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April 11, 2016

JANET A. ENCARNACION
HEAD, Disclosures Department
The Philippine Stock Exchange, Inc.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Dear Ms. Encarnacion:

In compliance with the disclosure requirements of the Philippine Stock Exchange, we submit the attached EDC Compliance Report on Corporate Governance for 2015.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Erudito S. Recio", is written over a vertical blue line that extends downwards from the signature area.

Erudito S. Recio
Investor Relations Manager &
Company Information Officer

cc: **VINA VANESSA S. SALONGA**
Head – Issuer Compliance and Disclosure Department (ICDD)
Philippine Dealing & Exchange Corp.



THE PHILIPPINE STOCK EXCHANGE, INC.

**Corporate Governance Guidelines
For Listed Companies**

Disclosure Template for the Year 2015

	COMPLY	EXPLAIN
Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	YES	EDC has a defined vision, mission and core values that is duly reviewed and approved by the Board of Directors and communicated across all levels of the organization. The copy of the Company's vision, Mission and Core Values are found the company's website: http://www.energy.com.ph/about-edc/mission-vision/
1.2 Have a well developed business strategy.	YES	EDC has a well-defined strategy that was developed following an established Strategic Planning Process. Also, there is a Strategy and Risk Management Group in the Company that sets cadence to the strategic planning process. Currently, the company's main strategy is to build EDC into both an integrated and more diversified power and energy player. It is also reflected in the report on the Board strategy retreat, where the Board focused on strategies to (1) improve resource allocation and pursue higher-value investments, (2) improve cash generation of existing assets, and (3) manage operating costs better. (http://www.energy.com.ph/corporate-governance/compliance/board-strategic-retreat/)
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	YES	EDC has an established process in ensuring an effective execution process through management reviews such as monthly Management Committee meetings and Operations Committee meetings. Performance is monitored using the Balanced Scorecard as a management tool. The Strategy and Risk Management Group in the Company sets cadence to the corporate performance management process.

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		This is reported in pages 116, 122 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf and page 88 of the ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf)
1.4 Have its board continually engaged in discussions of strategic business issues.	YES	Discussions on strategic matters are taken up as an integral part of every Board meeting. Further, in the Annual Board Strategy Retreat, they are provided a comprehensive review and update on the company's business and operations, as well as the update on EDC's Strategies and Synergies Plan to account for recent significant events that may impact or have impacted the strategy, plans and programs. This is reported in the company's in the company's annual reports and website (http://www.energy.com.ph/corporate-governance/compliance/board-strategic-retreat/)
Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1 Have a board composed of directors of proven competence and integrity.	YES	The Board of Directors consists of eleven (11) highly-qualified and highly-experienced professionals with core competencies on business, local and international finance and energy, with proven competence and integrity, namely, Oscar M. Lopez, Federico R. Lopez, Richard B. Tantoco and Ernesto B. Pantangco, as executive directors, Francis Giles B. Puno, Jonathan C. Russell, Peter D. Garrucho, Jr., and Elpidio L. Ibanez, as non-executive directors, and Edgar O. Chua, Francisco Ed. Lim, and Arturo T. Valdez, as independent directors. With the retirement of Director Elpidio L. Ibanez in November 2015, Joaquin E. Quintos IV has been elected to serve the unexpired portion of Director Ibanez' term. (SEC Form 17-A, page 108:

	COMPLY	EXPLAIN
		<p>http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)</p> <p>Also, EDC follows a defined procedure in the composition, qualification and disqualification of Board of Directors to ascertain that there is transparency, accountability, fairness and equity in the company's governance function. As provided in the By-Laws, no person shall qualify or be eligible for nomination or election as director if he has committed acts which are patently unlawful, or are deemed inimical to the reputation or interest of the corporation, committed gross negligence or bad faith, among others. (Section 2, Article IV, EDC's Amended By-Laws, pages 5-8: http://www.energy.com.ph/wp-content/uploads/2012/06/EDC-amended-bylaws-May-31-2012-website1.pdf)</p> <p>Our Directors' profiles are in the company website: (http://www.energy.com.ph/corporate-governance/board-of-directors/)</p>
2.2 Be led by a chairman who shall ensure that the board functions in an effective and collegial manner.	YES	<p>Under the company's Corporate Governance Manual, the Chairman of the Board 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 assist in ensuring that the Board meets regularly in accordance with the corporate governance policies and practices. He shall likewise ensure that the Board meets regularly in accordance with an approved annual schedule and performs its duties responsibly. He shall determine the agenda of each meeting in consultation with the President.</p> <ul style="list-style-type: none"> Company website: http://www.energy.com.ph/corporate-governance/cg-manual/executive-officers/specific-duties-and-functions/)

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		<ul style="list-style-type: none"> To download the full CG manual: http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf <p>EDC's Chairman, Mr. Federico R. Lopez performs his duties as Chairman of the Board very professionally, and in accordance with the duties and functions of a Chairman of the Board, as provided in the Corporation Code, the SEC Revised Code of Corporate Governance and the Company's Corporate Governance Manual. Further, in all Board Meetings, the Chairman of the Board engages the Directors and ensures quality and collegial discussions, resulting in well-deliberated decisions and recommendations from the members of the Board, especially the Independent Directors. (company website "Board Meetings for 2015 and Directors' Attendance") http://www.energy.com.ph/corporate-governance/board-activitiesminutes-of-the-annual-stockholders-meetingsminutes-of-the-annual-stockholders-meetings/</p>
2.3 Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.	YES	<p>EDC has had three (3) Independent Directors in the Board, since it was first listed in the Exchange in 2006.</p> <p>http://www.energy.com.ph/corporate-governance/board-of-directors/</p> <p>The current Independent Directors of the company are: MR. EDGAR O. CHUA, ATTY. FRANCIS ED. LIM and MR. ARTURO T. VALDEZ. Their profiles are available in the Annual reports, Information Statements and the Company Website:</p> <p>Edgar O. Chua Profile: http://www.energy.com.ph/bod/edgar_o_chua/</p>

	COMPLY	EXPLAIN
		Francis Ed. Lim Profile http://www.energy.com.ph/bod/francis_ed_lim/ Arturo T. Valdez Profile: http://www.energy.com.ph/bod/arturo_t_valdez/
2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	YES	Written manuals, guidelines and procedures are available and maintained in a document management system through the platform DocuShare. Further, there is an established EDC Document Control Procedure that ensures that corporate documents are current, accessible and protected. Attached is the link to Document Management System Certification: (https://drive.google.com/file/d/0B45MsrVY5WjCWDFCSmNET0hKdGc/view?usp=sharing)
2.5 Have Audit, Risk, Governance and Nomination and Election Committees.	YES	The Energy Development Corporation's Board Committees go beyond those required by laws and regulations in order to practice good corporate governance. In compliance with the legal and best practices requirement, the EDC Board has formed the Audit and Governance Committee (AGC), Nomination and Compensation Committee (NCC) and the Risk Management Committee (RMC). Moreover, since the Board sees the need to create additional committees to assist the Board in its policy-making and oversight functions, it further created the CSR Committee (CSRCom), Operations Committee (OpsCom), and the Related Party Transactions Board Committee (RPTBC) to handle the Company's concerns over its corporate social responsibility activities, day-to-day operations, and oversight on related party transactions. http://www.energy.com.ph/corporate-governance/board-activitiesminutes-of-the-annual-stockholders-meetingsminutes-of-the-annual-stockholders-

	COMPLY	EXPLAIN
		<u>meetings/board-committees-charters-and-meetings/</u>
2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.	NO	<p>The By-Laws of the Energy Development Corporation provides that the position of Chairman and CEO are vested in one officer. This set-up has no conflict since the respective functions of a Chairman of the Board and the CEO under By-Laws are specifically delineated to distinguish the respective functions of each position and avoid the possibility of conflict.</p> <p>Most important, vesting in one officer of the positions of Chairman and CEO are in compliance with existing laws, and not violative of any other law, rules or regulations.</p> <p>http://www.energy.com.ph/bod/federico-r-lopez/</p>
2.7 Have a directors' nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	YES	<p>As a listed company, EDC complies with the nomination and election process. Prior to the Annual Stockholders' Meeting (ASM), all shareholders, including the non-controlling shareholders, are given an opportunity to nominate candidates to the Board. Nominations of candidates by the stockholders are submitted in writing to our Board of Directors, through the Corporate Secretary, at least forty (40) working days before our scheduled ASM. thereafter, the Nomination and Compensation Committee (NCC) screens and evaluates the nominations in accordance with the standards, criteria, qualifications, disqualifications and requirements established by law, rules and regulations and those embodied in our Corporate Governance Manual, the Charter of our NCC, our By-Laws and our Annual Corporate Governance Reports. Furthermore, the nominees are screened and evaluated without discrimination as to gender, race or religion. The candidates are screened and finalized on the basis of their qualifications and their knowledge, experience and skills in diverse fields relevant to our business, such as power and energy,</p>

	COMPLY	EXPLAIN
		<p>business and finance and the environment, and the absence of any grounds for disqualification as provided under the corporation code, the Code of Corporate Governance, and other related regulatory issuances . After the nominations have been screened, the NCC submits the list of nominees to the Board, for inclusion in the Agenda for the ASM and for disclosure via 20-IS and inclusion in the ASM Meeting Notice and Agenda. The nominees are then elected by the stockholders in person or by proxy, with the end results collated and completed on the day of the ASM itself. The results of the elections are thereafter disclosed to the SEC and PSE via corporate disclosures. (Page 109 of EDC's SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)</p> <p>Also, the Nomination and Compensation Committee (NCC) of the Board ensures that these processes are observed and carried out in strictest compliance. The nomination and screening activity is also reported in the NCC activities for 2015. (Page 115 of EDC's SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)</p> <p>The actual election is also conducted and is reported under the company's disclosures/report to the SEC and the PSE on the results of the conduct of the Annual Meeting and Organizational Meeting. In 2015, this is the company's disclosure to the PSE: http://www.energy.com.ph/wp-content/uploads/2015/05/May-5-2015-Annual-Stockholders-Meeting-and-Organizational-Meeting-Approved-Resolutions-PSE.pdf</p>
2.8 Have in place a formal board and director development	YES	Directors' Training is a part of EDC's commitment to a professional and highly-

	COMPLY	EXPLAIN
program.		<p>productive Board. It is embodied in the company's CG Manual: http://www.energy.com.ph/corporate-governance/cg-manual/board-of-directors/general-responsibilities-specific-duties-and-responsibilities-of-a-director-board-meetings-trainingorientation-process/</p> <p>For 2015's Directors' Training and orientation are reported in page 118-119 of EDC's SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf) and the three-year data from 2013-2015 are shown in pages 33-44 of the Consolidated ACGR : http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf</p>
2.9 Have a corporate secretary.	YES	<p>EDC has its Corporate Secretary and Assistant Corporate Secretary: ATTY. TEODORICO R. DELFIN, and ATTY. ANA MARIA A. KATIGBAK.</p> <p>The respective profiles are found in the Company's website:</p> <p>Atty. Delfin's profile:http://www.energy.com.ph/management/teodorico-r-delfin/</p> <p>AttyKatigbak's Profile:http://www.energy.com.ph/management/ana-maria-a-katigbak-lim/</p>
2.10 Have no shareholder agreement, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	YES	<p>There is no such shareholder agreement or by-laws provision constraining the Director's ability to vote independently.</p> <p>As proof, there is no such provision is in EDC's By-Laws: http://www.energy.com.ph/wp-content/uploads/2012/06/EDC-amended-bylaws-May-31-2012-website1.pdf</p>

	COMPLY	EXPLAIN
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1 Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	YES	There is an established Internal Audit Department (IAD) in the Company, which is fully-staffed and headed by EDC's Chief Audit Executive (CAE). The IAD directly reports to the Board of Directors, through the Audit and Governance Committee. EDC's IAD has its own Charter which was approved by the AGC. Annual Audit plan is presented and approved by the AGC while accomplishment reports together with significant control issues are reported to the AGC by IAD on a quarterly basis. Details on the Internal Audit Department are in page 121 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf
3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.	YES	The Audit and Governance Committee oversees the company's Compliance Program with the corporate and governance reportorial requirements led by the Company's Compliance Officer and Vice-President, Erwin O. Avante, and handled by the company's Corporate Governance Office. The AGC's mandate is provided in its Charter (http://www.energy.com.ph/wp-content/uploads/2015/04/Audit-Governance-Committee-Charter-amended-September-9-2015.pdf) and in its accomplishments for 2015 (pages 113-114 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
3.3 Institutionalize quality service programs for the internal audit function.	YES	As there is an institutionalized Internal Audit for the Company, there are also quality service programs on internal audit, such as the performance of the Internal Audit functions in EDC, and provide reasonable assurance to the

	COMPLY	EXPLAIN
		<p>Board, Management and shareholders that key organizational and procedural controls are appropriate, adequate, effective and complied with. Audit works are subjected to stringent reviews by section head, internal audit head and peer reviewer to ensure compliance of works with established internal audit policies and procedures. Continuous improvement of audit processes, policies and procedures is observed to comply with the standards. This is reported in page 121 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p>
<p>3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.</p>	<p>YES</p>	<p>The Company has in place various mechanisms for employees, suppliers and other stakeholders to raise valid issues. For employees, there are regular Labor-Management Council meetings (page 55 of the ACGR: http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf) For contractors, EDC maximizes the regular channels of communication, such as emails, teleconferencing and videoconferencing. For all other stakeholder of the company, the Company has put up a hotline pursuant to its Fraud and Whistleblower (a.k.a. "Protected Disclosures") Policies, whereby stakeholders can report anomalies or irregularities through a secure landline number, and they are protected from any retaliatory or adverse effect from such reporting. This Hotline is disclosed to all employees via a memo circulated by Internal Audit and provided in the Company website with the following advise:</p> <p style="text-align: center;"><u>“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</u></p>

	COMPLY	EXPLAIN
		<p><u>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."</u></p> <p>(http://www.energy.com.ph/corporate-governance/about-cg/corporate-governance-initiatives-policies/</p>
3.5 Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	YES	<p>As part of internal audit's reporting responsibility to the Board through the AGC, control adequacy of critical areas of Company's operations covered by completed audits is reported by the Chief Audit Executive in writing and presented to the AGC during its quarterly meetings. These quarterly reports including reports from compliance group and external auditor served as basis for the committee to assess the overall adequacy of the system of internal control on an annual basis. Yes, as part of internal audit's reports to the Board. Pls see EDC's Audit and Governance Committee Charter: http://www.energy.com.ph/wp-content/uploads/2015/04/Audit-Governance-Committee-Charter-amended-September-9-2015.pdf</p>
Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1 Have its board oversee the company's risk management function.	YES	<p>EDC has a Risk Management Committee (RMC) which has oversight responsibility over Management's activities in managing risks involving physical, financial, operational, labor, legal, security, environmental and other risks of the corporation. Among its responsibilities are to conduct a yearly evaluation of the Company's risk assessments, recommend to the Board the strategic risks and mitigating measures, and review risk tolerance and financial exposure.</p>

	COMPLY	EXPLAIN
		<p>The RMC's duties and functions are covered by a charter (from the website: http://www.energy.com.ph/wp-content/uploads/2009/09/March2011-Revised-RMC-Charter_RMC-Approved.doc.pdf)</p> <p>and whose activities for the year are disclosed in an annual activity report, as reported in pages 115-116 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p>
4.2 Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	YES	<p>EDC has a full Risk Management program managed by the Strategy and Risk Management Group (SRMG) and overseen by the Board Risk Management Committee (RMC). The Company has an Enterprise Risk Management Manual that articulates the risk management principles of the company to guide management in decision making and achievement of its objectives. The foregoing are reported in page 88 -92 of the Consolidated ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf) and in the Company website: (http://www.energy.com.ph/corporate-governance/risk-management/)</p>
4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	YES	<p>EDC has a full Risk Management Program, which is aligned with ISO 31000, managed by the Strategy and Risk Management Group (SRMG) and overseen by the Board Risk Management Committee (RMC).</p> <p>The Risk Management activities of EDC is reported in page 88 -92 of the Consolidated ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf) and in the Company website: http://www.energy.com.ph/corporate-governance/risk-management/</p>

	COMPLY	EXPLAIN
4.4 Have a unit at the management level, headed by a Risk Management Officer (RMO).	YES	In 2015, the Board appointed Mr. Bernardito M. Lapuz as EDC's Chief Risk Officer who heads the Strategy and Risk Management Group (SRMG). (http://www.energy.com.ph/wp-content/uploads/2015/11/Appointment-of-New-Officers-and-Election-and-Resignation-of-Director-PSE.pdf) _Previous to Mr. Lapuz' appointment, Assistant Vice-President Milo V. Alejo headed the Strategy and Risk Management Group when it was first created.
4.5 Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	YES	EDC provides full disclosure of its risk management procedures and identifies its key risks. Risk management activities are being done regularly at the operational and strategic levels of the organization. Key Risks are also reported under the Factors Affecting the Company's Results to Operations in in pages 122-123 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf) and in the Company website (http://www.energy.com.ph/corporate-governance/risk-management/)
4.6 Seek external technical support in risk management when such competence is not available internally.	YES	The Strategy and Risk Management Group of EDC engages technical and knowledge experts in key strategic and risk management activities, when necessary. In 2012, the Company has engaged Jardín Lloyd Thompson (JLT) to provide their expertise in establishing EDC's Business Continuity Management Programs. EDC has also engaged SGV & Co. last 2014 to conduct Enterprise Risk Management workshops across the fleet. (http://www.energy.com.ph/corporate-governance/risk-management/)

	COMPLY	EXPLAIN
Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING		
5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	YES	As provided for in the Audit and Governance Committee Charter, the committee approved the non-audit work, if any, of external auditor, and review periodically the non-audit fees paid to external auditor in relation to their significance to the annual income of external auditor and the company's overall consultancy expenses. This is also disclosed in the 2015 Audited Financial Statements (Page 121 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf
5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	YES	The AGC performs oversight functions in checking the integrity of EDC's financial reporting process, effectiveness and soundness of internal control environment, adequacy of audit functions for both internal and external audits, and compliance with rules, policies, laws, regulations, contracts and the code of conduct. The AGC also recommends the appointment, re-appointment and removal of the external auditor. For the year, the AGC reviewed the overall scope and audit plan of the external auditor. It also reviewed and affirmed the management evaluation on the performance of the external auditor (for the 2014 financial statements audit) and approved the re-engagement of SGV & Co. for another year (2015 audit). The above matters are disclosed in the 2015 Audited Financial Statements (pages 113- 114 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
5.3 Ensure that the external auditor has adequate quality control procedures.	YES	The AGC reviewed and affirmed the management evaluation on the performance of the external auditor (for the 2014 financial statements audit) and approved the re-engagement of SGV & Co. for another year (2015 audit).

	COMPLY	EXPLAIN
		This is reported in the 2015 Audited Financial Statements (pages 113- 114 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
5.4 Disclose relevant information on the external auditors.	YES	Relevant information on EDC's external auditors, SGV and Co., such as the length of their engagement in EDC, the terms and standards required in their engagement, as well as the partner-in-charge for the year under audit, are reported in the 2015 Audited Financial Statements (page 121 of the SEC Form 17-A) http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf
5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	YES	The AGC reviews and ensures the engagement of external auditors on the basis of experience and pursuant to a fair and transparent process. The engagement of an external auditor is included in the matters for consideration of the stockholders in the notice of Meeting and elected by the stockholder's during every Annual Stockholders' meeting. These matters are discussed in various parts of SEC Form 17-A: Page 79 and 121 of SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf
5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	NO	Regular meetings of the Audit and Governance Committee are conducted with concerned members of Management present. Also, a member of the Committee is an Executive Director. This is disclosed in the 2015 Audited Financial Statements (Pages 113-114 of SEC Form 17-A) http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf
5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	YES	All financial reports of EDC are attested to by the Chief Executive Officer and Chief Finance Officer, as seen in the Annual and Quarterly Reports : SEC Form 17-A (http://www.energy.com.ph/wp-

	COMPLY	EXPLAIN
		<p>content/uploads/2011/05/Conso-AR-2015.pdf)</p> <p>SEC Form 17-Q:</p> <p>1st Quarter: http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form-17-Q-1Q-2015-PSE.pdf</p> <p>2nd Quarter: http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form-17-Q-1H-2015-PSE.pdf</p> <p>3rd Quarter: http://www.energy.com.ph/wp-content/uploads/2011/05/YTD-9M-Quarterly-Report-PSE.pdf)</p>
5.8 Have a policy of rotating the lead audit partner every five years.	NO	In compliance with SEC regulations, EDC practices the requirement that the lead audit partner is rotated every five years.
Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON- CONTROLLING GROUP		
6.1 Adopt the principle of "one share, one vote."	YES	The company adheres to the one share, one vote principle which provides that <u>in acting on fundamental corporate actions, our shareholders may vote such number of shares held by them to approve or reject such corporate action, i.e. one share yields one vote.</u> This is embodied in the Manual on Corporate Governance, which provide in page 45, Subject 2, Section 9 thereof that " <u>At every meeting of the stockholders for the election of directors, owners of shares of common stock of the Company are entitled to one vote for each share of common stock owned by him.</u> " (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-

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		PSE.pdf) and reported in page 90 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.2 Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	YES	Our shareholders, whether a holder of common or preferred shares, an owner of majority or minor stake, or a foreign or institutional investor, are equitably provided with basic stockholders' rights recognized in the Corporation Code, including, among others: voting rights, pre-emptive rights, appraisal rights, right to inspect corporate books and records, right to information, right to receive dividends, right to participate and be adequately informed on decisions about fundamental corporate acts. The company ensures that all shareholders are treated fairly and equitably. This is embodied in pages 45-48 of EDC's Manual on Corporate Governance (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf) and reiterated in pages 86-89 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.3 Have an effective, secure and efficient voting system.	YES	EDC's shareholders voted by poll for each agenda item, the results of which were released immediately during the Annual Stockholders' Meeting and disclosed to the Philippine Stock Exchange within the day after the closing of the ASM. The services of Securities Transfer Services Inc. were engaged to validate said votes for each agenda item.: This is reported in page 92 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.4 Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to	YES	EDC provides a shareholder voting mechanism to ensure the protection of the rights of its minority shareholders, which requires for the concurrence of

	COMPLY	EXPLAIN
protect minority shareholders against actions of controlling shareholders.		the majority of the minority shareholders present in all cases where the law requires a 2/3 vote of the outstanding capital stock. This is embodied in pages 2-3, paragraph 6, Article II of the By-Laws http://www.energy.com.ph/wp-content/uploads/2012/06/EDC-amended-bylaws-May-31-2012-website1.pdf and reported in page 87 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	YES	EDC also ensures that all available measures are taken so that meeting notices and relevant company information reach its shareholders under the most efficient, convenient and timely manner. In 2015, the Definitive Information Statement (SEC Form 20-IS) containing the Notice of Meeting and the Agenda, the proxy forms and all information necessary for stockholders to make informed decisions, was filed with the SEC and PSE on April 1, 2015, or more than thirty (30) days before the Annual Stockholders' Meeting on May 5, 2015. This is reported in page 87 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf
6.6 Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	YES	Stockholders are given the right to call special meetings of stockholders, pursuant to the By-Laws. Page 2, paragraph 5, Article 2 of the By-Laws provide for this right (http://www.energy.com.ph/wp-content/uploads/2012/06/EDC-amended-bylaws-May-31-2012-website1.pdf) and practiced in the recent ASM, as reported in page 87 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.7 Ensure that all relevant questions during the AGM are answered.	YES	During the Stockholders' meetings, shareholders are given an opportunity to raise questions to the Board and Management. For 2015, these questions and answers were recorded and reported. The list of the questions and answers

	COMPLY	EXPLAIN
		are reported pages 121-122 of the ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf) and reiterated in pages 87-88 and 92 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	YES	The rights of shareholders, including the minority, are protected and encouraged as reflected in pages 45-48 of our corporate governance manual (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf) and in page 2, paragraph 6, Article II of the company By-laws (http://www.energy.com.ph/wp-content/uploads/2012/06/EDC-amended-bylaws-May-31-2012-website1.pdf). This is reported in page 87 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.9 Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	YES	Before entering into extraordinary transactions, such as mergers, acquisitions and/or takeovers, EDC conducts above-adequate due diligence and review of such extraordinary transactions and the parties potentially involved in it, evaluates the fairness of the transaction price and its terms and conditions, and to ensure the viability of such transaction to EDC in the long-term. EDC also recognizes the rights of its shareholders to participate in the approval of any merger or consolidation in accordance with Section 77 of the Corporation Code, as well as related party transactions requiring their approval as provided in the Corporation Code. Where the matter involves a related party, the Company complies with its Related Party Transactions (RPTs) Policy and exercises greater care and transparency in ensuring reasonable, fair and arm's length transaction price, terms and conditions that are compliant with pertinent laws, rules and regulations, and that the transactions inure to the

	COMPLY	EXPLAIN
		benefit and best interest of the Company and its shareholders as a whole, given relevant circumstances. This is reported in Page 89 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	YES	This is embodied in the Company's commitment in providing accurate and timely information, as provided in Page 11, Section 3 the Corporate Governance Manual (http://www.energy.com.ph/wp-content/uploads/2013/08/Revised-CG-Manual-PSE.pdf) which is strictly complied with by the Company through its accurate and timely reports and disclosures to the SEC and PSE. This is evident in the Company website's pages on SEC/PSE Structured Reports (http://www.energy.com.ph/investor-relations/psesec-structured-reports/) and Disclosures (http://www.energy.com.ph/investor-relations/disclosures/)
6.11 Have a communications strategy to promote effective communication with shareholders.	YES	EDC's Investor Relations Office follows this principle in effectively communicate with shareholders: "EDC IR shall ensure that the investment community is provided with timely, complete and accurate information. Its operations are founded on the principles of openness, accuracy, consistency and equal access to information." and adopts the following strategies to promote communication with shareholders: Information about EDC, its operating and financial performance are provided to investors, stockholders, and other stakeholders through any of the following methods: 1-on-1 meetings and/or conference calls with Management, Quarterly Investors/Analysts' briefing with Senior Management, Non-deal road shows and/or participation in investor conferences by Senior Management, Timely update of the contents in the Investor Relations page of the EDC website (Share Info, Financial Reports, Presentations, Management Reports,

	COMPLY	EXPLAIN
		<p>Disclosures, PSE/SEC Reports), E-copy of printed Annual Report, and Inquiries of investors and buy/sell-side analysts are answered by phone or email.</p> <p>These are reported in the IR pages of the Company website. (http://www.energy.com.ph/investor-relations/ir-programs/)</p>
6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.	YES	<p>This is indicated in EDC's Quarterly PSE Disclosure on Public Ownership Report.</p> <p>In 2015, four such reports were filed:</p> <ul style="list-style-type: none"> • December 31, 2015 - http://www.energy.com.ph/wp-content/uploads/2011/05/Public-Ownership-Report-as-of-Dec-31-2015.pdf • September 30, 2015 - http://www.energy.com.ph/wp-content/uploads/2011/05/Public-Ownership-Report-Sept-30-2015.pdf • June 30, 2015 - http://www.energy.com.ph/wp-content/uploads/2011/05/Public-Ownership-Report-as-of-June-30-2015-PSE-and-PDEX.pdf • March 31, 2015 - http://www.energy.com.ph/wp-content/uploads/2011/05/Public-Ownership-report-as-of-March-31-2015.pdf
6.13 Have a transparent dividend policy.	YES	<p>Our Board of Directors is authorized to declare dividends as long as EDC has unrestricted retained earnings in accordance with Section 43 of the Corporation Code. In the case of cash dividends, holders of common shares are entitled to receive annual cash dividends of at least 30% of the prior year's recurring net income based on the recommendation of the Board of Directors, without need of stockholders' approval. Such recommendation for cash dividend declaration will take into consideration factors such as current and</p>

	COMPLY	EXPLAIN
		<p>prospective debt service requirements and loan covenants, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among others. In the case of stock dividends, Board and stockholders' approval are required in accordance with existing laws. Stockholders representing at least two-thirds of EDC's outstanding capital stock must approve the stock dividend declaration. This is stated in page 88 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)</p>
<p>Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME</p>		
<p>7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.</p>	YES	<p>The policy is embodied in the Company's commitment in providing accurate and timely information, as provided in Page 11, Section 3 the Corporate Governance Manual (http://www.energy.com.ph/wp-content/uploads/2013/08/Revised-CG-Manual-PSE.pdf) which is strictly complied with by the Company through its accurate and timely reports and disclosures to the SEC and PSE.</p> <p>This is complemented by the IR Office's principle that "EDC IR shall ensure that the investment community is provided with timely, complete and accurate information. Its operations are founded on the principles of openness, accuracy, consistency and equal access to information." This is provided in the following web pages of the company website: Investor Relations Program (http://www.energy.com.ph/investor-relations/ir-programs/), PSE/SEC Reports (http://www.energy.com.ph/investor-relations/psesec-structured-reports/) and Disclosures (http://www.energy.com.ph/investor-</p>

	COMPLY	EXPLAIN
		<u>relations/disclosures/)</u>
7.2 Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	YES	There are no such agreements in the company's records This is reported in page 81 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf) and page 57 of the ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf)
7.3 Disclose its director and executive compensation policy.	YES	Approved by the Board and the Stockholders in 2007, the details of the director and executive compensation policy cover monthly fees, attendance fees, group bonus, group life insurance coverage and group hospitalization insurance coverage is disclosed annually. This is stated in page 120-121 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
7.4 Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	YES	EDC reports the security ownership of certain record and beneficial owners of more than 5% of EDC shares. As of December 31, 2015, these security owners are identified, as follows: Red Vulcan Holdings Corporation, PCD Nominee Corporation (Foreign), PCD Nominee Corporation (Filipino), First gen Corporation and Northern Terracotta. This is reported in page 80 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf) and disclosed in the IR Section of the Company Website (http://www.energy.com.ph/investor-relations/psesec-structured-reports/)
7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the	YES	EDC's Annual and Quarterly Reports are regularly filed with the SEC and disclosed within the period required by law and regulations at the PSE and EDC

	COMPLY	EXPLAIN
end of the financial year, while interim reports shall be published within forty-five(45) days from the end of the reporting period.		<p>websites:</p> <ul style="list-style-type: none"> • SEC Form 17-A: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf • SEC Form 17-Q (3rd Quarter) SEC Form 17-Q 3rd Quarter 2015 - http://www.energy.com.ph/wp-content/uploads/2011/05/YTD-9M-Quarterly-Report-PSE.pdf • SEC Form 17-Q (2nd Quarter) SEC Form 17-Q 2nd Quarter 2015 - http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form-17-Q-1H-2015-PSE.pdf • SEC Form 17-Q (1st Quarter) SEC Form 17-Q 1st Quarter 2015 - http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form-17-Q-1Q-2015-PSE.pdf
7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	YES	<p>Whenever the Corporate Governance Manual is amended directly, in compliance with laws and regulations, or when the amendment is incidental to a change in the Articles and By-Laws of Committee Charters, these changes are reflected in the CG Manual as updates, which are disclosed to the SEC and PSE via SEC Form 17-C, and the company website. Through the years, the following are the changes in the Manual on Corporate Governance:</p> <ul style="list-style-type: none"> • September 2015 revisions (September 9, 2015) (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf) • July 2014 revisions (July 23, 2014) (http://www.energy.com.ph/wp-content/uploads/2014/07/Amended-Manual-for-Corporate-Governance-PSE-final.pdf) • July 2013 revisions (August 5, 2013) (http://www.energy.com.ph/wp-content/uploads/2013/08/Revised-CG-Manual-PSE.pdf)

	COMPLY	EXPLAIN
		<ul style="list-style-type: none"> July 2011 revisions (July 22, 2011) (http://www.energy.com.ph/wp-content/uploads/2011/07/EDC-Revised-Corporate-Governance-Manual-July-2011.pdf) March 2011 revisions (March 30, 2011) (http://www.energy.com.ph/wp-content/uploads/2009/08/CGManual-Revision-March-2011-FOR-SUBMISSION-FINAL-CLEAN-v-4.pdf) September 2010 revisions (September 2010) (http://www.pse.com.ph/html/disclosure/pdf/2010/pdf/dc2010-6369_EDC.pdf) March 2010 revisions (March 2010) (http://www.energy.com.ph/wp-content/uploads/2010/03/EDCs-Revised-Corporate-Governance-Manual.pdf)
7.7 Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	YES	<p>In the 2015 Annual SH Meeting, the materials (the 20-IS) were submitted to the SEC and PSE, and posted at the PSE and EDC website on April 1, 2015, or more than thirty (30) days before the Annual Stockholders' Meeting on May 5, 2015, which is more than 30 days prior to the date of the ASM. The hard copies of the same were mailed at the same time. This is evidenced by the Disclosure dated April 1, 2015 (http://www.energy.com.ph/wp-content/uploads/2011/05/Definitive-Information-Statement-PSE.pdf) and is also reported in page 87 of the SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)</p> <p>For the upcoming 2016 ASM, the same timeliness will be observed.</p>
7.8 Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure	YES	EDC adheres to the PSE rule of immediate disclosure of Directors' shareholdings and changes in shareholdings

	COMPLY	EXPLAIN
of the company's purchase of its shares from the market (e.g share buy-back program).		<p>In 2015, the following are the SEC Form 23-A and B filed</p> <p>23-A</p> <ul style="list-style-type: none"> • SEC FORM 23-A (Director), November 25, 2015 • SEC FORM 23-A (Chief Risk Officer and Vice President for Strategy and Risk Management Group), November 25, 2015 • SEC FORM 23-A (Vice President and Head for Corporate Affairs Group), November 25, 2015 • SEC FORM 23-A (Vice President and Head for International and Frontier/Business Development Group), September 9, 2015 • SEC Form 23-A (Vice President and Head of Wind Ilocos Norte Business Unit) September 9, 2015 • SEC Form 23-A (Vice President and Head of Legal and Regulatory Group) September 9, 2015 <p>SEC Form 23-B</p> <ul style="list-style-type: none"> • SEC FORM 23-B (First Gen Corporation), June 11, 2015 • SEC FORM 23-B (First Gen Corporation), June 3, 2015 • SEC FORM 23-B (First Gen Corporation), April 23, 2015 • SEC FORM 23-B (First Gen Corporation), March 20, 2015 • SEC FORM 23-B (First Gen Corporation), March 18, 2015 • SEC FORM 23-B (Investor Relations Manager), March 17, 2015
7.9 Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	YES	<p>This is stated in our 2015 Audited Financial Statements (SEC Form 17-A)http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p> <p>And our 2015 CG Report: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p>

	COMPLY	EXPLAIN
		And our latest updated 2015 ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf)
Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS		
8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups.	YES	The Company recognizes the protection and rights of its various stakeholders, such as the business partners, the environment and community, and employees, as provided in the Code of Conduct and Business Ethics http://www.energy.com.ph/corporate-governance/about-cg/corporate-governance-initiatives-policies/ and reported in pages 8-13 and 93 - 103 of SEC Form 17-A(http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf) and pages 101-111 of the latest updated 2015 ACGR http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf
8.2 Have in place a workplace development program.	YES	EDC invests heavily in employee empowerment, with a robust workplace development program, as evidenced by trainings and seminars for employees, officers and directors. This is reported pages 101-111 of the latest updated 2015 ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf) and pages 93-103 in SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at	YES	EDC acknowledges deserving employees who work hard and perform well by bestowing them with appropriate rewards and recognition. This is reported in page 101 of SEC Form 17-A (http://www.energy.com.ph/wp-

	COMPLY	EXPLAIN
the same time aligns their interests with those of the shareholders.		content/uploads/2011/05/Conso-AR-2015.pdf)
8.4 Have in place a community involvement program.	YES	Through a wide range of programs and projects, EDC shows its commitment in transforming its host communities into self-sufficient communities with Livelihood Programs, Capability Building, and Community Health and Safety. This is reported in pages 12-14 and 97-98 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf) and the EDC Sustainability Web pages (http://www.energy.com.ph/our-social-sustainability/)
8.5 Have in place an environment-related program.	YES	The Company makes environment as its priority concern and shall therefore protect, conserve, develop and enhance all natural resources in and around every place we operate, particularly geothermal reservations enabling us to sustain operations and maintain ecological balance. In 2015, the Watershed Management Department (WMD) and the Environmental Management Department (EMD) filed a total of 101 and 117 forestry and environmental permit applications, respectively. EDC also applied for the Environmental Compliance Certificates of 6 expansion projects and 4 new projects . EDC obtained the ISO 14001:2004 re-certification for the Mt. Apo Geothermal Project in October 2015. Previously, the Southern Negros Geothermal Project obtained their ISO14001:2004 certificate in 2014. In addition, all of EDC's environmental and geoscientific laboratories in the head office and in all geothermal sites are ISO/IEC 17025-accredited. Lastly, the environmental laboratories of EDC are also recognized by the Department of Environment and Natural Resources (DENR) in conformance with the requirement of DAO 98-63. These and related information, are reported in pages 12 and 94 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-

	COMPLY	EXPLAIN
		<p>AR-2015.pdf)</p> <p>and the EDC Sustainability Web pages (http://www.energy.com.ph/our-social-sustainability/)</p>
8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	YES	<p>EDC is guided by its Code of Conduct and Business Ethics, Code of Conduct and Discipline, the Gift-Giving and Receiving Policy. These are reported in the following:</p> <p>EDC's CG Initiatives and Policies: http://www.energy.com.ph/corporate-governance/about-cg/corporate-governance-initiatives-policies/</p> <p>The 2015 Audited Financial Statements (SEC Form 17-A) http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p> <p>And our 2015 CG Report: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p>
Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING		
9.1 Develop and disclose a policy governing the company's transactions with related parties.	YES	<p>EDC's CG Initiatives and Policies: http://www.energy.com.ph/corporate-governance/about-cg/corporate-governance-initiatives-policies/</p> <p>The 2015 Audited Financial Statements (SEC Form 17-A) http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p> <p>And our 2015 CG Report: http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf</p>

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		content/uploads/2011/05/Conso-AR-2015.pdf
9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	YES	This is reported in the company's SEC form 17-A: The 2015 Audited Financial Statements (SEC Form 17-A) http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf
9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.	YES	EDC's Related Party Transaction Policy Guidelines provide that "Contract between the Company and another corporation with interlocking directors (common directors), where the interest of the interlocking director in the Company is nominal and his interest in the other corporation is substantial, and such director's presence in the Company's Board meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract, the approval by the Company's stockholders shall be required"; and "Management contracts where the Company undertakes to manage or operate all or substantially all of the business of another corporation or vice versa, shall require both Board and Stockholders' approval." This is in conformity with the Corporation Code Provision on interlocking directors and management contracts (Sec. 33 and 44). It is to be noted that as part of EDC's adherence to laws, even prior to the passage of its own Related Party Transactions Policy and Guidelines, EDC complies with the requirement under the foregoing provisions of the corporation code. As such, in the 2015 ASM, the approval of Management

	COMPLY	EXPLAIN
		services between EDC and its subsidiaries, all related parties, were presented to the Stockholders for approval. This is reported in item no. 5 in page 92 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	YES	In 2015, the Related Party Transactions Policy ("RPT Policy") was approved and adopted to provide a governance framework towards ensuring the integrity and transparency of related party transactions of the Company, and the Related Party Transactions Board Committee, <u>which is composed of all Independent Directors</u> , one Executive Director, and one Non-Executive Director . The policy states: "It is the policy of the Company that related party transactions ("RPTs") are done under reasonable, fair and arm's length terms in compliance with pertinent laws, rules and regulations, to ensure that the transactions inure to the benefit and best interest of the Company and its shareholders as a whole, given relevant circumstances. <u>Material RPTs shall be disclosed to, and reviewed by the Company's independent directors, and shall be approved in accordance with the RPT Policy.</u> " This is reported in the Company Website(http://www.energy.com.ph/corporate-governance/about-cg/related-party-transactions-policy/) and pages 82-84, 103, 118 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	YES	Pursuant to the policy of disclosure of Material RPTs as provided in the RPT Policy, EDC's RPTs for the year are reported in detail in pages 82-84 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-

	COMPLY	EXPLAIN
		AR-2015.pdf)
9.6 Have a clear policy in dealing with material non-public information by company insiders.	YES	Internal regulations governing conflict of interest, trade secrets and use of confidential information have been put in place. Details of these regulations are found in EDC's Code of Conduct and Business Ethics and its Personnel Manual under the Section "Conflict of Interest Policy" and EDC's 2015 Consolidated Annual Corporate Governance Report filed with the SEC. This is reported in page 90 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	YES	The CG Manual provides in page 48, Subject 9, Section 9, the Company's commitment to disclose material information (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf) , to wit: "The Board shall, at all times commit to fully disclose all material information about the corporation, its dealings and/or which could adversely affect its viability or the interest of its stockholders and stakeholders transactions that could potentially affect the market price of the Company's shares and such other information which are required to be disclosed pursuant to the Securities Code and its Implementing Rules and Regulations including, without limitation, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, Board membership changes, shareholdings of Directors and Officers and any changes thereto, and remuneration of Directors and Officers and related party transactions."

	COMPLY	EXPLAIN
		The foregoing are reported in page 90 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT		
10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	YES	EDC has a code of conduct and business ethics and a code of conduct and discipline, as reported in the CG Web pages http://www.energy.com.ph/corporate-governance/about-cg/corporate-governance-initiatives-policies/ . The foregoing are reported in page 85-102 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	YES	EDC has a compliance system which is embodied in the Manual on Corporate Governance, specifically, page 10, Section 2 (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf)
10.3 Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	YES	EDC has not sought exemption from the application of a law, rule or regulation on corporate governance.
10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	YES	EDC has defined principles relating to curbing and penalizing offering, paying and giving bribes. Under the Code of Conduct and Business Ethics and Code of Conduct and Discipline, officers and employees are strictly required to observe

	COMPLY	EXPLAIN
		and avoid soliciting gifts, accepting bribes, and doing special favors and acts that might be considered as giving undue advantage. This is reported in page 94 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf). As such, several guidelines are in place to curb bribery, such as the provisions on permanent Disqualification for Directors in page 13, item (ii) under permanent Disqualification of the CG Manual (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf) and the avoidance bribes This is provided in the Code Of Conduct And Discipline, and the Gift-Giving and Receiving Policy, which is reported in pages 101-103 of SEC Form 17-A (http://www.energy.com.ph/wp-content/uploads/2011/05/Conso-AR-2015.pdf)
10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	YES	The Board has appointed Mr. Erwin O. Avante as EDC's Compliance Officer and Vice-President for Corporate Finance. Mr Avante has been evaluated by the Nomination and Compensation Committee and was declared fit and highly qualified prior to his election as Compliance officer . http://www.energy.com.ph/management/erwin-o-avante/
10.6 Respect intellectual property rights.	YES	This is deemed included in the company's pursuit of compliance with laws, rules and regulations, as stated in the Code of Conduct and Business Ethics. . This is reported in page 45 of the ACGR (http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf)
10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key	YES	Under the Company's Corporate Governance Manual, the Board of Directors undertakes to promote stockholders' rights and allow possibilities of seeking redress for violation of such rights. In addition, the Board of Directors

	COMPLY	EXPLAIN
stakeholders, would be settled in a fair and expeditious manner.		encourages the exercise of stockholders' voting rights and the collective action towards solution of problems through appropriate mechanisms. This is provided in page 48, Subject 8, Section 9 of the CG Manual (http://www.energy.com.ph/wp-content/uploads/2015/09/Amended-Manual-on-Corporate-Governance-PSE.pdf) and has been reported in page 58 of the Annual Corporate Governance Report of EDC: http://www.energy.com.ph/wp-content/uploads/2011/05/SEC-Form17-C-Conso-ACGR-for-2015.pdf

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this 11th day of April, 2016 in Pasig City, Metro Manila.


EDGAR O. CHUA
Independent Director


RICHARD B. TANTOCO
President and Chief Operating Officer