



# Corporate Governance

## Board Matters

### Board Meetings

EDC's Corporate Secretary, through the Office of the President, prepares the schedule of EDC's Board meetings, in accordance with its By-laws, and disseminates it to the members of the Board and key executives so that EDC's Directors can plan accordingly and fit the year's Board meetings into their respective schedules.

EDC's Board meetings are usually scheduled at the beginning of the year to allow the Board to calendar and ensure maximum attendance in EDC Board meetings. For 2021, the dates of the EDC Board meetings were announced on January 11, 2021.

As reported to the SEC, the Board of Directors of the Company held its 2021 meetings on the following dates:

Meeting Date	Meeting Type
February 4, 2021	Regular Board Meeting
March 3, 2021	Special Board Meeting
March 18, 2021	Regular Board Meeting
May 11, 2021	Organizational Board Meeting
June 10, 2020	Special Board Meeting
July 15, 2021	Regular Board Meeting
October 1, 2021	Regular Board Meeting
November 18, 2021	Regular Board Meeting

**IN 2021, THE BOARD HAD A TOTAL OF EIGHT (8) MEETINGS, INCLUDING ITS ORGANIZATIONAL MEETING.**

**DETAILS OF THE DIRECTORS' BOARD MEETING ATTENDANCE ARE SET OUT BELOW:**

Position	Name	Date of Election	Number of Meetings Held During the Year	Number of Meetings Attended	Percentage
Chairman & CEO	Federico R. Lopez	May 11, 2021	8	8	100%
Director, President & COO	Richard B. Tantoco	May 11, 2021	8	8	100%
Director	Francis Giles B. Puno	May 11, 2021	8	8	100%
Director	Jonathan C. Russell	May 11, 2021	8	8	100%
Director	Joaquin E. Quintos IV	May 11, 2021	8	8	100%
Director	David Andrew Baldwin	May 11, 2021	8	8	100%
Director	Christopher Low Eu Sun	May 11, 2021	8	8	100%
Director	Nicole Goh Phaik Khim*	July 28, 2020	8	1	N/A
Director	Ang Eng Seng	May 11, 2021	8	8	100%
Ind. Director	Edgar O. Chua**	July 28, 2020	8	3	N/A
Ind. Director	Francisco Ed. Lim**	July 28, 2020	8	3	N/A
Ind. Director	Manuel I. Ayala	May 11, 2021	8	8	100%
Ind. Director	Sebastian C. Quiniones, Jr.***	May 11, 2021	8	5	N/A
Ind. Director	Teresa Grace Socorro G. Lara***	May 11, 2021	8	5	N/A

\*Ms. Nicole Goh Phaik Khim resigned as director and Mr. Ang Eng Seng was elected as regular director in her place on February 4, 2021.

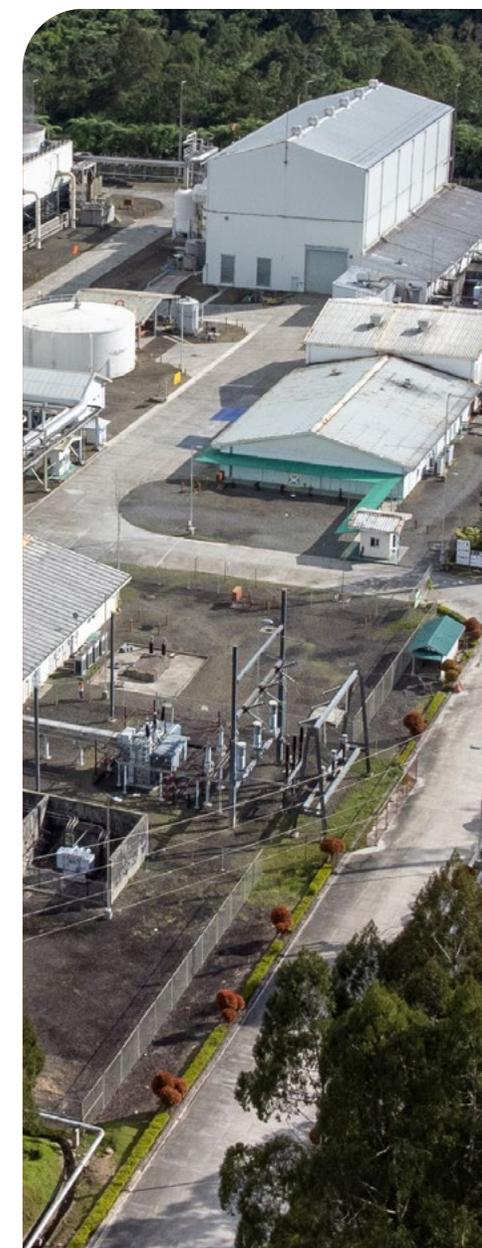
\*\*Only until May 11, 2021.

\*\*\* Effective May 11, 2021.

The minimum quorum requirement for Board decisions under EDC's By-Laws is a majority of the total number of Directors of which (i) for so long as Red Vulcan holds sufficient shares to enable it to appoint at least one (1) Director, one (1) must be a Red Vulcan Director; and (ii) for so long as the Participation Conditions (as defined in the By Laws) are satisfied and there is at least one (1) incumbent Investco Director who is not an Unsuitable Director

(as these terms are defined in the By Laws), one (1) must be an Investco Director.

Board meetings are recorded and minuted, and all resolutions are documented by the Corporate Secretary. Committee meetings are likewise recorded and minuted, with the resolutions documented by the respective Committee Secretariats.



### Board Committees

To facilitate the monitoring of the Company's performance and to enhance the effectiveness of the Board in discharging its fiduciary duties, seven (7) Board-level committees have been constituted, namely: the Audit and Governance Committee, Nomination and Compensation Committee, Risk Management Committee, Corporate Social Responsibility Committee, the Operations Committee, the Related Party Transactions Committee, and the Health, Safety, and Environment Committee.

### BELOW ARE THE BOARD COMMITTEES' RESPECTIVE MEMBERSHIP AND ATTENDANCE RECORD FOR THE YEAR:

Committee	Members' Attendance in 2021
<b>Audit and Governance</b>	<p>Five (5) Meetings</p> <ul style="list-style-type: none"> <li>Edgar O. Chua* - 2</li> <li>Francisco Ed. Lim* - 2</li> <li>Manuel I. Ayala - 5</li> <li>Francis Giles B. Puno - 4</li> <li>Jonathan C. Russell - 5</li> <li>Joaquin E. Quintos IV - 5</li> <li>David Andrew Baldwin* - 1</li> <li>Sebastian C. Quiniones, Jr.** - 3</li> <li>Teresa Grace Socorro G. Lara** - 3</li> <li>Christopher Low Eu Sun** - 3</li> </ul>
<b>Nomination and Compensation</b>	<p>Four (4) Meetings</p> <ul style="list-style-type: none"> <li>Federico R. Lopez - 4</li> <li>Francis Giles B. Puno - 4</li> <li>Manuel I. Ayala - 4</li> <li>Joaquin E. Quintos IV - 4</li> <li>David Andrew Baldwin* - 2</li> <li>Christopher Low Eu Sun** - 2</li> </ul>
<b>Risk Management</b>	<p>One (1) Meeting</p> <ul style="list-style-type: none"> <li>Francis Giles B. Puno - 1</li> <li>Jonathan C. Russell - 1</li> <li>Joaquin E. Quintos IV - 1</li> <li>David Andrew Baldwin* - N/A</li> <li>Christopher Low Eu Sun** - 0</li> </ul>
<b>Corporate Social Responsibility</b>	<p>One (1) Meeting</p> <ul style="list-style-type: none"> <li>Federico R. Lopez - 1</li> <li>Edgar O. Chua* - 1</li> <li>Richard B. Tantoco - 1</li> <li>Joaquin E. Quintos IV - 0</li> <li>David Andrew Baldwin* - 1</li> <li>Teresa Grace Socorro G. Lara** - N/A</li> </ul>

Committee	Members' Attendance in 2021
<b>Operations</b>	<p>Nineteen (19) Meetings</p> <ul style="list-style-type: none"> <li>Federico R. Lopez - 9</li> <li>Richard B. Tantoco - 19</li> <li>Francis Giles B. Puno - 13</li> <li>Jonathan C. Russell - 17</li> <li>Joaquin E. Quintos IV - 17</li> <li>David Andrew Baldwin - 18</li> </ul>
<b>Related Party Transactions</b>	<p>Seven (7) Meetings</p> <ul style="list-style-type: none"> <li>Manuel I. Ayala - 7</li> <li>Edgar O. Chua* - 3</li> <li>Francisco Ed. Lim* - 3</li> <li>Federico R. Lopez - 4</li> <li>Richard B. Tantoco - 7</li> <li>Francis Giles B. Puno - 4</li> <li>Jonathan C. Russell - 7</li> <li>Joaquin E. Quintos IV - 7</li> <li>David Andrew Baldwin* - 4</li> <li>Teresa Grace Socorro G. Lara** - 3</li> <li>Sebastian C. Quiniones, Jr.** - 3</li> <li>Christopher Low Eu Sun* - 1</li> </ul>
<b>Health, Safety and Environment</b>	<p>Nine (9) Meetings</p> <ul style="list-style-type: none"> <li>Edgar O. Chua* - 4</li> <li>Sebastian C. Quiniones, Jr.** - 5</li> <li>Jonathan C. Russell - 9</li> <li>David Andrew Baldwin - 6</li> </ul>

\*Until May 11, 2021.

\*\*Effective May 11, 2021.

Each Board Committee has its own Committee Charter, which contains the purpose, the composition, the structures, the reporting process, the delegated authority, and specific duties and responsibilities of the Committee.

Members of EDC's different Board Committees were elected by the Board during the Organizational Board Meeting, following the Annual Stockholders' Meeting, on May 11, 2021, and any subsequent change in the membership is made upon approval of the Board.

To further enhance the participation and involvement of the Board in the activities of the various committees, Directors who are non-committee members may likewise sit and observe in the Committee meetings. During committee meetings, the observer-directors can comment and make suggestions, but they have no voting right therein.

The mandate of each Board Committee, including key accomplishments in 2021, is described below:

#### **Audit and Governance Committee ("AGC")**

The AGC shall have at least three (3) Non-Executive Directors as members, three (3) of whom shall be Independent Directors.

At present, the AGC is composed of seven (7) directors. Of the seven (7) AGC members, three (3) are Independent Directors, namely Sebastian C. Quiniones, Jr., Teresa Grace Socorro G. Lara, and Manuel I. Ayala, its Chairman. Other AGC members are Non-Executive Directors Francis Giles B. Puno, Jonathan C. Russell, Joaquin E. Quintos IV, and Christopher Low Eu Sun.

The AGC Chairman, Director Ayala, has been an Independent Director and member of the AGC

of the Company since September 7, 2016; he previously served as Chairman of the Related Party Transactions Committee from May 8, 2017 to May 10, 2021. He served as Chairman of the AGC since May 11, 2021. A more detailed profile or qualifications of the AGC members are found in the pages on Director's Profile.

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. Detailed enumeration of the AGC's responsibilities is found in the CG Manual and the AGC Charter.

The AGC had five (5) meetings in 2021. Details of the 2021 AGC meeting attendance are found in the table of 2021 Board Committee Composition and Attendance.

The following are the 2021 activities of the AGC:

- **Financial Reporting and Disclosures.** The AGC reviewed with Management and the external auditor (SGV & Co.) the annual audited financial statements and the quarterly interim financial reports and endorsed these to the Board for approval and release to regulatory agencies and creditors. The review included discussions on the appropriateness of accounting policies adopted by Management, the reasonableness of estimates, assumptions and judgments used in the preparation of financial statements, the impact of new accounting standards and interpretations,

and other key accounting issues and audit results as highlighted by the external auditor.

- **Internal Control.** The AGC monitored the effectiveness of the internal control environment through various measures such as the review of the results of the external audit regarding internal control issues; exercising functional responsibility over Internal Audit and Compliance Office and receiving reports on work done in assessing key governance, risk management and control components; discussion with Management on major control issues and recommendations to improve policies and processes; and promoting a culture of integrity and ethical values in the Company.

Based on the results of the assurance activities performed by the Company's Internal Audit, the external auditor's unqualified opinion on the financial statements, and discussions with Management, the AGC assessed that the Company's systems of internal controls, risk management, and governance processes are adequate and generally effective.

- **External and Internal Audit.** 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 2021 financial statements audit) and approved the re-engagement of SGV & Co. for another year (for the 2022 audit). It also approved the non-audit services rendered by external auditor, and the Internal Audit's annual plan and confirmed that independence is maintained, the scope of work is sufficient, and resources are adequate.

- **Compliance and Corporate Governance.** The AGC monitored the Company's compliance with applicable laws, rules, regulations and company policies. It also supported the Company's initiatives to strengthen its corporate governance framework by providing full support to the Company's efforts in (i) maintaining compliance with the Revised Corporation Code and all other laws, rules and regulations on corporate governance, especially the Code of Corporate Governance for Public Companies and Registered Issuers, (ii) improving the CG evaluation system, and (iii) ensuring that our directors, key officers and senior executives comply with the CG requirements on reporting and disclosure, as well as trainings.

- **Assessment of Performance.** The AGC assessed its performance for the year 2021 based on the guidelines and suggested parameters set by the SEC. The assessment results showed that the AGC Charter remains generally compliant with the suggested parameters of the SEC and the committee has fully complied with requirements set forth in the AGC Charter.



### Nomination and Compensation Committee (“NCC”)

Under its Charter, the NCC shall have at least three (3) Directors as members, one of whom shall be an Independent Director. Currently, the NCC is composed of five (5) members, comprising of three (3) Non-Executive Directors, one (1) Independent Director, and one (1) Executive Director. It is headed by Chairman/CEO Federico R. Lopez as Chairman.

The NCC evaluates the qualifications of all persons nominated to the Board and those recommended to other positions requiring appointment by the Board. It also established a formal and transparent procedure for developing a policy on executive compensation and fixing the compensation packages of corporate officers and directors. Detailed enumeration of the NCC’s responsibilities is provided in the CG Manual and the NCC Charter.

In 2021, the NCC had four (4) meetings. Details of the 2021 NCC meeting attendance are found in the table above on the 2021 Board Committee Composition and Attendance.

During these meetings, the NCC reviewed the qualifications, credentials, and disqualifications of nominees for Regular and Independent Directors. The NCC also assessed and reviewed the skills, qualifications, and disqualifications of the newly appointed Vice Presidents and officers of the Company.

### Risk Management Committee (“RMC”)

The RMC Charter provides that the RMC shall be composed of at least three (3) Directors as members and, as far as practicable, composed of Non-Executive Directors, three (3) of whom are Independent Directors. It is currently composed of four (4) Non-Executive Directors, and headed by Director Francis Giles B. Puno as its Chairman. The RMC Chairman is not the Chairman of the Board or of any other Board Committee. He has gained knowledge and experience on risk and risk management since he served as RMC Chairman and member since 2009. He is also supported by Directors Jonathan C. Russell, Joaquin E. Quintos IV, and Christopher Low Eu Sun.

The RMC is a separate Board Committee that assists the Board in its oversight responsibility over Management’s activities in managing risks involving physical, financial, operational, labor, legal, security, environmental, and other risks of the Company. In carrying out its mandate, the RMC:

- Conducts a yearly evaluation of the Company’s risk assessment and risk management program and ensure that appropriate controls are in place;
- Recommends to the Board the Company’s strategic risks, including the risk mitigation and control measures that require immediate or urgent implementation;
- Meets periodically with the AGC, key management, and internal and external auditors to understand and discuss the control environment;
- Reviews the Company’s risk tolerance, financial exposures, and investment guidelines, including the mitigating strategies, insurance, and other

risk financing schemes being undertaken;

- Reviews periodically the security, safety, and physical loss control measures and the specific Emergency Response Plan adopted by the Company to ensure that all risks are adequately covered; and
- Reviews annually the adequacy of the RMC Charter and recommend any proposed changes to the Board.

The RMC conducted one (1) meeting in 2021. Details of the 2021 RMC meeting attendance are found in the table above on the 2021 Board Committee Composition and Attendance.

The following are the activities of the RMC in 2021:

- **Enterprise Risk Management Program**  
The RMC conducted several activities pursuant to their risk management program: Strategic Risk Review on Geothermal Capacity Risk. Operational Risk Reviews were also conducted as part of the annual planning and budgeting processes. Natural Catastrophe Risk Review, Asset Risk Review, Well Risk Review, and Compliance Risk Review continued to be conducted.
- **Business Continuity Management Program (“BCM”)** The Corporate Crisis Management and Site Crisis Management Committees continued to monitor and manage the crisis management activities related to the COVID-19 pandemic. Desktop simulations, covering key exposures, were also conducted for all locations with the objective of further enhancing the BCM Program.



### Corporate Social Responsibility Committee

The CSR Committee shall be composed of at least three (3) members. Currently, the CSR Committee has five (5) members, composed of two (2) Non-Executive Directors, two (2) Executive Directors, and one (1) Independent Director. It is headed by Chairman/CEO Federico R. Lopez as Chairman.

The CSR Committee conducts an annual review of the Company's CSR programs to ensure that these programs comply with applicable laws, conform with international standards and global trends, and are consistent with company values and policies. It ensures that the CSR program is integrated and applied consistently throughout the organization and identifies and recommends program enhancements that will increase effectiveness and overall improvement in company performance and image. Detailed enumeration of the CSR Committee's responsibilities is provided in EDC's CG Manual and CSR Committee Charter.

In 2021, the CSR Committee reviewed major CSR projects of the Company and provided directions, strategies, and necessary endorsements. Only one (1) meeting was held by the Committee to provide guidance in the implementation of the CSR and environmental initiatives.

### Operations Committee ("OpsCom")

The OpsCom shall be composed of at least five (5) Directors as members, including the Chief Executive Officer and the Chief Operating Officer. Currently, the members are two (2) Executive Directors and four (4) Non-Executive Directors.

As provided in the CG Manual and the OpsCom Charter, the OpsCom deliberates, reviews, and recommends all matters that will require Board approval, and such assignments that may be delegated by the Board on policy, organization/personnel, finance, expenditures, budget, fixed assets, procurement, credit, and sales.

In 2021, the OpsCom held a total of nineteen (19) meetings. Pursuant to the OpsCom Charter, the presence of at least three (3) members of the committee will constitute a quorum for the committee meeting. Details of the 2021 OpsCom attendance are found in the table above on the 2021 Board Committee Composition and Attendance.

### Related Party Transactions Committee ("RPT Committee")

The RPT Committee shall be composed of at least five (5) members, three (3) of whom are Independent Directors. Currently, the RPT Committee has nine (9) members, seven (7) of whom are Non-Executive Directors and Independent Directors. The RPT Committee is headed by Independent Director Teresa Grace Socorro G. Lara as RPT Committee Chairman. Director Lara is not the Chairman of the Board nor a Chairman of any other EDC Board Committee.

The RPT Committee was created to oversee the effective implementation of EDC's RPT Policy. It is also tasked to review all material and significant RPTs of the Company to ensure integrity and transparency of such transactions.

The RPT Committee had seven (7) meetings in 2021. Details of the RPT Committee meeting attendance are found in the table above on the 2021 Board Committee Composition and Attendance.

In 2021, the RPT Committee reviewed all material and significant RPTs submitted for review, endorsement, and approval.

Details of RPTs entered into by the Company during the year are disclosed in the Company's Notes to the Financial Statements.

### Health, Safety and Environment Committee ("HSE Committee")

The HSE Committee shall be composed of at least three (3) members, one (1) of whom is an Independent Director. Currently, the HSE Committee has three (3) members, headed by Independent Director Sebastian C. Quiniones, Jr. as Committee Chairman.

The HSE Committee was created by the Board on November 23, 2020 to assist the Board in its oversight responsibility as regards the Company's HSE standards and practices.

The HSE Committee had nine (9) meetings in 2021. Details of the 2021 HSE meeting attendance are found in the table of 2021 Board Committee Composition and Attendance.

## Evaluation system established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with the Manual of Corporate Governance

As required under the Manual on Corporate Governance of the Company, the Board conducted a Corporate Governance Self-Assessment of its performance, as well as the performance of the Board Committees, Chairman/Chief Executive Officer, and President/Chief Operating Officer for the last fiscal year.



## Measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance

This report describes the highlights of the Company's corporate governance practices throughout the financial year ended December 31, 2021.

### Corporate Governance Overview

The Board of Directors undertakes the primary responsibility of governing the Company and overseeing the management of its businesses by setting the direction, pace, and strategies for its operations and future projects.

In the Board's Strategic Planning Session held last October 1, 2021, the Board discussed EDC's vision and mission statements. The recrafted vision is founded on the Company's deep commitment to help the country and hopefully other countries where the Company will operate in, decarbonize and be a part of the world's solution to climate change by providing an uninterrupted supply of clean, reliable 24/7 power.

Discussions within various Board Committees also served as venues for further and independent checks on Management's implementation of business objectives and strategies, and for group synergy and constructive deliberations on business strategies, insights, and direction. In 2021, the Board, through its various Board Committees, also reviewed EDC's overall risk management system and internal controls covering operational areas.

### Corporate Governance Policies and Initiatives

EDC's corporate governance practices that are embodied in manuals, policies, and guidelines help the Company fulfill its corporate responsibility to its stakeholders. These corporate governance practices are primarily embodied in the Company's Manual

of Corporate Governance, Code of Conduct and Business Ethics, and Code of Conduct and Discipline.

Notable also are other company policies and manuals that contribute to EDC's corporate governance system, such as the policies on Conflict of Interest, Protected Disclosures, Giving and Receiving of Corporate Gifts, Anti-Money Laundering and Countering Financial Terrorism, Related Party Transactions, as well as the manual on Enterprise Risk Management.

Below are short descriptions of EDC policies and initiatives that promote good corporate governance:

- **Manual of Corporate Governance ("CG Manual")**  
Together with the Articles of Incorporation, By-Laws, and Board Committee Charters, the CG Manual lays down the basic principles and governance framework that the Board and the officers of the Company are called to observe and practice alongside efforts to achieve the Company's objectives. The CG Manual contains corporate governance principles, structures, and processes covering the rights of stockholders, the minimum qualifications of directors, and the primary roles and duties of directors and officers, among others.

As part of Board oversight, the CG Manual is periodically reviewed to ensure that the Company's corporate governance practices remain relevant and effective while the Company works towards the attainment of its corporate objectives. In 2017, EDC's

CG Manual was reviewed and updated to align with the pertinent provisions of SEC Memorandum Circular No. 19, series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies and to respond to the operating needs of the Company. Following the delisting of the common shares of the Company from the PSE on November 29, 2018, EDC revised its CG Manual, which was approved by the Board on March 20, 2020 and by the Policy Review Committee on May 19, 2020, and submitted the same to the SEC on June 2, 2020 in accordance with SEC Memorandum Circular No. 24, series of 2019 or the Code of Corporate Governance for Public Companies and Registered Issuers.

- **Code of Conduct and Business Ethics ("CCBE") and Code of Conduct and Discipline ("CCD")**  
EDC's CCBE and CCD were adopted to promote a culture of integrity, transparency, and accountability in the performance of duties and to instill and reinforce the Company's corporate values and discipline among the employees, the Management, and the Board. These policies also provide guidance on managing business relationships in all aspects of the Company's operations, including confidentiality of information, use of company property/resources, and conflict of interest and fraud.

- *Policies on Conflict of Interest, Protected Disclosures, Giving and Receiving of Corporate Gifts, Anti-Money Laundering and Countering Financial Terrorism*

These policies cover a wide array of topics ranging from matters involving work performance, dealings with customers, suppliers, creditors, and government regulators, handling corporate assets, records and information, avoidance of conflict of interest and corrupt practices, fraud identification and reporting, and the encouragement and protection of whistleblowers. These corporate documents provide the limits and guidelines that employees, Management, and the Board must consider in their interactions with stakeholders to operate and achieve the Company's objectives.

In addition, the Anti-Money Laundering and Countering Financial Terrorism aims to promote a culture of integrity, anti-corruption, and ethical values and behavior in the Company and its employees. The Company undertakes to deal with, and conduct business only with, reputable customers, suppliers, partners and other counterparts who are generally known to be involved in legitimate business activities.

- *Related Party Transactions Policy ("RPT Policy")*

The Company believes that having an RPT Policy is another step towards strengthening EDC's governance activities as it provides a framework for ensuring the integrity and transparency of related party transactions ("RPTs"). It also ensures that proper review and approval of transactions with a related party are undertaken in a manner that conforms to good governance while facilitating timely contracting for goods and services.

EDC has constituted a Board-level RPT Committee, which is chaired by an Independent Director, with Non-Executive Directors holding more than majority of the committee membership and all EDC Independent Directors sitting as members of the RPT Committee. The RPT Committee is tasked to oversee the implementation of the Company's RPT Policy to ensure the integrity and transparency of RPTs.

EDC also has an RPT Management Review Panel that assists the RPT Board in the review of RPTs of the Company.

- *Enterprise Risk Management Manual*

The Enterprise Risk Management Manual lays down the Company's risk management framework that enables EDC to better address different risks and ensures that its business objectives are attained with the highest level of efficiency. EDC's Risk Management Committee, composed of Non-Executive Directors, oversees the implementation of its Enterprise Risk Management Manual.

In 2018, the Company approved and issued the Anti-Money Laundering and Countering Financial Terrorism and Responsible Asset Protection policies. The Quality and Asset Management Policy was approved in 2019 while the Health, Safety and Environment Policy and Privacy Policy were issued in 2000. Further, in 2021, the Company issued the revised Conflict of Interest Guidelines.

- *Other Governance-Related Policies*

Aside from the CCBE, Conflict of Interest Policy, and RPT Policy, EDC employees are enjoined to observe the following governance-related policies in all aspects of their work:

- » *Protected Disclosures Policy*

EDC has a Protected Disclosures Policy, which is part of its Personnel Manual. The Protected Disclosures Policy encourages officers, employees, or any person to report serious concerns of irregularities and wrongdoings including unsafe practices within the Company, illegal and questionable activities or omissions, unethical behavior, fraud, and other malpractices prior to seeking resolution outside the Company without fear of harassment, retaliation, or adverse employment consequence. EDC's Protected Disclosures Policy provides the procedures for whistleblowing, as well as the rights and responsibilities of whistleblowers under the said policy.

In furtherance of EDC's good governance initiatives and aligned with its Code of Conduct and Discipline, the Company's Internal Audit Department ("IAD") has assigned hotlines to enable any stakeholder, officer, employee, or any person to report serious concerns of irregularities and wrongdoings.

Complaints should be raised at hotline no. +63917-5155896 or emailed to whistleblower@energy.com.ph. All reports will be acted upon and treated with strict confidentiality in accordance with the provisions of EDC's Protected Disclosure Policy.

Report received by IAD will be immediately evaluated and assessed if it qualifies as a protected disclosure. If it qualifies as such, an assurance of no retaliatory action is given to a whistleblower by treating with strict confidentiality his identity, the

content of the report, and the recipient of the report. IAD will thereafter proceed to investigate the reported incident and observe confidentiality of the proceedings in accordance with the provisions of EDC's Protected Disclosure Policy. In cases where a disclosure was made to an EDC officer, said officer to whom disclosure was made shall report the disclosure in full detail to the IAD within a period of five (5) days from date of disclosure. Under EDC's Protected Disclosure Policy, a whistleblower enjoys privileged communication as a defense in any action that may be brought against him arising from such disclosure.

- » *Code of Conduct and Discipline ("CCD")*

EDC's CCD became effective on September 16, 2011 and the latest revisions took effect on November 2, 2015. This prescribes the norms of conduct and standards of behavior to instill a strong sense of discipline among its officers and employees to ensure EDC's core values are embraced by them in their work and daily lives. These standards of behavior serve as guideposts in ensuring that our leadership and employees embrace and live the Company's core values.

- » *Guidelines on Giving and Receiving Corporate Gifts*

EDC's Guidelines on Giving and Receiving Corporate Gifts (the "Guidelines") was approved on March 2013 and was last updated on September 28, 2018. This established the general principles on giving and receiving of gifts by all EDC officers and employees, probationary, regular, and contractual, and its subsidiaries, consistent with its CCD, Conflict of Interest Policy, and other related corporate policies.

The purpose of these Guidelines is to set clear and realistic guidelines on giving and receiving of gifts, incorporating examples of what types of gifts are and are not allowed. The Guidelines also help motivate employees to strive for transparent business practices and relationships by keeping gifts and favors to a minimum, if not prohibiting them entirely, and empower employees with freedom and trust to strike the correct balance in their relationships with outside firms, including vendors, consultants, contractors, suppliers, customers, regulators, political leaders, host communities and other business partners, among others.

» *Anti-Sexual Harassment Policy*

EDC has an Anti-Sexual Harassment Policy, which was signed and made effective on December 7, 2012. This policy prescribes the rules and regulations towards the promotion of a work environment that values human dignity and respect for human rights. It prescribes the administrative process and disciplinary action for sexual harassment cases



**Compliance with the Code of Corporate Governance for Public Companies and Registered Issuers**

EDC’s corporate governance culture emanates from the Board, supported by the Audit and Governance Committee, and the Legal Services Division of the Company.

The concurrent Chief Financial Officer and Treasurer, Mr. Erwin O. Avante, spearheads activities related to promoting a culture of good governance within the Company, and monitoring and ensuring compliance by EDC’s directors, Management, and employees with corporate governance laws, rules, and regulations. He is assisted by the Legal Services Division of the Company, which helps oversee and monitor corporate governance compliance by EDC. The Company’s Audit and Governance Committee, as part of its functions and responsibilities, leads, reviews, and oversees the Company’s corporate governance practices and policies. Finally, the Board decides on corporate matters and strategies, mindful of its corporate governance responsibilities under the Company’s CG Manual.

In 2021, EDC substantially complied with the Code of Corporate Governance for Public Companies and Registered Issuers for which a Certification of Compliance has been issued by its Senior Vice-President and Compliance Officer.

**2021 Corporate Governance Activities**

For the year ending December 31, 2021, below were the Corporate Governance activities of EDC:

**1. Ensuring Basic Stockholder Rights**

EDC’s stockholders, whether of common or preferred shares, or with a majority or minor stake, or who may be an individual or an institutional investor, are equitably provided with the following basic stockholders’ rights recognized in the Revised

Corporation Code, 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 Board continues to give its full support for programs and activities promoting the exercise of stockholders’ voting rights, through the early release of the Notice and Agenda for the stockholders’ meetings containing an explanation of the items to be discussed, the reiteration during stockholders meeting of the voting procedure, and the disclosure to the stockholders of specific acts approved by the Board.

To protect the rights of the Company’s minority stockholders, the Board makes sure that appropriate safeguards are in place when deciding fundamental corporate actions, and that Independent Directors actively participate in the deliberations of the Board and the Board Committees.

**2. Ensuring the Right to be Notified of, and to Participate in Decisions Concerning Fundamental Corporate Changes**

EDC encourages its stockholders’ attendance to annual and special stockholders’ meetings to ensure their effective and active participation therein and to help them arrive at a well-informed decision on any proposed fundamental changes in the Company, which may include amendments in the Company’s Articles of Incorporation and By-Laws, increase in the authorized capital stock, or transfer of all, or substantially all, of the Company’s assets. If individual stockholders or authorized representatives of institutional stockholders cannot attend such meetings, these stockholders are informed ahead of time of their right to appoint a proxy.

In addition to the stockholders’ right to be informed on corporate changes, EDC also ensures that all available measures are taken so that meeting notices and relevant company information reach its stockholders in the most efficient, convenient, and timely manner.

For 2021, EDC held one (1) stockholders’ meeting: the Annual Stockholders’ Meeting (“ASM”) on May 11, 2021. Due to the COVID-19 situation, there was no physical venue for the stockholders’ meeting. Instead, the ASM was conducted via remote communication.

EDC released the Notice of ASM on March 15, 2021. Thereafter, the Definitive Information Statement (or “SEC Form 20-IS”) containing the Notice of Meeting for the ASM (“Notice of ASM”) and the Agenda, the proxy forms and all information necessary for stockholders to make informed decisions, was filed with the SEC on April 15, 2021. Pursuant to SEC Notice dated March 16, 2021, Notice of ASM was published in the business section of two (2) newspapers of general circulation on April 19 and 20, 2021. An updated Notice of ASM was likewise published in the same formats in the business section of the same newspapers on May 3 and 4, 2021. Further, pursuant to SEC Notice dated April 20, 2020, a copy of the Notice of ASM, Definitive Information Statement, minutes of the previous meeting of the stockholders, and other documents related to the meeting was made available at the Company’s website.

Stockholders of record as of March 1, 2021 were entitled to notice of, and to vote at, the said meeting.

Stockholders intending to participate by remote communication were given until 6:00 P.M. on May 6, 2021 to pre-register at [https://conveneagm.com/ph/edc\\_asm2021](https://conveneagm.com/ph/edc_asm2021).

### 3. Ensuring the Right to Elect Directors

In electing the members of its Board during the ASM, EDC stockholders may vote such number of their voting shares for as many persons as there are directors to be elected or to cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of their voting shares, or to distribute them on the same principle among as many candidates as they think fit. The one share, one vote rule applies.

Prior to the ASM, all EDC stockholders, including non-controlling stockholders, were given an opportunity to nominate candidates to the Board.

### 4. Ensuring the Right to Dividends

Please see section on Dividends for a discussion on the Company's Dividends Policy and dividends declarations of the Company for the preceding two (2) years.

### 5. Policy on Mergers, Acquisitions and/or Takeovers

Before entering into extraordinary transactions, such as mergers, acquisitions, and/or takeovers, the Company conducts above-adequate due diligence and review of such extraordinary transactions and the parties potentially involved in it, by securing, among others, the services of expert third-party firms and consultants to evaluate 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. When EDC acquired 60% of First Gen in 2008, the Company created a committee composed exclusively of its Independent Directors to oversee the transaction on behalf of EDC's management, supported by an independent financial adviser to render the fairness opinion, and a sole financial advisor. Recently, when EDC received a tender offer from PREHC on August 3, 2017, the Independent Directors engaged the services of another expert third-party firm to opine

on the reasonableness of the methodologies and approaches used by the experts engaged by the offeror in determining the fair value of the Company.

EDC also recognizes the rights of its stockholders to participate in the approval of any merger or consolidation in accordance with Section 77 of the Revised Corporation Code, as well as RPT requiring their approval as provided in the Revised Corporation Code.

Where the matter involves a related party, the Company complies with its RPT 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 ensures that the transactions inure to the benefit and best interest of the Company and its stockholders as a whole, given relevant circumstances. Material RPTs are disclosed and reviewed by the Company's Independent Directors, and approved in accordance with the RPT Policy.

### 6. Equitable Treatment of Stockholders

EDC ensures that all stockholders, whether of common or preferred shares, or with a majority or minor stake, or who may be an individual or an institutional investor, are treated fairly and equitably and can exercise their rights without discrimination or undue restriction.

To promote equality among stockholders, the EDC Board has put in place the following policies:

#### A. The "One Share, One Vote" Rule.

EDC adheres to the "One Share, One Vote" rule. EDC stockholders enjoy voting rights recognized in Section 6 of the Revised Corporation Code equivalent to the number of shares held by them.

In acting on fundamental corporate actions under Section 6 of the Revised Corporation Code, EDC stockholders may vote such number of voting shares held by them to approve or reject such corporate action, i.e. one share, regardless of class, yields one vote. The manner of electing directors is explained under the Rights of Stockholders.

#### B. Prohibition on Conflict of Interest and Insider Trading.

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 CCBE and its Personnel Manual under the Section "Conflict of Interest Policy".

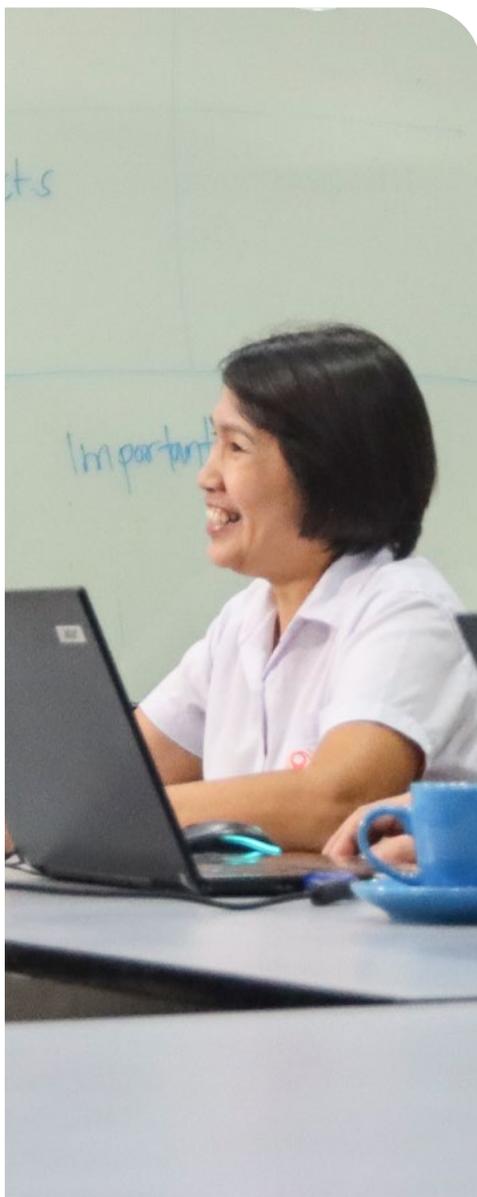
Transactions with possible conflicts of interest involving employees must be reported to senior management for clearance and/or investigation prior to submission to the President, who may elevate the same to the Board for the latter's disposition, depending on the magnitude of the conflict of interest.

For purposes of determining whether a candidate's directorship in another corporation would affect his capacity to serve and perform his duties as a Director, the NCC of the Board investigates and reviews pursuant to the NCC Charter.

During Board meetings, pursuant to the CG Manual and as a matter of practice and protocol, EDC directors abstain from participating in the board discussion and in voting on matters whenever there is an apparent or real conflict of interest between the director and the Company.

The Company recognizes that material information received by members of the Board, Management, officers and employees carries the risk of abuse of insider information. Through appropriate





mechanisms, the Company endeavors to manage information sharing to maintain utmost confidentiality and prevent abuse of insider information, consistent with applicable SEC rules.

*C. Related Party Transactions.*

EDC has developed its own RPT Policy wherein RPTs, including those involving its Directors, are to be disclosed and reviewed by its Independent Directors, and shall be approved in accordance with the RPT Policy.

The Board acknowledges that related party transactions may give rise to conflict of interest. To address this, the Board, through the RPT Committee, ensures that RPTs are done under reasonable, fair and arm's length terms in compliance with pertinent laws, rules and regulations, and that said transactions inure to the benefit and best interest of the Company and its stockholders as a whole, given relevant circumstances.

Details on the nature, value, relationship and disclosure of RPTs are found in the Notes to its Audited Financial Statements under RPTs.

*D. 2021 Annual Stockholders' Meeting*

EDC held its ASM virtually on May 11, 2021. Details on equitable treatment of EDC stockholders during the 2021 ASM are as follows:

A. The Company's stockholders participated either in person or through their authorized representatives. Only stockholders of record as of March 1, 2021 were entitled to notice of, and vote at, the meeting. Stockholders who could not personally attend the meeting designated their authorized representatives by submitting a duly-executed proxy by May 6, 2021.

B. Meeting notices were issued in English since it is an official language in the Philippines, and also for the benefit of foreign stockholders. For the 2021 ASM, the Notice of ASM was first disclosed via SEC Form 17-C on March 15, 2021. To provide stockholders enough time to examine the information needed to arrive at an informed decision, it was again issued with the meeting agenda, as part of the SEC Form 20-IS filed with the SEC, which was published in print and online format in the business section of the Philippine Star and Business Mirror, both newspapers of general circulation, on April 19 and 20, 2021. An updated notice of the meeting was likewise published in the same formats in the business section of the same newspapers on May 3 and 4, 2021. A copy of the Notice of ASM, SEC Form 20-IS, minutes of the previous meeting, and other documents related to the meeting were also made accessible through EDC's website.

C. In the SEC Form 20-IS, the Company included the Notice and detailed Agenda, together with a brief explanation and rationale of each Agenda item to guide its stockholders and to provide them with the necessary information they could use to arrive at a well-informed decision. It also provided other relevant and adequate information for the stockholders' consideration, including

i. Nomination and Election of EDC Directors. Basic information on the nominees for Directors, such as the name, type of directorship, education, experience, positions held in other businesses, date of first election, shareholding in EDC, and such other information were provided to stockholders in SEC Form 20-IS.

ii. Remuneration Information. Information on the amount and form of compensation received by the Directors and key officers of EDC were provided in SEC Form 20-IS.

iii. Appointment of External Auditors. SGV & Co, with Ms. Jhoanna Feliza C. Go as the audit partner-in-charge, upon the recommendation of the AGC, was identified as EDC's external auditor for 2021-2022.

iv. Dividends. Information on the dividend policy and the dividend amount declared to be paid and the dividends actually paid in the previous years were likewise provided.

D. No new item was included in the agenda on the day of the meeting nor was there any amendment made on material information in SEC Form 20-IS without informing the stockholders in advance.

E. A proxy form with instructions on how to appoint a proxy to stockholders' meeting, was enclosed in the Notice and the SEC Form 20-IS to enable representation for the stockholders who could not personally attend the meeting. The proxy form could be electronically filled up; alternatively, it could be downloaded, filled up, and signed, and a scanned copy uploaded in the ASM website. Following submission of the proxy, the company validated the same.

F. The ASM was held virtually on May 11, 2021 at 10:00 A.M. Due to the COVID-19 situation, there was no physical venue for the meeting. Stockholders who intended to participate by remote communication had to pre-register

pursuant to the Requirements and Procedure for Participation and Voting at the 2021 Annual Stockholders' Meeting. Stockholders owning at least 26,398,485,088 shares, representing at least 99.90% of the outstanding capital stock, attended the 2021 ASM, either in person or by proxy.

G. EDC's Chairman of the Board/CEO, President/COO, Executive and Non-Executive Directors and Independent Directors, corporate officers, and Management, including the Investor Relations Officer, as well as the external auditor, attended the meeting. All of the eleven (11) members of its Board of Directors were present in the meeting.

H. The ASM was conducted in English to equally preserve all stockholders' interest and ease communication needs for foreign stockholders.

I. EDC followed the agenda items as stated in the Notice and conducted the meeting in accordance with existing laws and regulations.

J. The Corporate Secretary explained the voting procedures observed for the meeting, which was included in the SEC Form 20-IS that was distributed to all stockholders prior to the meeting.

K. The Chairman encouraged the stockholders to send their queries or to express their opinions or recommendations.

L. EDC stockholders voted on each agenda item. Voting results were announced during the ASM, and approved items that were required to be disclosed were reported to the SEC through the filing of SEC Form 17-C on May 12, 2021. BDO Unibank, Inc. - Securities Operations tabulated the votes for each agenda item.

**THE TABLE BELOW SHOWS THE VOTING RESULTS OF THE 2021 ASM:**

Agenda Items	Action			
	FOR	%	AGAINST	ABSTAIN
Item 1. Call to Order	No action necessary.			
Item 2. Proof of Notice and Certification of Quorum	No action necessary.			
Item 3. Approval of the Minutes of the Previous Stockholders' Meeting	26,398,253,288	99.90%	0	231,800
Item 4. Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2020	26,398,253,288	99.90%	0	231,800
Item 5. Ratification of Acts of Management and the Board of Directors	26,398,253,288	99.90%	0	231,800
Item 6. Change in the Principal Office of the Company and the Amendment of the Third Article of the Articles of Incorporation, as necessary	26,398,253,288	99.90%	0	231,800
Item 7. Approval of the Company's Registration as Qualified Institutional Buyer and Investment in Securities	26,398,253,288	99.90%	0	231,800
Item 8. Election of Directors				
<i>For Regular Director:</i>	Votes per nominee shown below			
Federico R. Lopez	26,398,253,288	99.90%	0	231,800
Richard B. Tantoco	26,398,253,288	99.90%	0	231,800
Francis Giles B. Puno	26,398,253,288	99.90%	0	231,800
Jonathan C. Russell	26,398,253,288	99.90%	0	231,800
Joaquin E. Quintos IV	26,398,253,288	99.90%	0	231,800
David Andrew Baldwin	26,398,253,288	99.90%	0	231,800
Christopher Low Eu Sun	26,398,253,288	99.90%	0	231,800
Ang Eng Seng	26,398,253,288	99.90%	0	231,800
<i>For Independent Director:</i>	Votes per nominee shown below			
Manuel I. Ayala	26,398,253,288	99.90%	0	231,800
Sebastian C. Quiniones, Jr.	26,398,253,288	99.90%	0	231,800
Teresa Grace Socorro G. Lara	26,398,253,288	99.90%	0	231,800
Item 9. Approval of appointment of SGV & Co. as the Company's external auditor	26,398,253,288	99.90%	0	231,800
Item 10. Adjournment	No action necessary.			



## 2021 Board Activities

### 1. Board Training Program

For 2021, eleven (11) directors and nineteen (19) corporate officers and executives participated in the corporate governance seminar conducted for 2021 by a duly accredited training provider. The corporate governance seminars provided the Directors, officers, and Senior Management an opportunity to learn and integrate corporate governance principles and be provided with useful insights on various and current governance issues.

### 2. Board Strategic Planning

To align the activities of the Company with its vision, mission, core values, and goals for the year, the Board of Directors conducted a Board Strategy Meeting last October 1, 2021.

The Board Strategy Meeting provided a venue for the Directors to set strategic directions and guidance. The Directors revisited and affirmed the company's mission and vision, and analyzed the present and future operating environment given the market trends. The Directors likewise assessed major opportunities and risks for the Company.

### 3. Board Self-Evaluation

The Board's Self-Evaluation helps the Board assess the overall performance and effectiveness of the Board and the Board Committees as well as the performance of the Chairman/CEO and the President/COO in respect of their governance responsibilities. The Board's Self-Evaluation helps it identify its strengths and weaknesses as well as those of the Company, leading to an improvement in performance throughout the organization.

### 4. Compensation of Directors and Executive Officers

The NCC has the responsibility to review and recommend to the Board the Company's compensation system and remuneration packages for corporate officers and Directors.

The levels of honoraria, remuneration or compensation for EDC's Directors and executive officers are set at the optimum level to attract and retain the services of qualified and competent Directors and officers. A portion of the honoraria, remuneration or compensation of the Directors, whether executive, non-executive or independent, may also be structured or be based on corporate and individual performance. In accordance with its By-Laws, the Board shall receive compensation for their services pursuant to a resolution of the stockholders.

### 5. Any deviation from the CG Manual

Governance, including a disclosure of the name and position of the person/s involved and sanction/s imposed on said individual

To the best of the Company's knowledge, no person has materially deviated from the Company's CG Manual on Corporate Governance.

### 6. Any plan to improve Corporate Governance of the Company

On June 2, 2020, in compliance with SEC Memorandum Circular No. 24, Series of 2019 or the Code of Corporate Governance for Public Companies and Registered Issuers, the Company submitted its revised CG Manual, which was approved by the Board in its regular meeting held on March 20, 2020 and by the Policy Review Committee on May 19, 2020. The Company's CG Manual is subject to periodic review in accordance with its terms. The Company will continue to enhance its corporate governance through the promotion of corporate governance policies, principles, and practices in the Company; information dissemination, and monitoring of compliance.