

ENERGY DEVELOPMENT CORPORATION
Nomination and Compensation Committee Charter

I. MISSION

The Mission of the Nomination and Compensation Committee is as follows:

A. Nomination

“To ensure the selection and retention of competent and qualified directors of the Company and other officers appointed by the Board of Directors by applying the standards, criteria and code of conduct established by law, the Code of Corporate Governance, the Company’s Articles of Incorporation and By-Laws.”

B. Compensation

“To ensure that the Company’s compensation policies and remuneration packages for its corporate officers, directors and key personnel are fair, equitable, competitive and consistent with the Company’s culture, strategy, objectives, plans and programs.”

II. COMPOSITION

The Nomination and Compensation Committee shall have at least three (3) Directors as members, one of whom shall be an Independent Director.

The Chairman shall either be a regular or independent Director, elected from among the members of the Committee.

There shall also be at least one (1) Vice-President of the Company appointed by the President as committee resource person.

III. DUTIES AND RESPONSIBILITIES

The Committee’s duties and responsibilities are as follows:

A. *On Nomination:*

1. To pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the following qualifications and disqualifications:

Qualifications:

- a) At least a college graduate or, in the absence of such college degree or formal education, with sufficient experience in managing a business;

- b) At least twenty-one (21) years old;
- c) Shall have been proven to possess integrity and probity;
- d) Shall be assiduous.

Disqualifications:

- a) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business or activity which competes with or is antagonistic to that of the Corporation or any of its subsidiaries and affiliates, which disqualification may be waived by a majority vote of the Board of Directors, upon the recommendation of the Nominations Committee. Without limiting the generality of the foregoing, a person shall be deemed to be engaged in such business or activity:
 - (i) If he is an officer, manager, director or controlling person of, or the owner (either of record or beneficially) of five percent (5%) or more of any outstanding class of shares of any corporation (other than one in which the Corporation owns at least thirty percent (30%) of capital stock), or entity engaged in a business or activity which the Board of Directors, by at least a majority vote of the directors present constituting a quorum, determines to be competitive or antagonistic to that of the Corporation or its subsidiaries and affiliates; or,
 - (ii) If he is an officer, manager, director or controlling person of, or the owner (either of record or beneficially) of five percent (5%) or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Corporation or that of its subsidiaries and affiliates, where the Board of Directors, by at least a majority vote of the directors present constituting a quorum, determines such corporation or entity as being involved in acts violative of the laws against combinations in restraint of trade; or where the membership in the Board of Directors of the Corporation of such officer, manager, controlling person or owner of such persons and entities, in the judgment of the Board of Directors, by at least majority vote of the directors present constituting a quorum, may violate the laws against combinations in restraint of trade; or,
 - (iii) Being a nominee, as determined by the Board of Directors by at least a majority vote of directors present constituting a quorum, of any person set forth in the preceding clause (a) or (b).
- b) Any person convicted by final judgment of an offense involving moral turpitude or similar fraudulent acts or transgressions;

- c) Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of election as a Director;
- d) Any person judicially declared to be insolvent;
- e) Any person convicted by final judgment by the Commission or a court or other administrative body of having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas (BSP);
- f) Any person found guilty by final judgment by a foreign court or financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the preceding clause;
- g) Any person who has previously committed patently unlawful act(s) and/or other act(s) deemed inimical to the reputation and/or interest of the Corporation, its subsidiaries or affiliates;
- h) Any person who has committed acts causing undue injury to the Corporation, its subsidiaries or affiliates, or committed acts causing injury to another corporation while acting as an officer or director therein;
- i) Any person who has previously committed gross negligence or bad faith in directing the affairs or another corporation where he served as an officer or director;
- j) In the case of independent directors, the additional grounds for disqualification shall be those provided under Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.
- k) Any person who is disqualified by such other grounds for disqualification of directors as may be provided by law and applicable regulations, including those provided for under the Code of Corporate Governance, the Corporation Code, the Securities Regulation Act, as well as those that may be approved by the Board of Directors.

For purposes of the foregoing paragraphs, the term “subsidiary” as used in the foregoing paragraphs of this Section is defined as a corporation or entity in which the Corporation, directly or indirectly, owns, controls or has the power to vote at least a majority of the shares or interests. Likewise, the term “affiliate” as used in the preceding paragraphs is defined as a corporation or entity in which the Corporation directly or indirectly owns, controls or has the power to vote at least ten percent (10%) but not more than fifty percent (50%) of the shares or interests.

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

2. For the purpose of implementing the foregoing paragraphs, all nominations for the election of directors by the stockholders shall be submitted in writing to the Board of Directors and be received at the Corporation's principal place of business at least forty (40) working days before the date of the regular or special meeting of the stockholders for the purpose of electing directors of the Corporation.
3. In connection with the qualification and election of directors, the Committee shall conduct the following procedures/guidelines:
 - a. All nominations shall be submitted in writing to the Board of Directors thru the Corporate Secretary, and shall be received at the Corporation's principal place of business at least forty (40) working days before the date of the regular or special stockholders meeting called for the purpose of electing directors of the Corporation;
 - b. Upon receipt of each nomination from the Corporate Secretary, the Committee shall immediately conduct the screening and evaluation of nominations in accordance with the standards, criteria and requirements established by law, under the Charter of the Committee, the Code of Corporate Governance, as well as in the Articles of Incorporation and By-Laws of the Corporation.
 - c. The Committee shall submit a list of qualified nominees to the Board of Directors within two (2) working days from the deadline for the submission of nominations, as provided under par. (a) above.
 - d. In the event that any member of the Board of Directors objects to a nomination or qualification of any nominee or candidate for director within two (2) calendar days from the issuance of the nominees' list by the Nominations and Compensation Committee, the Nomination and Compensation Committee shall, within two (2) calendar days from receipt of such objection, engage and appoint a qualified independent and competent person or entity (such as law, auditing or management consultancy firms) or individual of known probity and integrity to advise the Committee in the evaluation of the qualification of such person nominated as director for the Corporation
 - e. Such independent body, entity or person engaged by the Nominations Committee shall have a period of five (5) calendar days to submit his findings or recommendations to the Nominations Committee.

- f. Upon receipt of the findings and recommendation from the independent body, entity or person, the Committee shall thereafter finalize the list of qualified nominees and submits the same to the Board of Directors for the consideration and approval.
 - g. The Board of Directors shall act upon the recommendation of the Nominations Committee not later than two (2) working days from its receipt of the recommendation from the said Committee.
 - h. Only nominees whose names appear on the Board-approved final List of Candidates shall be eligible for election as Directors of the Corporation. No other nomination shall be entertained after the final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.
4. To identify and recommend the candidates among the incumbent directors to fill vacancies in any of the Board Committees, taking into consideration the factors set out in the respective Charters of said Committees as well as any other factors it deems appropriate.
5. To consider and recommend to the Board the temporary disqualification or such other appropriate administrative sanction of any Director based on any of the following grounds:
- a) Refusal to fully disclose the extent of business interest as required under the Securities Code and its Implementing Rules and Regulations; provided that this disqualification shall be in effect as long as said refusal persists;
 - b) Absence or non-participation for whatever reasons(s) for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency; provided that this disqualification applies for purposes of the succeeding election;
 - c) Dismissal/termination from directorship in another corporation, the shares of which are listed on the Exchange, for cause; provided that this disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
 - d) Being under preventive suspension by the Company;
 - e) Conviction that has not yet become final involving offenses referred to in the grounds for the disqualification of directors set out above.
 - f) In the case of independent directors, the additional grounds for temporary disqualification shall be those provided under Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code

6. To determine, and submit an appropriate recommendation or finding on whether a candidate's directorship in other corporations would affect his capacity to serve and perform his duties as a Director diligently, taking into consideration the following factors:
 - b. The nature of the business of the Company;
 - c. The number of directorships/active memberships and officerships of a Director in other corporations or organizations;
 - d. Any possible conflict of interest;
 - e. The age of the Director; and
 - f. Such other factors which the Board may consider from time to time.
7. To ensure that the Executive Directors, the Independent Directors and Non-Executive Directors who serve as full-time executives in other corporations shall submit themselves to a low-indicative limit on directorships in other corporations in order that the capacity of said directors to serve the Company with utmost diligence shall not be compromised.
8. To ensure that the Company shall conform with the requirement to have an independent director or such number of independent directors as maybe required by law and its Articles of Incorporation and By-laws.
9. In connection with the qualification and election of independent directors for purposes of a stockholder's meeting, to conduct the nomination process for the election of independent directors under the following procedures/guidelines:
 - a. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the nominees.
 - b. The screening and evaluation of the qualifications of the nominees shall be in accordance with the standards, criteria and requirements established by law, under the Charter and the Committee , the Code of Corporate Governance, as well as in the Articles of Incorporation and By-Laws.
 - c. After the nomination, the preparation of final list of all candidates shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of the Securities Regulation Code Rule 12. The list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with Securities Code Rules 17.1 (b) or 20, respectively, or in such other reports the company is required to submit to the Commission. Also, the name of the person or group of persons who

recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

- d. Only nominees whose names appear on the final List of Candidates shall be eligible as Independent Directors. No other nomination shall be entertained after the final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.

The foregoing procedures shall be in addition to such other requirements or procedures provided under the foregoing Section 3 of this Charter.

10. To identify and recommend the candidates among the incumbent directors to fill vacancies in any of the Board Committees, taking into consideration the factors set out in the respective Charters of said Committees as well as any other factors it deems appropriate.
11. To redefine, in consultation with the Board, the roles, duties and responsibilities of the President/CEO, if the Nomination Committee reasonably believes that such is necessary in order to integrate the dynamic requirements of the business as a going concern and the future plans of the Company, subject at all times to the principles of sound corporate governance.
12. To identify candidates for any vacancies in the Board.
13. To conduct and Annual Board evaluation process to assess the effectiveness of the Board.
14. To put together terms of reference or qualifications for senior executives of the Company, including the CEO, VPs, etc., setting forth qualifications and competencies for such offices, which shall include commercial, financial and/or technical experience and expertise in running a business enterprise.

B. *On Compensation:*

1. To establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors; provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Company's culture, strategy objectives, plans and programs as well as the power and energy industry.
2. To review and recommend to the Board the Company's compensation system, policies and guidelines and oversee the development and implementation of compensation and incentives program and guidelines affecting members of the Board, President/CEO, Vice Presidents and Senior Managers.

3. To review annually the existing salary structure of all President/CEO, Vice Presidents and Senior Managers against actual payline and existing trendline of the industry compensation and benefits and brief the Board on the situation of the company and how it compares with the industries and leading companies.
4. To review and recommend to the Board changes in the organizational structure and staffing requirements affecting Senior Managers of higher.
5. To undertake any special projects or investigations which the Committee considers necessary, and perform other tasks or duties as may be requested or delegated by the Board of President/CEO, such as, but not limited to:
 - a. Review of the existing Personnel Policy and Procedures Manual to strengthen provisions on conflict of interest, nepotism, the extent of the CEO's authority to approve waivers of certain personnel policy guidelines, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
 - b. Review and update as required, Full Business Interest Disclosures as part of the pre-employment requirements for all incoming officers which, among others, compel all officers including Board of Directors to declare under the penalty of perjury all their existing business interests or shareholdings that may conflict, directly or indirectly, with performance of their duties once hired (update existing form and set specific terms).

IV. AUTHORITIES

The Committee shall have the following powers and authorities:

1. To access, gather or require the submission of any and all information, document or data on the Company's compensation and benefits packages or privileges for all of its officers and employees, including directors, executive and management officers.
2. To solicit professional advice and/or assistance from officers and employees within the Company or from appropriate external advisers/consultants who shall be subjected to the Full Business Interest Disclosure.
3. To approve any fee and other engagement terms of external advisers/consultants hired in the execution of its duties and responsibilities subject to the limits equal to that of the CEO consistent with the Company's Approvals Manual.
4. To approve, on behalf of the Board, the grant/payment of compensation benefits, such bonuses, increases, merit or performance incentives and such other monetary and non-monetary compensation benefits, entitlements and privileges to the Company's officers and employees.

V. MEETINGS

The Committee shall meet as required, but no less than two (2) times in a year. The Committee Secretariat or any member thereof may call a meeting of the Committee. The agenda and the relevant supporting papers will also be distributed to the members in advance

The Committee shall convene in person, unless despite notice of the meeting, personal appearance is physically impossible. In such case, and whenever at least two (2) Committee members are physically present, teleconferencing or videoconferencing may be utilized and the member so participating via teleconference or videoconference for the entire meeting shall be deemed present for the Committee's proceedings.

The minutes of the meeting will be prepared and presented to the Committee for approval in the succeeding meeting

VI. REPORTING RESPONSIBILITIES

The Committee's proceedings and resolutions shall be reported in the immediately succeeding board meeting by the Committee Chairperson, or his designated representative.

VII. COMMITTEE SECRETARIAT

The Committee Secretariat shall be headed by the Manager of the Human Resources Division, who shall have the authority to form and designate the members thereof

VIII. ACCOMPLISHMENT REVIEW

The Committee shall present an annual performance report, and shall recommend to the Board any suggested changes in the duties and responsibilities of the Committee and terms of this Charter for increased effectiveness.