

ENERGY DEVELOPMENT CORPORATION
Audit and Governance Committee Charter

I. MISSION

The Audit and Governance Committee is a creation of the Board of Directors of Energy Development Corporation whose mission is to assist the Board in its oversight responsibility as regards the following:

- A. Integrity of the Company's financial reporting process,
- B. Effectiveness and soundness of the Company's internal control environment,
- C. Adequacy of the Company's audit functions, both internal and external, and
- D. Compliance with laws, rules, regulations, policies, contracts, and the code of conduct.

II. COMPOSITION

- A. The Committee shall have at least three (3) Non-Executive Directors as members, three (3) of whom shall be Independent Directors.
- B. Each member shall have (a) adequate understanding and relevant financial experience or competence on the Company's financial management systems and environment, and (b) as far as practicable, relevant background, knowledge, skills, and/or experience in accounting, auditing, and finance.
- C. The Chairperson of the Committee shall be an Independent Director and shall not be the Chairperson of the Board or of any other Board Committee.
- D. The Committee may invite resource persons from within the Company, as may be necessary. At least one (1) Vice-President may be designated by the President as Management representative to the Committee and/or Committee resource person. He shall have no voting rights on matters deliberated by the Committee.
- E. The Chief Audit Executive shall serve as head of the Secretariat of the Committee. Members of the Secretariat shall be chosen by the Chief Audit Executive from the members of the Internal Audit Department.

III. DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Committee:

On Audit and Internal Control:

- A. To review the Company's financial statements by:
 - 1. Obtaining an understanding of the Company's significant financial reporting matters, including but not limited to:
 - a. Financial results,
 - b. Information on Management discussion and analysis,
 - c. Significant balance sheet changes,
 - d. Accounting principles, including changes,

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

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

allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

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

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

On Governance and Compliance:

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

IV. AUTHORITIES

- A. Authorize the investigation into any matter within its scope of responsibility;
- B. Retain independent counsel, accountants, or others to advise or assist the Committee in the conduct of investigation;
- C. Oversee the resolution of disagreements between Management and the auditor;
- D. Seek any information it requires from employees all of whom are directed to cooperate with the Committee's requests;

- E. Meet with Company officers, external auditor, or outside counsel, as necessary;
- F. Coordinate with the other Board Committees, as needed, in its function of providing assurance to the Board; and
- G. Appoint, compensate, and oversee the work of any registered public accounting firm employed by the Company.

V. REPORTING RESPONSIBILITIES

- A. Regularly report to the Board of Directors about the Committee's activities and issues that arise with respect to the quality or integrity of the Company's financial statements, effectiveness of internal controls, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, and the performance of the internal audit function.
- B. Report annually to the shareholders, describing the Committee's composition, responsibilities, and how they were discharged, and any other information required by rule, including approval of non-audit services.
- C. Review any other reports the Company issues that relate to the Committee responsibilities.

VI. MEETINGS

- A. The Committee will meet at least four times a year, with authority to convene quarterly additional meetings, as circumstances require. All Committee members are expected to attend each meeting- in person or via teleconference or video-conference.
- B. The Committee may invite members of the Management, auditors, employees, or others to provide pertinent information as necessary.
- C. A majority of the Committee members with the attendance of at least two Independent Directors shall be necessary at all Committee meetings to constitute a quorum for the transaction of any business. If a quorum is present, an affirmative vote of the majority shall constitute a valid action.
- D. Meeting agenda will be prepared and provided in advance to members with appropriate briefing materials. Minutes of the Committee Meeting will be prepared.

VII. PERFORMANCE REVIEW

The Committee must conduct an assessment of its performance on an annual basis or in such shorter intervals as may be set by the Board and in compliance with relevant regulatory requirements. It may recommend to the Board any suggested changes in the duties and responsibilities of the Committee and the terms of this Charter.

Note: Approved by the AGC on May 8, 2020. EDC Board's approval and clearance for the revision of the AGC Charter to conform with the revised CG Manual was secured during the March 2020 Board Meeting.