERFORMANCE REPORT. OPERATIONS AND SAFETY. POWERING THE COUNTRY'S CGROWTH MOMENTUM DESPITE TYPHOON YOLANDA. ASSURED

				<p>SAFETY. PAGES 41-42. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . PERFORMANCE-ENHANCING MECHANISMS FOR EMPLOYEE PARTICIPATION. PAGE S 90-92. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>-INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI-CHECKED B+ BASED ON EUSS REPORTING STANDARDS PAGE 54-58 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(17)	C	C.3.2 Does the company publish data relating to health, safety and welfare of its employees?	Yes	<p>EDC WEBSITE. INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . PERFORMANCE-ENHANCING MECHANISMS FOR EMPLOYEE PARTICIPATION. PAGE S 90-92. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>EDC WEBSITE. -INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI-CHECKED B+ BASED ON EUSS REPORTING STANDARDS PAGE 54-58 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(18)	C	C.3.3 Does the company have training and development programmes for its employees?	Yes	<p>EDC WEBSITE.</p> <p>2013 PERFORMANCE REPORT.</p> <p>- EDC FIRE BRINGERS. PAGE 53.</p> <p>-TALENT MANAGEMENT. RISING TO THE OCCASION. EXPERT AND PIONEERS. PAGE 55.</p> <p>-TRAINING AND SUCCESSION PLANNING. PAGE 55.</p> <p>http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>- INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . COMPANY'S TRAINING AND DEVELOPMENT PROGRAMMES FOR EMPLOYEES. PAGE S 92-93. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>-INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI-CHECKED B+ BASED ON EUSS REPORTING STANDARDS PAGE 54-58 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(19)	C	C.3.4 Does the company publish data on training and development	Yes	<p>EDC WEBSITE.</p>

		programmes for its employees?	<p>2013 PERFORMANCE REPORT. - EDC FIRE BRINGERS. PAGE 53. -TALENT MANAGEMENT. RISING TO THE OCCASION. EXPERT AND PIONEERS. PAGE 55. -TRAINING AND SUCCESSION PLANNING. PAGE 55. http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>- INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . COMPANY'S TRAINING AND DEVELOPMENT PROGRAMMES FOR EMPLOYEES. PAGE S 92-93. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>-INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI-CHECKED B+ BASED ON EUSS REPORTING STANDARDS PAGE 54-58 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p>
(20)	C	C.3.5 Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	<p>Yes</p> <p>EDC WEBSITE. -INTEGRATED ANNUAL AND SUSTAINABILITY REPORT. GRI-CHECKED B+ BASED ON EUSS REPORTING STANDARDS PAGE 54-58 http://www.energy.com.ph/wp-content/uploads/2012/05/2011-EDC-IR.pdf</p> <p>FROM THE 2013 DEFINITIVE STATEMENT: EDC WEBSITE. INVESTOR RELATIONS. PSE/SEC STRUCTURED REPORTS DEFINITIVE INFORMATION STATEMENT. SEC FORM 20-IS. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS. NOTE 21. EQUITY. COMMON SHARES IN EMPLOYEE TRUST ACCOUNT. PAGE 58. NOTE 32. SHARED-BASED PAYMENT. PAGE 72. http://www.energy.com.ph/wp-content/uploads/2011/05/DIS-May-7-2013-ASM-SEC-Approved-WEBSITE.pdf</p> <p>32. Share-Based Payment On January 23, 2009, the BOD of the Parent Company approved the ESGP. The ESGP is an integral part of the Parent Company's total rewards program for its officers and employees and is intended to provide an opportunity for participants to have real and personal direct interest in the Parent Company. On December 1, 2009, the Nomination and Compensation Committee (the Committee) granted 7,000,000 shares representing the Parent Company common shares authorized under the ESGP which were transferred to the BDO Trust. These shares were part of the 93,000,000 common shares issued to the BDO Trust and recorded under "Common shares in employee trust account". BDO Trust will administer the issuance of the common shares to the employee grantees under the Parent Company's ESGP (see Note 21).</p> <p>The stock grants are given in lieu of cash incentives and bonuses. The grant of</p>

shares under the ESGP does not require an exercise price to be paid by the awardees. The granted shares will vest over a three-year period as follows: 20% after the first anniversary of the Grant date; 30% after the second anniversary of the Grant date; and the remaining 50% after the third anniversary of the Grant date. Awardees that resign or are terminated will lose any right to unvested shares. There are no cash settlement alternatives.

The ESGP covers officers and employees of the Parent Company or other individuals whom the Committee may decide to include. The Committee shall maintain the sole discretion over the selection of individuals to whom awards may be granted for any given calendar year.

There were no stock awards cancelled, expired or forfeited in 2012, 2011 and 2010. Total compensation expense recognized in 2012, 2011 and 2010 amounted to P=24.7 million, =P8.8 million and P=15.7 million, respectively (see Note 22). A corresponding decrease in the "Common shares in employee trust account" amounting to P=13.8 million, P=7.0 million and =P12.4 million and increase in the "Additional paid-in capital" account amounting to P=10.9 million, =P1.9 million and P=3.3 million was recorded for the years ended December 31, 2012, 2011 and 2010, respectively.

21. EQUITY.

Common Shares in Employee Trust Account

On March 25, 2008, the BOD of the Parent Company approved a share buyback program involving up to P=4.0 billion worth of the Parent Company's common shares, representing approximately 4% of the Parent Company's market capitalization as of the date of the approval. The buyback program was carried out within a two-year period which commenced on March 26, 2008 and ended on March 25, 2010. The Parent Company intends to implement an executive/employee stock option ownership plan through options, grants, purchases, or such other equivalent methods. In 2008, the Parent Company acquired a total of 93,000,000 common shares for a total cost of P=404.2 million. In 2009, a total of 93,000,000 common shares held in treasury that were acquired in 2008 at the cost of P=404.2 million, have been issued irrevocably by the Parent Company to BDO Trust for the benefit of the executive/employee grantees under the Parent Company's Employee Stock Grant Plan (ESGP). The BDO Trust is an independent and separate legal entity. EDC has neither control nor discretion over the administration and investment activity on the common shares in executive/employee benefit trust held by BDO Trust. These shares are part of the issued and outstanding common shares and are entitled to vote and receive

dividend. These shares will not revert to EDC even if the planned stock grant plan or other such plan is terminated. Any fruits or interests of these shares shall be for the sole and exclusive benefit of the officers and employees of EDC who are identified grantees of such stock plans. Any capital appreciation or decline in value, dividends, or other benefits declared on these shares shall accrue to the trust account and EDC shall not have any claim thereon. The issuance of the common shares to BDO Trust was recognized under the "Common shares in employee trust account" account in the consolidated statement of financial position (see Note 32).

FROM THE 2014 DEFINITIVE STATEMENT: EDC WEBSITE. INVESTOR RELATIONS. PSE/SEC STRUCTURED REPORTS DEFINITIVE INFORMATION STATEMENT. SEC FORM 20-IS. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS. NOTE 19. EQUITY. COMMON SHARES IN EMPLOYEE TRUST ACCOUNT. PAGE 67-68. NOTE 30. SHARED-BASED PAYMENT. PAGE 85.

30. Share-Based Payment

On January 23, 2009, the BOD of the Parent Company approved the ESGP. The ESGP is an integral part of the Parent Company's total rewards program for its officers and employees and is intended to provide an opportunity for participants to have real and personal direct interest in the Parent Company.

On December 1, 2009, the Nomination and Compensation Committee (the Committee) granted 7,000,000 shares representing the Parent Company common shares authorized under the ESGP which were transferred to the BDO Trust. These shares were part of the 93,000,000 common shares issued to the BDO Trust and recorded under "Common shares in employee trust account". BDO Trust will administer the issuance of the common shares to the employee grantees under the Parent Company's ESGP (see Note 19).

The stock grants are given in lieu of cash incentives and bonuses. The grant of shares under the ESGP does not require an exercise price to be paid by the awardees. The granted shares will vest over a three-year period as follows: 20% after the first anniversary of the grant date; 30% after the second anniversary of the grant date; and the remaining 50% after the third anniversary of the grant date. Awardees that resign or are terminated will lose any right to unvested shares. There are no cash settlement alternatives.

The ESGP covers officers and employees of the Parent Company or other individuals whom the Committee may decide to include. The Committee shall maintain the sole discretion over the selection of individuals to whom awards may be granted for any given calendar year.

Stock awards granted by the Committee to officers and employees of EDC are shown below:

Grant Date	Number of Shares Granted	Fair Value Per Share at Grant Date	Vested Unvested
December 1, 2009	7,000,000	P=4.20 7,000,000	-
June 1, 2010	2,625,000	4.70 2,625,000	-
June 1, 2011	2,625,000	6.75 1,312,500	1,312,500
June 1, 2012	2,625,000	5.84 525,000	2,100,000
June 1, 2013	2,250,000	6.10 –	2,250,000

Total compensation expense recognized in 2013, 2012 and 2011 amounted to P=11.9 million, =24.7 million and P P =8.8 million, respectively. A corresponding increase in the “Common shares in employee trust account” amounting to P=6.9 million, P=13.8 million and P=7.0 million and increase in the “Additional paid-in capital” account amounting to P=4.9 million, P=10.9 million and P=1.9 million were recorded for the years ended December 31, 2013, 2012 and 2011, respectively (see Note 19).

19. EQUITY

Common Shares in Employee Trust Account

On March 25, 2008, the BOD of the Parent Company approved a share buyback program involving up to P=4.0 billion worth of the Parent Company’s common shares, representing approximately 4% of the Parent Company’s market capitalization as of the date of the approval.

The buyback program was carried out within a two-year period which commenced on March 26, 2008 and ended on March 25, 2010. The Parent Company intends to implement an executive/employee stock option ownership plan through options, grants, purchases, or such other equivalent methods. In 2008, the Parent Company acquired a total of 93,000,000 common shares for a total cost of P=404.2 million.

In 2009, a total of 93,000,000 common shares held in treasury that were acquired in 2008 at the cost of P=404.2 million, have been issued irrevocably by the Parent Company to BDO Trust for the benefit of the executive/employee grantees under the Parent Company’s Employee Stock Grant Plan (ESGP). The BDO Trust is an independent and separate legal entity. EDC has neither control nor discretion over the administration and investment activity on the common shares in executive/employee benefit trust held by BDO Trust. These shares are part of the issued and outstanding common shares and are entitled to vote and receive

				<p>dividend. These shares will not revert to EDC even if the planned stock grant plan or other such plan is terminated. Any fruits or interests of these shares shall be for the sole and exclusive benefit of the officers and employees of EDC who are identified grantees of such stock plans. Any capital appreciation or decline in value, dividends, or other benefits declared on these shares shall accrue to the trust account and EDC shall not have any claim thereon. The issuance of the common shares to BDO Trust was recognized under the "Common shares in employee trust account" account in the consolidated statement of financial position (see Note 30).</p>
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C.4 Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.

(21)	C	<p>C.4.1 Does the company have procedures for complaints by employees concerning illegal (including corruption) and unethical behaviour?</p>	Yes	<p>BASED ON EDC INTERNAL RULES AND PROCESSES, THE BOARD HAS OPENED ITSELF UP TO THE EMPLOYEES AND THE COMPANY'S STAKEHOLDERS FOR ANY COMPLAINT ON IRREGULARITY OR ILLEGALITY. THE BOARD HAS EXPRESSLY TASKED ITS AUDIT AND GOVERNANCE COMMITTEE (AGC) TO ADDRESS THESE CONCERNS. AS SUCH, UPON THE DIRECTIVES OF THE AUDIT AND GOVERNANCE COMMITTEE, THE FRAUD POLICY AND WHISTLEBLOWER POLICY (A.K.A. PROTECTED DISCLOSURES POLICY) HAVE BEEN PASSED FOR THE PROTECTION OF THE INFORMANTS AND TO ENCOURAGE THEM TO COME FORWARD TO REPORT AND PUT A STOP TO IRREGULARITIES OR ILLEGALITIES.</p> <p>EDC WEBSITE. -2013 PERFORMANCE REPORT PAGES 64-65 http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>- INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . PAGE 93. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>-CORPORATE GOVERNANCE. FRAUD POLICY AND WHISTLEBLOWER POLICY http://www.energy.com.ph/corporate-governance/cg-related-policies/ WHICH STATES:</p> <p>FRAUD POLICY. The corporate fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against the Company and promotion of consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls.</p> <p>The policy defines fraud and enumerates the instances wherein fraud is committed, and designates the office primarily responsible for investigating</p>
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			<p>corporate fraud cases. It emphasizes that in the process of investigating corporate fraud cases, the Company shall, at all times, accord all individuals concerned with all the rights and privileges emanating from due process.</p> <p>WHISTLEBLOWER POLICY. EDC’s Whistleblower policy is intended to encourage and enable employees and others to raise serious concerns within the company prior to seeking resolution outside the company. The EDC whistleblower policy is a guarantee that no person who reports a violation of company policies shall suffer harassment, retaliation, or adverse employment consequence. The EDC Whistleblower Policy identifies who could be whistleblowers, laying down the matters which are reportable thereunder, the procedures for whistleblowing, as well as their rights and responsibilities under the said policy. In furtherance of EDC’s good governance initiatives and in consonance with its internal Fraud Policy and the Code of Conduct and Discipline, the Company’s Internal Audit Department (IAD) has assigned new hotlines to enable employees to report serious concerns of irregularities and wrongdoings. Employees are encouraged to raise complaints at hotline nos. +63 2 982-2202 or +63 917 863-4260. All reports will be acted upon and treated with strict confidentiality in accordance with the provisions of EDC’s Protected Disclosure Policy.</p>
(22)	C	<p>C.4.2 Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation?</p>	<p>Yes</p> <p>BASED ON EDC INTERNAL RULES AND PROCESSES, THE BOARD HAS OPENED ITSELF UP TO THE EMPLOYEES AND THE COMPANY'S STAKEHOLDERS FOR ANY COMPLAINT ON IRREGULARITY OR ILLEGALITY. THE BOARD HAS EXPRESSLY TASKED ITS AUDIT AND GOVERNANCE COMMITTEE (AGC) TO ADDRESS THESE CONCERNS. AS SUCH, UPON THE DIRECTIVES OF THE AUDIT AND GOVERNANCE COMMITTEE, THE FRAUD POLICY AND WHISTLEBLOWER POLICY (A.K.A. PROTECTED DISCLOSURES POLICY) HAVE BEEN PASSED FOR THE PROTECTION OF THE INFORMANTS AND TO ENCOURAGE THEM TO COME FORWARD TO REPORT AND PUT A STOP TO IRREGULARITIES OR ILLEGALITIES.</p> <p>EDC WEBSITE. -2013 PERFORMANCE REPORT PAGES 64-65 http://www.energy.com.ph/wp-content/uploads/2014/05/EDC-2013-Performance-Report.pdf</p> <p>- INVESTOR RELATIONS, PSE/SEC STRUCTURED REPORTS. 2013 ANNUAL CORPORATE GOVERNANCE REPORT . PAGE 93. http://www.energy.com.ph/wp-content/uploads/2011/05/2013-Consolidated-AGCR-PSE.pdf</p> <p>CORPORATE GOVERNANCE. WHISTLEBLOWER POLICY http://www.energy.com.ph/corporate-governance/cg-related-policies/ WHICH STATES:</p>

			<p>WHISTLEBLOWER POLICY. EDC's Whistleblower policy is intended to encourage and enable employees and others to raise serious concerns within the company prior to seeking resolution outside the company. The EDC whistleblower policy is a guarantee that no person who reports a violation of company policies shall suffer harassment, retaliation, or adverse employment consequence. The EDC Whistleblower Policy identifies who could be whistleblowers, laying down the matters which are reportable thereunder, the procedures for whistleblowing, as well as their rights and responsibilities under the said policy. In furtherance of EDC's good governance initiatives and in consonance with its internal Fraud Policy and the Code of Conduct and Discipline, the Company's Internal Audit Department (IAD) has assigned new hotlines to enable employees to report serious concerns of irregularities and wrongdoings. Employees are encouraged to raise complaints at hotline nos. +63 2 982-2202 or +63 917 863-4260. All reports will be acted upon and treated with strict confidentiality in accordance with the provisions of EDC's Protected Disclosure Policy.</p>
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