


University of Asia and the Pacific Center for Social Responsibility	Assurance/EDC/IR/2021
 Independent Assurance Statement External Review Committee	Manila 16 May 2022 Original: English

A. General Disclosures

The Energy Development Corporation (EDC) selected three experts in the fields of economics, environmental, and social sciences as members of the External Review Committee (ERC) to evaluate the Company's 2021 Integrated Report (IR). The ERC members' primary role was to assess the content elements and guiding principles of the IR in its adoption of the International Integrated Reporting <IR> Framework. They also provided insights and recommendations vis-à-vis the regenerative mission of EDC following their review of the IR and the consultations with the stakeholders and management of the Company.

The assurance process involved reviewing the IR and interviewing the Company's stakeholders, the Technical Working Groups (TWGs), and senior management. Since the composition of the ERC that reviewed the 2021 IR was the same as 2020, new sites were selected for the assurance process, namely Burgos, BacMan, and Mt. Apo. The TWG members presented their respective sites' 2021 performance. The ERC also interviewed the relevant stakeholder groups in these areas as well as EDC's Management Committee headed by its President, Mr. Richard Tantoco.

EDC shouldered the expenses including the honorariums of the ERC members and the administrative support provided by the Center for Social Responsibility of the University of Asia and the Pacific (CSR-UA&P) as the host of the external assurance.

Methodology

EDC believes that the prevailing sustainability effort is no longer enough. The urgency of the current situation demands that the use of capitals should bring about regeneration rather than merely avoiding negative impacts and complying with standards and regulations. As disclosed in the 2021 IR, "being a force of good" in and for society remains an inspiration behind the mission of and the driving force behind the organizational transformation in EDC.

The IR of EDC covered the performance of the Company and its power facilities from January 1 to December 31, 2021. To ensure continuity and comparability of performance results, EDC continued to adopt the same disclosure standards endorsed by the Value Reporting Foundation (VRF). To give a better understanding of the impact disclosures of the six capitals – financial, manufactured, human, social and relationship, intellectual, and natural - EDC supplemented its disclosures using the Pentad framework and the indicators from the GRI Standards to better illustrate and analyze the Company's impacts.

The virtual data presentations and Company management and stakeholder interviews started on March 22, 2022, and ended with the meeting with the Management Committee headed by the EDC President Mr. Richard Tantoco on April 20, 2022 (see table below). The draft of the IR was received and reviewed last April 13, 2022, and the assurance statement was submitted last May 16, 2022.

Below is the list of the sites included in the process along with the respective dates of the data presentations and stakeholder consultation.

Site	Date
Head Office	March 22, 2022
BacMan Geothermal	March 22 and 24, 2022
Mt. Apo Geothermal	March 24, 2022
Burgos Wind	March 28, 2022
Management Committee	April 20, 2022

The observations, findings, and recommendations of the ERC were based on EDC's draft IR (version of April 13, 2022) and consultations with the Company's different stakeholders. The ERC members submitted their individual management letters containing their observations and recommendations to the Management Committee last May 16, 2022.

The assurance statement of the ERC should not be construed as the views of the organizations where the ERC members belong nor that of UA&P. The same does not provide a guarantee of data and information accuracy, as well as an endorsement of the Company's approaches, strategies, and plans. The assurance process assumed that all data and information provided by the Company were complete and true.

B. Observations and Findings

The ERC is grateful for this opportunity to review the 2021 IR of EDC. The review and consultation process was helped much by the Company's transparency and forthrightness. The ERC itself has been enriched by the experiences and insights that were shared by the EDC management and its various stakeholders on the ground.

The governance, strategy, and management efforts towards pursuing decarbonization and regeneration provided the central focus of the report. Collaboration was clearly established as the basis for its strategic partnerships. The IR discussed these in concise language and information aligned with the requirements of capital providers who are usually interested in the value created within and outside the Company from the use of the capitals. The use of the <IR> Framework over the last three years allows EDC to consistently improve not only on its disclosures, but also its governance, business model, strategy, and plans to address the opportunities for and risks against value creation. Moreover, the use of the <IR> Framework allows readers to compare and review EDC's performance and impact over time.

This collective report of the ERC consolidates the observations/findings and recommendations that were raised in the individual management letters of its members. The recommendations below parallel the observations and findings of the ERC.

1. We commend EDC for its consistent efforts to engage its various stakeholders, especially the communities in which it operates. The communities' appreciation of the importance of environmental stewardship, health, education, and livelihood is palpable and evident, which only confirms what has already been included in the IR. As an instance of forging collaborative pathways to decarbonization and regeneration, these efforts have been undertaken not singly or unilaterally but in partnership with local government units (LGUs), civil society, and the communities themselves. The efforts have also transformed EDC itself in at least two ways. First, EDC's engagement with indigenous communities has

offered important lessons to the Company on cultural respect, sustainable practices, conflict resolution, and the like. Second, EDC's social assistance and example have transformed the employees themselves who have taken the initiative outside Company-mandated efforts to contribute to these social activities (e.g., scholarships).

2. Noteworthy are EDC's innovations in decarbonization (i.e., reducing its carbon intensity), aside from how it continues to strengthen its carbon sinks through the forest resources under its care. For example, optimizing energy from geothermal plants through its new binary plants that harness waste heat will redound to additional efficiencies which translate to carbon and financial savings, and adding jobs and new skills in the economy. EDC's leadership in the Philippine Net Zero Carbon Alliance (NZCA) and the greening of its supply chain through its vendor and subcontractor accreditation policy are initiatives that will help ensure the partnerships that matter to the Company (for instance, linkages with those who share EDC's vision of decarbonization and regeneration, and those who will strengthen EDC's value proposition of clean and safe energy). The strategy to move EDC from being a provider of energy to a provider of solutions is indeed welcome. For instance, the excitement generated by EDC's presence in Bohol in the aftermath of Typhoon Odette in December 2021 can indeed position the Company as a catalyst that enables energy solutions and facilitates the transition from sustainability to regeneration.
3. We are pleased to confirm EDC's people-first agenda as manifested in its conscientious care and concern for its co-creators and their families. EDC's adaptive COVID-19 Response Program, the Empower Council, Tindog EDC, its digitization initiatives, among many others, have been evidently proactive and comprehensive, covering physical safety, mental health, and financial security. A key concern raised by the EDC management and shared by the ERC is the so-called war for talent as the world of work recalibrates itself in the aftermath of the COVID-19 pandemic. Recruitment of qualified people and their retention will be crucial supply-side challenges in the post-pandemic jobs market.

C. Recommendations

1. Gauging the collective social impact of EDC's different social initiatives will be a continuing challenge. It is highly recommended that the Company undertakes this collective social impact assessment, aside from evaluating the individual impact of its social projects and programs. EDC may do well to consider strategically consolidating, focusing, and targeting its community outreach efforts toward alleviating the living conditions of the poorest families in areas (such as 4th and 5th class municipalities) where EDC operates. In partnership with LGUs and independent institutions in civil society (e.g., NGOs and academe), EDC can start with key social information such as poverty, health, and literacy rates; and use these as indicators/benchmarks with which to decide its engagement and gauge the collective social impact over the long-term of its social outreach.

Given the current state of EDC's cordial relations with indigenous communities, now would also be an opportune time to gather and document the rich tradition and best practices of our Indigenous Peoples (IP) communities in areas where the Company is present. This will help nurture what needs to be protected, deepen our appreciation for cultural diversity, and even provide insights and solutions related to sustainability and regeneration.

2. The ERC recommends that EDC elaborate further in subsequent reports on how the Company intends to concretize its shift to becoming a provider of solutions, considering for example the outstanding challenges of energy storage and efficiency, new energy sources, disaster-related outages, all of which fall under the perennial concerns of reliable and affordable clean energy.

As far as the NZCA partnerships and the greening of EDC's supply chain are concerned, it would be good to disclose in later reports the cascading impacts of these initiatives on the decarbonization agenda of the Company and the country as well. Perhaps too, the EDC can already consider estimating its Scope 3 emissions despite the challenges of such estimation, in consonance with the guidance provided by the Task Force on Climate-related Financial Disclosures (TCFD).

3. The regeneration of EDC's human capital can be strengthened further by expanding the Company's programs on inclusivity and diversity. EDC may wish to consider affirmative action type of measures that ensure gender balance and the inclusion of other minority or disadvantaged groups such as persons with disabilities (PWDs) and IPs. Given these complex challenges, it might do EDC well to know and report where they encounter obstacles and where they make progress.

In response to the so-called war for talent, one short-term response that is already underway in EDC is the continual training and upskilling of people, with an added accent on mental health. Considering this key risk to human capital, the ERC recommends that EDC include in subsequent reports the evolving strategies and measures (in the short- to long-term) that it plans to adopt to sustain and regenerate its human capital. Knowing that life and work can no longer be as they were pre-pandemic, it is recommended that EDC articulate for itself and its stakeholders how it plans to recalibrate and execute its human resources (HR)-related strategies, policies, and measures in the face of increasingly scarce and expensive talent.

CERTIFICATION

We, the members of the External Review Committee, have validated via external assurance activities the Energy Development Corporation 2021 performance, as presented in its integrated report (IR), based on the International Integrated Reporting <IR> Framework and relying on relevant data or information disclosed to and/or received by us during the validation process. This certification does not extend to matters beyond the coverage of such data or information and/or outside the scope of such process. More so, nothing in our assurance statement should be construed as a position or opinion of the organizations where we are presently connected.

Our collective external assurance statement is attached hereto.

IN WITNESS WHEREOF, we have hereunto set our hands this May 16, 2022 at the University of Asia and the Pacific.



A handwritten signature in blue ink, appearing to read "Jose".

Fr. Jose Ramon Villarin, S.J.
Executive Director, Manila Observatory
Former President, Ateneo de Manila University
Chair, External Review Committee for Energy Development Corporation IR 2021



Fr. Jose Ramon Villarin, S.J. is the Executive Director of the Manila Observatory. He holds a Doctor of Philosophy degree in Atmospheric Sciences from Georgia Institute of Technology (Georgia Tech), a Master of Science degree in Physics from Marquette University, and a Bachelor of Science degree in Physics from Ateneo de Manila University. His past commitments include serving as the President of the Ateneo de Manila University and as a member of the National Panel of Technical Experts of the Climate Change Commission of the Philippines. He was also the lead reviewer of the United Nations (UN) Framework Convention on Climate Change, in which capacity he audited the greenhouse gas emissions of developed countries, and was a member of the UN Consultative Group of Experts, which helped strengthen the capacity of developing countries to deal with climate change. He was also a member of the Intergovernmental Panel on Climate Change, a global group of scientists that received the Nobel Peace Prize in 2007 with former US Vice President Al Gore. He is the coordinating lead author of "The 2016 Philippine Climate Change Assessment: The Physical Science Basis" which was written with several Filipino scientists to evaluate the state of climate science in the country. He continues to chair Synergeia, a nongovernmental organization (NGO) dedicated to public education reform in the country.



Winston Conrad Padojinog, DBA
President, University of Asia and the Pacific



Dr. Winston Conrad Padojinog or Stan – an associate professor of industrial economics and strategic management – is the fourth (4th) President of the University of Asia and the Pacific (UA&P). Before being appointed as President, he occupied various positions in the University – from a graduate staff member to the more recent ones which are the School Secretary and Vice Dean of the School of Economics, and the Dean of the School of Management.

He lectures and undertakes research in the fields of industry dynamics, strategic management, finance, and business sustainability courses in the graduate programs of UA&P. His extensive experience and research in the field as an industry economist and business strategist makes him a sought-after expert and consultant by industry associations, policy makers, and companies for their industry policy, corporate strategy, business sustainability, and governance requirements. He is frequently invited to speak in international and local forums to discuss issues related to competitive strategy, leadership, business sustainability, and industry-based policies. Since 2011, he has served as a member of the External Review Committee of various companies that pioneered and subjected their sustainability reports to external assessment.

Dr. Padojinog has a seat on the board of non-governmental organizations (NGOs) that promote good governance and education for the less privileged. He sits in the board of the Center of Excellence in Governance – an NGO umbrella organization for the Institute of Corporate Directors and the Institute of Solidarity Asia. He is also a board member of the Center for Research and Communication Foundation, Inc. – a think tank that promotes an enlightened private and public sector that should work for economic and business policies that bring about inclusive growth and development; and the Jose Jon Tiamsuy Foundation that extends scholarships to deserving students in schools in Iloilo City.



Br. Armin Luistro FSC
Former President, De La Salle University



Br. Armin Luistro FSC brings with him over 33 years of experience in both the private and public sectors. He served as the Secretary of the Department of Education from June 2010 to 2016 where he led the implementation of the K to 12 Basic Education Program. Prior to this, Br. Armin was at the helm of De La Salle University, serving as its President from April 2004 to June 2010. In previous years, he also served as the President of the De La Salle University System, and several other La Salle schools.

Br. Armin also served in various capacities in other government and intergovernmental organizations. These include the National Youth Commission (NYC) Advisory Council, United Nations Educational, Scientific, and Cultural Organization (UNESCO) National Commission of the Philippines, Technical Education and Skills Development Authority (TESDA) Board, National Economic and Development Authority (NEDA) Social Development Committee, Human Development and Poverty Reduction Cluster of the Philippine Cabinet, and the Southeast Asian Ministers of Education Organization (SEAMEO). He has likewise been an active member of the Philippine Council for NGO Certification (PCNC), Knowledge Channel Foundation, Philippine Business for Education (PBE), and the Sidhay Foundation for Street Children. Br. Armin is a professed member of the De La Salle Christian Brothers. As an educator at heart, Br. Armin began his teaching profession at De La Salle Lipa in Batangas where he worked as a religion teacher, homeroom adviser, and campus minister from 1983 to 1986.

Br. Armin holds a Doctorate in Educational Management from the University of Saint La Salle in Bacolod and a Master's degree in Religious Education and Values Education from the De La Salle University in Manila, where he also obtained his degree in Bachelor of Arts in Philosophy and Letters.