

Section 1 INTRODUCTION

Subject 1 General Provisions

Purpose

The Board of Directors, officers, executives and employees of Energy Development Corporation hereby commit themselves to the principles and best practices of sound corporate governance provided in this Manual and acknowledge that the same shall serve as a guide in the attainment of the Company's corporate goals.

This Manual on Corporate Governance is adopted pursuant to SEC Memorandum Circular No. 19, series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies

Objective

This Manual shall institutionalize the principles of sound corporate governance in the entire Company.

The Board, Officers, Executives and employees of the Company believe that corporate governance is a vital component of what constitutes sound strategic business management and will therefore take the necessary steps to foster awareness within the Company

Corporate Governance Principles and Rationale

The Energy Development Corporation is governed by the following principles and rationale of good corporate governance:

1. Fundamental Principles
 - a. Transparency – the board should ensure that the company has a properly functioning system of disclosure, in line with generally accepted standards of reporting financial and other material information to the public;
 - b. Accountability – the board should ensure a regime of checks and balances to maintain the integrity of all aspects of corporate operations, and keep everyone in the organization aware of his duty to answer to another for what is done or not done within an area of responsibility;
 - c. Fairness/Equity – the board should observe fairness in the dealings of the corporation with all other parties with stakes in or claims on it. Thus, the corporation must deal fairly and equitably towards all stakeholders, including, but not limited to, employees, shareholders, creditors, suppliers, community, government, the environment and society as a whole

2. Rationale

- a. To promote the sustainable growth of the enterprise by ensuring a productive alignment of interests among the various stakeholders of the enterprise and between the enterprise and the community as a whole; and
- b. To promote a level-playing field within and without the enterprise – a fundamental assumption of a free-market economy

Revisions and Periodic Review

The provisions of this Manual and the enforcement thereof shall be subject to quarterly review or such other frequency as may be determined by the Board. This Manual is subject to review and amendment to take into account the Corporation's changing needs, factual conditions prevailing in the environment and regulatory requirements.

All business processes and practices of the Company that are not consistent with the corporate governance policies set out in this Manual shall be revoked or upgraded to make them compliant with such policies.

The EDC's Board of Directors approves the revisions to the Corporate Governance Manual, while the Corporate Governance Office, in coordination with the concerned units, prepares the revisions thereto. The Management Systems Office has the custody over this Manual and is responsible for effecting and attesting to the changes in it.

Dissemination of Manual

The Directors, Officers, Executives and department/division heads shall ensure that this Manual shall be accessible to all employees and related third parties and shall likewise enjoin their compliance with the provisions hereof. Printed and electronic copies of this Manual shall be made available by Management Systems.

With the proper dissemination of this Manual, it is expected that everyone in the organization should make themselves familiar with the contents of the Manual and observe not only its letter, but also its spirit.

Inspection of Manual

This Manual shall be available for inspection by any stockholder, stakeholder or employee of the Company at reasonable hours on business days subject to such express limitations provided by the Corporation Code and other relevant laws, circulars, rules and regulations.

Adoption and Effectivity

This Manual was originally adopted by the Board of Directors of the Corporation and made effective on November 15, 2006 under Board Resolution No. 133 series of 2006.

Amendments to the Manual have been effected under Board Resolution Nos. 36, Series of 2007 dated April 26, 2007; 121, Series of 2007 dated November 20, 2007; and 8, Series of 2008 dated January 22, 2008.

In 2010, the Manual has been amended in compliance with SEC Memorandum No, 6, series of 2009 under Board Resolution No. 29, Series of 2010 dated March 10, 2010 and Board resolution No. 57, Series of 2010 dated July 29, 2010.

In 2011, the Manual underwent several amendments as follows: amendment pursuant to a Board Resolution in the meeting held March 15, 2011 for the purpose of compliance with the directives of the SEC Corporation Finance Department in furtherance of SEC Memorandum Circular No. 6, Series of 2009, and the revisions in the provisions on the Charters of the Risk Management Committee and CSR Committee, respectively.

In 2013, amendments to the Manual pertain to the following: (a) Amendments to the charters of the Operations Committee and (b) the CSR Committee on setting the number of meetings of each committee in a year – once every quarter and no less than twice a year, respectively; (c) Amendment to the Audit and Governance Committee Charter;

In 2014, the Board approved another amendment to a Board Committee Charter which also affects, in turn, the mirror provisions of the Manual on Corporate Governance. Board Resolution No. 3, series of 2014 also approves the amendment to the Operations Committee’s jurisdictional limits.

In 2015, the Board approved the creation of a new Board Committee to handle matters on related party transactions, the **Related Party Transactions Board Committee**, and approved the Committee's Charter. The Charter of the Audit and Governance Committee and the Company's Manual on Corporate Governance are likewise amended to reflect the transfer of RPT oversight functions to RPT Board Committee.

In 2017, the CG Manual is amended in compliance with the SEC’s directive pursuant to Memorandum Circular No. 19, ss 2016, the “Code of Corporate Governance for Publicly-listed Companies”. It was further amended on August 8, 2017 in view of the amendments under Section 5, Subject 2 on the matter of Board Committees’ composition.

Reportorial or Disclosure System of Company’s Corporate Governance Policies

The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Board Committee or Officer through the Company’s Compliance Officer.