



Energy Development Corporation  
38<sup>th</sup> Floor, One Corporate Centre Building, Julia Vargas corner Meralco Avenue  
Ortigas Center, Pasig 1605, Philippines  
Trunklines: +63 (2) 667-7332 (PLDT) / +63 (2) 755-2332 (Globe)

August 15, 2017

**JOSE VALERIANO B. ZUÑO III**  
OIC-HEAD, Disclosures Department  
The Philippine Stock Exchange, Inc.  
Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Dear Mr. Zuño:

In compliance with the disclosure requirements of Exchange, we submit the attached updates on our 2017 Annual Corporate Governance Report (ACGR), particularly on the changes in the Board Committees' composition, details of the Audit and Governance Committee members, amendments to the Corporate Governance Manual and changes in existing policies.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Erudito S. Recio", is written over a faint, larger version of the same signature.

**Erudito S. Recio**  
AVP, Head of Investor Relations &  
Corporate Information Officer

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



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August 14, 2017

**ATTY. JUSTINA F. CALLANGAN**  
**Director**  
Corporate Governance and Finance Department  
Securities and Exchange Commission  
PICC Complex, Roxas Boulevard, Pasay City

**Subject: Updates to EDC's 2017 Annual Corporate Governance Report**

Dear **Director Callangan**,

The Energy Development Corporation (EDC) hereby informs the Commission that we have updated our 2017 Annual Corporate Governance Report (ACGR), particularly on the changes in the Board Committees' composition, details of the Audit and Governance Committee members, amendments to the Corporate Governance Manual and changes in existing policies.

The corresponding updates to the company's ACGR in the company website ([www.energy.com.ph](http://www.energy.com.ph)) shall be made upon submission of this advisement letter.

Yours truly,

**Erwin O. Avante**  
Vice-President and  
Compliance Officer

## 1) ORIENTATION AND EDUCATION PROGRAM

(a) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
MANUEL I. AYALA	JUNE 7, 2017	Corporate Governance	Institute of Corporate Directors

## 2) CHANGE/S IN EXISTING POLICIES

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Manual on Corporate Governance	<u>Updating the provisions on Board and Committee composition</u> , term limits of independent directors, designation of lead independent director, general Board responsibilities, specific duties and functions of the Board and a Director, board attendance, non-executive directors' meeting, specific duties and function of the Chairman and Chief Executive Officer, remuneration of directors and officers, and alternative dispute resolution.	To align the CG Manual with the provisions of the Philippine Corporate Governance Code for Publicly Listed Companies; To increase directors' participation in Committee activities
Enterprise Risk Management Manual	Added ERM process risk review; Aligned ERM responsibilities with the Risk Management Committee Charter, Updating of names of responsible groups, reduced the risk matrix to 5x5; linked the updateable EDC risk dictionary and risk tolerances, among others	To align with the needs of the Company's operations

## 3) BOARD COMMITTEES

### A. NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Audit And Governance	0	4	3	Yes. There is a Committee Charter	Assist the Board in its oversight responsibility as regards the Company's integrity of 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.	Review of quarterly and annual financial statements including issues noted by external auditors; Monitor and evaluate the effectiveness of internal control system through internal and external audits; Monitor and review the effectiveness of internal audit function, its accomplishment and performance; Review the work, independence and performance of external auditors and exercise final approval on the appointment or discharge of auditors; Monitor and review the company's	Authorize the investigation of any matter within its scope of responsibility, retain independent counsel, accountants or others to advise or assist the Committee in the conduct of investigation; oversee the resolution of disagreements between management and auditors; seek required information from employees who are directed to cooperate with the committee's requests; meet with company officers, external auditors, or outside counsel, as necessary; coordinate with other board committees as needed; and, appoint, compensate and oversee the work of any registered public accounting

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
						compliance to all rules, laws, regulations, and company policies through the compliance officer; and Regularly report to the Board significant issues raised to the committee with respect to the integrity of financial reporting, effectiveness of internal control and compliance with legal and/or regulatory requirements.	firm employed by the Company.
Nomination and Compensation	1	3	1	YES. There is a Committee Charter	This committee is responsible for evaluating the qualifications of all persons nominated to the Board and those to other positions requiring appointment by the Board. They also establish a	Pre-screening and short listing of candidates nominated to become a member of the Board; Identifying and recommending the candidates among the incumbent directors to fill vacancies in any of the Board committees;	To access, gather, or require the submission of any and all information regarding the company's compensation and benefits package  To approve any fee and other engagement terms of external advisers  To approve, on

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
					formal and transparent procedure for developing a policy on executive compensation and fixing the compensation packages of corporate officers and directors.	Ensuring that Directors submit themselves to a low-indicative limit on directorships in other corporations; Establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors	behalf of the Board, the payment of compensation benefits or bonuses to the Company's officers and employees
Risk Management	0	4	0	Yes. There is a Committee Charter	The Risk Management Committee (RMC) is responsible for assisting the Board in its oversight responsibility over Management's activities in managing physical, financial, operational and other risks of the	Conduct a yearly evaluation of the Company's risk assessment and risk management program  Recommend to the Board the Company's strategic risks	To require periodic reports from Management to confirm that the risk management system of the Corporation is operating correctly and consistently with its objectives

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
					corporation.		
Corporate Social Responsibility	2	2	1	Yes. There is a Committee Charter	The Corporate Social Responsibility Committee (CSRC) is responsible for the oversight and monitoring the CSR Programs of EDC.	Overseeing, coordinating and integrate the management of the Company's CSR programs for employees, environment, communities and interest groups, government instrumentalities and business partners	To redefine, in consultation with the Board, the roles, duties and responsibilities of the Committee in order to integrate the dynamic requirements of business and the future plans of the Company, subject at all times to the principles of sound corporate governance.
Operations	2	4	0	Yes. There is a Committee Charter	(Updated on March 2014) This committee is responsible for monitoring Company's interest concerning the policies, and operations such as, but not limited to matters requiring the approval of the EDC Board, approval of all expenditures	Deliberating, reviewing and recommending all matters that require the approval of the Board, approval of the expenditures and assignments that may be delegated by the Board to the Committee	The operations Committee has decision-making authority for Policy, Personnel, Finance, Expenditures, Budget, Fixed Assets, Procurement, Credits, Sales, Inventories, Legal, Insurance, General Energy Operations and other matters that may arise from time to time.

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
					in the amount of P50– P250 million, and other assignments that may be delegated by the Board to the Committee.		
Related Party Transactions Committee	2	4	3	Yes. There is a Committee Charter.	<p>Oversee the effective implementation of the RPT Policy;</p> <p>Perform oversight function in the Company's compliance to pertinent rules, laws, regulations and policies relating to related party transactions;</p> <p>Recommend to the Board of Directors any change to the RPT Policy</p>	<p>Review and endorse for Board approval changes in the RPT Policy;</p> <p>Review and clear/endorse RPTs in accordance with the RPT Policy;</p> <p>Review reports on RPTs in view of proposing changes to the RPT Policy;</p> <p>Regularly report to the Board of Directors about the Committee's activities and issues that arise with respect to related party transactions.</p>	<p>Decide on matters elevated by the RPT Panel related to the implementation of the RPT Policy</p> <p>Seek required information from employees who are directed to cooperate with the committee's requests;</p> <p>Meet with company officers and employees, regarding related party transactions, as necessary;</p> <p>coordinate with other board committees as needed; and,</p>



## B. COMMITTEE MEMBERS

### (a) Audit Committee (IN EDC, IT IS THE AUDIT AND GOVERNANCE COMMITTEE)

Office	Name	Date of Appointment
Chairman	Edgar O. Chua (ID)	May 8, 2017
Member (NED)	Victor Emmanuel B. Santos Jr.	May 8, 2017
Member (NED)	Francis Giles B. Puno	May 8, 2017
Member (NED)	Joaquin E. Quintos IV	August 8, 2017
Member (NED)	Jonathan C. Russell	August 8, 2017
Member (ID)	Francisco Ed. Lim	May 8, 2017
Member (ID)	Manuel I. Ayala	May 8, 2017

#### Disclose the profile or qualifications of the Audit Committee members.

FROM THE CORPORATE GOVERNANCE MANUAL AND  
THE AUDIT AND GOVERNANCE COMMITTEE (AGC) CHARTER:

The committee shall be composed of at least three Non-Executive Directors as members, and three of whom are Independent Directors. Each member shall have adequate understanding and recent relevant financial experience or competence of the company's financial management systems and environment. All members shall, as far as practicable, have relevant background, knowledge and/or experience in accounting, auditing and finance. The Chairman of the AGC shall be an independent director, who shall not be the Chairman of the Board or of any other Board Committee. The Committee must also have one (1) Vice President of the Company appointed by the President as a Committee resource person. It must also be comprised of the Audit and Governance Committee Executive Officer, who shall be the Chief Audit Executive of Internal Audit Department and the Committee Secretary, who shall be from the members of Internal Audit Department.

#### For 2017, the Audit and Governance Committee is composed of the following Directors:

##### **Edgar O. Chua (Chairman, Independent Director)**

Mr. Chua, 60, Filipino, is an Independent Director of EDC since July 2010, and he currently sits as the Chairman of its Audit and Governance Committee. He is also a member of the Related Party Transactions Committee and the Corporate Social Responsibility Committee.

After his retirement as Country Chairman of Shell companies in the Philippines, he continues to be active in the industry. He is currently a non-Executive Chairman of Pilipinas Shell Petroleum and an independent director of Integrated Micro-electronics Inc. He is also in the advisory board of Mitsubishi Motors Philippines Corporation and Coca Cola FEMSA Philippines. He is the Chairman of the Philippine Business for the Environment and the Philippine Eagle Foundation, and a Trustee and/or a member of various civic and business organizations including the Gawad Kalinga Community Development Foundation, the National Competitiveness Council and the Trilateral Commission.

He has more than 30 years of experience in the business fields of chemicals, auditing, supply planning and trading, marketing and sales, lubricants, corporate affairs and general management. He held senior positions outside the Philippines as Transport analyst in Group Planning in the UK

and as General Manager of the Shell Company of Cambodia. From July 1999 to August 2003, he held various regional positions in Shell Oil Products East including GM for Consumer Lubricants covering all countries East of Suez Canal including Saudi Arabia, China, India, Korea, ASEAN, Australia, New Zealand and the Pacific Islands.

Mr. Chua earned his Bachelor of Science degree in Chemical Engineering from De La Salle University (1978) and attended various international seminars and courses including the senior management course in INSEAD in Fontainebleau, France. In 2013, Mr. Chua was awarded the Management Association of the Philippines, Management Man of the Year.

#### **Francis Ed. Lim (Independent Director)**

Mr. Lim, 62, Filipino, is an Independent Director of EDC since July 2010 and is a member of the Company's Audit and Governance Committee for seven (7) years and the Related Party Transactions Committee for more than a year. He is a Senior Partner of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW) and is a member of its Executive Committee, Special Committee and Practice Development Committee. He is also member of the Board of Trustees and the Corporate Secretary of Financial Executives of the Philippines (FINEX) Research and Development Foundation Inc. He is a law professor at the College of Law of the Ateneo de Manila University, and a professorial lecturer of the Philippine Judicial Academy. He is a member of both the Philippine Bar and New York State Bar.

He is also a trustee of The Insular Life Assurance Company, Ltd and an independent director of the Producers Savings Bank Corporation. He is also a trustee and President of the Shareholders' Association of the Philippines (SHAREPHIL) and a trustee of the CIBI Foundation Inc. He served as past President and CEO and Director of Philippine Stock Exchange, Inc. (PSE), President & CEO of Securities Clearing Corporation of the Philippines (SCCP), Chairman of the Philippine Stock Exchange Foundation, Inc., (PSEFI) and Capital Market Development Center, Inc. (CMDCI), Director of the Philippine Dealing & Exchange Corporation (PDEX), Trustee of the Securities Investors Protection Fund (SIPF), and member of Capital Market Development Council (CMDC) from September 15, 2004 to February 15, 2010. He successfully worked for the passage by Congress of several capital market development related laws, namely, Personal Equity Retirement Account Act (PERAA), Credit Investment System Act (CISA), Real Estate Investment Trust Act (REITA), Documentary Stamp Duty Exemption for secondary trading of listed stocks, and Financial Rehabilitation and Insolvency Act (FRIA). He was Chairman of the Technical Work Group on the Collective Investment Schemes Law (CISL) and Chairman of the Technical Work Group on Real Estate Investments Trusts (REITS) in the Fourteenth Congress of the Senate of the Republic of the Philippines.

Mr. Lim graduated *magna cum laude* in Bachelor of Philosophy and *cum laude* in Bachelor of Arts from the University of Santo Tomas. He completed with honors his Bachelor of Laws degree (Second Honors) from the Ateneo de Manila University and his Master of Laws degree from the University of Pennsylvania, USA.

#### **Manuel I. Ayala (Independent Director)**

Mr. Ayala, 53, Filipino, is an Independent Director of EDC, and the Chairman of the Related Party Transactions Committee beginning May 8, 2017. He is also a member of EDC's Audit and Governance Committee and Nomination and Compensation Committee since September 7, 2016.

He is also the Managing Director of the Philippine Office of Endeavor, a global non-profit organization focused on accelerating the growth of high impact entrepreneurs, and an Independent

Director of Sky Cable. Prior to joining EDC, he founded Hatchd, Inc., a technology firm, and co-founded IRG Ltd., a Hongkong-based M&A advisory/investment banking firm. He was also the President of the Philippine Chapter of Entrepreneurs Organization.

Mr. Ayala has a Masters Degree in Business Administration from Harvard Business School and a Bachelor of Arts degree from Yale University.

### **Francis Giles B. Puno**

Mr. Puno, 52, Filipino, has been a Director of EDC since November 2007. He has been a member of the Audit and Governance Committee for eight (8) years. He is also the Chairman of the Risk Management Committee and a member of the Nomination and Compensation Committee and Related Party Transaction Committee.

He is the President and Chief Operating Officer (COO) of First Philippine Holdings Corp., First Gen Corp., First Gen Renewables Inc., FG Bukidnon Power Corp., First Gen Energy Solutions, Inc., Red Vulcan Holdings Corp., First Gen Luzon Power Corp., First Gen Geothermal Power Corp., First Gen Northern Energy Corp., First Gen Visayas Hydro Power Corp., First Gen Mindanao Hydro Power Corp., First Gas Holdings Corp., First Gas Power Corp., FGP Corp., Unified Holdings Corp., First Gas Pipeline Corp., First NatGas Power Corp., and FGLand Corp. He also sits in the board of First Gen Hydro Power Corporation.

He is also a Director for several of EDC's subsidiaries: EDC Geothermal Corporation, Green Core Geothermal Inc., Bacman Geothermal Inc., Bacman Energy Development Corporation, Southern Negros Geothermal, Inc., Kayabon Geothermal Inc., EDC Wind Energy Holdings Inc., EDC Burgos Wind Power Corporation, EDC Bayog Burgos Wind Power Corporation, EDC Pagali Burgos Wind Power Corporation, EDC Bright Solar Energy Holdings, Inc., EDC Bago Solar Power Corporation, and EDC Burgos Solar Corporation. He worked previously with the Global Power and Environmental Group of The Chase Manhattan Bank in Singapore and Hong Kong where he originated and executed financial advisory and debt management mandates for power and water projects in Asia.

Mr. Puno has a Masters of Management degree from the Kellogg Graduate School of Management of Northwestern University (1990) and a Bachelor of Science degree in Business Management from the Ateneo de Manila University (1985).

### **Victor Emmanuel B. Santos Jr.**

Mr. Santos, 49, Filipino, has been the Director of EDC since February 28, 2017, and currently sits as a member of the Audit and Governance Committee, the Related Party Transactions Committee, the Nomination and Compensation Committee, the Corporate Social Responsibility Committee and the Operations Committee of EDC.

He is also a Senior Vice President of First Gen Corporation (First Gen) since 2010 and the Senior Vice President of First Philippine Holdings Corp. (FPH) since 2011. He served as Vice President of FPH and First Gen since 2001. He is also the President of the Philippine Independent Power Producers Association (PIPPA) since August 2016, and a Director of the Philippine Electricity Market Corporation (PEMC) since April 2013. Before joining FPH, he worked with Enron Corp. in various capacities in Houston, Texas and Singapore. He worked as a Director for Global Markets of Enron Singapore.

Mr. Santos has a Bachelor of Science degree in Management of Financial Institutions from the De La Salle University in 1989 and a Master of Business Administration degree in Finance/International Business from Fordham University, New York in 1995.

#### Joaquin E. Quintos IV

Mr. Quintos, 57, Filipino, has joined EDC as a Director since November 2015, and currently sits a member of the Audit and Governance Committee, Related Party Transactions Committee, Operations Committee and Corporate Social Responsibility Committee of EDC.

He is currently a Senior Vice President of First Philippine Holdings and a member of the Board of Directors of Philippine American Life and General insurance Company, iPeople, Skycable, STI Education Services, Vicsal Investment and AB Capital Investment. He is also currently the Vice Chairman of the Credit Information Corporation, the national credit registry of the Philippines. Prior to joining the Lopez Group, he was the Chairman and Country General Manager of IBM Philippines Inc.

Mr. Quintos is a graduate of the University of the Philippines with a Bachelor of Science Degree in Industrial Engineering.

#### Jonathan C. Russell

Mr. Russell, 52, British, has been an EDC Director since November 2007, and currently sits as a member of the Audit and Governance Committee, Related Party Transactions Committee, and Risk Management Committee of EDC.

Prior to joining EDC, he worked for the Generation Ventures Associations, an international developer of independent power projects in the US, and BG plc based in London and Boston, which is responsible for the development of power and natural gas distribution projects.

Mr. Russell has an MBA with Distinction in International Business and Export Management from the City University Business School, London, England and a Bachelor of Science with Honours in Chemical and Administrative Sciences from the City University, London, England.

#### (b) Nomination Committee

Office	Name	Date of Appointment
Chairman	Federico R. Lopez	May 8, 2017
Member (NED)	Francis Giles B. Puno	May 8, 2017
Member (ID)	Manuel I. Ayala	May 8, 2017
Member (NED)	Peter D. Garrucho, Jr.	May 8, 2017
Member (NED)	Victor Emmanuel B. Santos Jr.	August 8, 2017

#### (c) Remuneration Committee

**NOTE: IN EDC, THE REMUNERATION FUNCTIONS ARE MERGED WITH NOMINATION FUNCTIONS IN THE NOMINATION AND COMPENSATION COMMITTEE**

Office	Name	Date of Appointment
Chairman	Federico R. Lopez	May 8, 2017
Member (NED)	Francis Giles B. Puno	May 8, 2017
Member (ID)	Manuel I. Ayala	May 8, 2017
Member (NED)	Peter D. Garrucho, Jr.	May 8, 2017
Member (NED)	Victor Emmanuel B. Santos Jr.	August 8, 2017

**(d) Others (Specify)**

(d)

(d) • **RISK MANAGEMENT COMMITTEE**

(d) • **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

(d) • **OPERATIONS COMMITTEE**

(d) • **RELATED PARTY TRANSACTIONS COMMITTEE**

(d)

Provide the same information on all other committees constituted by the Board of Directors:

(d)

**(d) RISK MANAGEMENT COMMITTEE (RMC)**

(d)

(d)

(d)

(d)

(d)

(d)

(d)

(d)

(d)

Office	Name	Date of Appointment
Chairman	Francis Giles B. Puno	May 8, 2017
Member (NED)	Peter D. Garrucho, Jr.	May 8, 2017
Member (NED)	Jonathan C. Russell	May 8, 2017
Member (NED)	Victor Emmanuel B. Santos Jr.	August 8, 2017

**(d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC)**

(d)

(d)

(d)

(d)

(d)

Office	Name	Date of Appointment* *
Chairman	Federico R. Lopez	May 8, 2017
Member (ED)	Richard B. Tantoco	August 8, 2017
Member (NED)	Victor Emmanuel B. Santos Jr.	May 8, 2017
Member (NED)	Joaquin E. Quintos IV	August 8, 2017
Member (ID)	Edgar O. Chua	May 8, 2017

**RELATED PARTY TRANSACTIONS COMMITTEE**

[Created on September 9, 2015 under Board Resolution No. 45, ss 2015]

Office	Name	Date of Appointment
Chairman	Manuel I. Ayala	May 8, 2017
Member (ID)	Francis Ed. Lim	May 8, 2017
Member (ID)	Edgar O. Chua	May 8, 2017
Member (NED)	Jonathan C. Russell	May 8, 2017
Member (NED)	Francis Giles B. Puno	August 8, 2017

Member (NED)	Joaquin E. Quintos IV	August 8, 2017
Member (NED)	Victor Emmanuel B. Santos Jr.	August 8, 2017
Member (ED)	Federico R. Lopez	August 8, 2017
Member (ED)	Richard B. Tantoco	August 8, 2017

### C. CHANGES IN COMMITTEE MEMBERS

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive (NA)	NONE	NONE
Audit and Governance	a)Ernesto B. Pantangco b)Victor Emmanuel B. Santos Jr. c) Joaquin E. Quintos IV and Jonathan C. Russell	a)Retired b) Appointed to replace Mr. Pantangco c) Increase in number of committee composition
Nomination and Compensation (NCC)	Victor Emmanuel B. Santos Jr.	Increase in number of committee composition
Remuneration (merged with Nomination)	Same as NCC data	Same as NCC data
<u>Others</u> (specify) Risk Management	Victor Emmanuel B. Santos Jr.	Increase in number of committee composition
Corporate Social Responsibility	(a) Ernesto B. Pantangco; (b) Victor Emmanuel B. Santos Jr.; (c) Richard B. Tantoco and Joaquin E. Quintos IV	(a) Retirement; (b) Replaced Mr. Pantangco; (c) Increase in number of committee composition
Operations	(a) Ernesto B. Pantangco; (b)Victor Emmanuel B. Santos Jr.	(a) Retirement; (b) Replaced Mr. Pantangco
Related Party Transactions	(a) Jonathan C. Russell; (b) Federico R. Lopez, Richard B. Tantoco, Francis Giles B. Puno, Victor Emmanuel B. Santos Jr., Joaquin E. Quintos IV	(a) Replaced Mr. Puno; (b) Increase in committee composition