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|  | <b>ORGANIZATIONAL CHARTER</b><br><br><b>MERALCO</b> | Rev. Code: 4                             | Page 1 of 4 |
| Section: Board of Directors                                                       |                                                     | Effectivity Date: November 2, 2011       |             |
| Sub-Section: Remuneration and Leadership Development Committee                    |                                                     | Sensitivity Classification: Confidential |             |

## A. FUNCTIONS

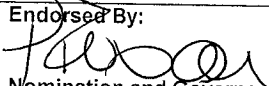
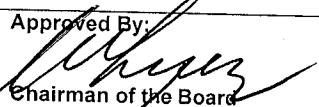
The Remuneration and Leadership Development Committee shall assist and advise the Board of Directors with respect to the Company's compensation, retirement and key benefits, and leadership development of the Company as appointed in accordance with the Company's By-Laws, as well as executives with the rank of AVP and up.

It shall also assist the Board in evaluating the appropriate compensation for the Board of Directors.

## B. KEY RESPONSIBILITIES

To perform these functions, the following are the specific responsibilities of the Committee:

1. Provide guidance to the Board in the formulation and development of a Remuneration Philosophy consistent with the Company's culture, strategy and business environment in which it operates; and, recommend approval thereof by the Board of Directors. It shall also review the effectiveness and appropriateness of the Company's Philosophy and strategy at least every 2 years or whenever necessary.
2. Exercise functional oversight on matters pertaining to Remuneration and Leadership Development, specifically in the areas of:
  - Development and administration of Remuneration Programs, including but not limited to Retirement Plan and long-term incentive plans to ensure alignment with over-all philosophy and strategy.
  - Development and administration of Leadership Development/Succession Planning and Retention programs for executives and officers which include career development, promotions and performance evaluation.
3. Review and endorse for Board ratification all promotions to the rank of Vice President up to Sr. EVP for positions below the CEO/COO/CFO.

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| Reviewed by:<br><br>Compensation and Benefits Committee | Endorsed By:<br><br>Nomination and Governance Committee | Approved By:<br><br>Chairman of the Board |
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4. Performs staff support functions as may be delegated by the Board in the performance evaluation, succession planning and remuneration for the CEO/COO/CFO/Corporate Secretary.
5. Evaluate the appropriate compensation for the Board of Directors.

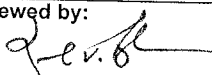
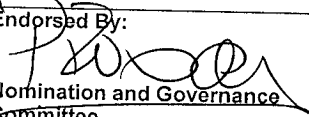
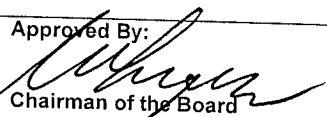
#### **C. COMPOSITION**

1. The Committee shall be composed of at least three (3) members of the Board of Directors, one of whom shall be an independent director. The members of the Committee including the Chairman thereof shall be appointed by the Board of Directors annually.
2. The Board of Directors may appoint one or more persons to serve as advisor(s) to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action by the Committee.
3. The Chairman or any member or advisor of the Committee may be removed from office only by the Board of Directors.

#### **D. COMMITTEE PROCEDURES**

##### **a. Meetings**

1. The Committee shall hold meetings at such times and places as it considers appropriate provided that not less than four (4) meetings shall be held each year.
2. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate and the Chairman shall convene a meeting upon the request of a majority in number of the voting Members of the Committee.
3. A Committee meeting shall be convened by not less than three (3) calendar days' notice in writing, specifying the place, date and time for the meeting and the general nature of the businesses to be transacted at the meeting.
4. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members of the Committee present in the meeting at which there is a quorum. A Member may consent to short notice and may

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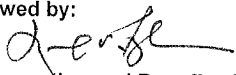
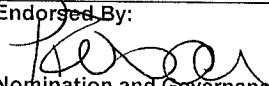
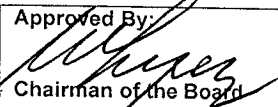
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|  | <p align="center"><b>ORGANIZATIONAL CHARTER</b></p> <p align="center"><b>MERALCO</b></p> | <p>Rev. Code: 4</p> | <p>Page 3 of 4</p> |
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waive notice of any meeting of the Committee and any such waiver may be retrospective.

5. Each Member/Advisor shall give to the Secretary of the Committee an address and a facsimile number for the service of notices of meetings of the Committee
6. Notice of a meeting of the Committee shall be deemed to be duly given to a Member/Advisor if it is given to him personally, in writing or orally, or sent to him by mail or facsimile transmission to his address or facsimile number, as appropriate, given by him to the Secretary of the Committee in accordance with Section (5) above.
7. The quorum for a meeting of the Committee shall be a majority of the voting Members of the Committee present throughout the meeting.
8. Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating can hear each other
9. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the voting members present at such meeting. Each Member, including the Chairman of the Committee shall have one (1) vote. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

**b. Minutes and Records**

1. The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee
2. The Committee shall cause records to be kept for the following:
  - a. Appointments and resignations of Members/Advisors of the Committee;
  - b. All agenda and other documents sent to the Members/Advisors of the Committee; and
  - c. Minutes of proceedings and meetings of the Committee
3. Any such books and records shall be open for inspection by any Member/Advisor of the Committee upon reasonable prior notice during usual office hours of the Company.

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| <p>Reviewed by:</p>  <p>Compensation and Benefits Committee</p> | <p>Endorsed By:</p>  <p>Nomination and Governance Committee</p> | <p>Approved By:</p>  <p>Chairman of the Board</p> |
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#### **E. REMUNERATION OF MEMBERS**

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board and/or any fees or remuneration such Member/Advisor would otherwise be entitled to in his capacity as consultant, advisor or employee of the Company.

#### **F. RESOURCES AND AUTHORITIES**

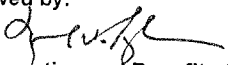
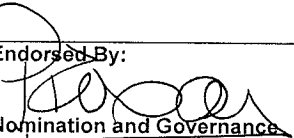
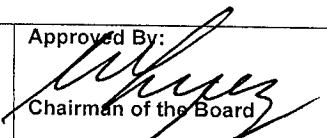
The Committee shall have the resources and authorities appropriate to discharge its functions, duties and responsibilities including the authority to obtain advice from external consultants and functional specialists within the Company.

#### **G. COMMITTEE REPORTS AND PERFORMANCE EVALUATION**

1. The Committee shall report its activities to the Board on a regular basis and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate
2. The Committee shall prepare and review with the Board of Directors an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board of Directors on any improvements to the Charter deemed necessary or desirable by the Committee.

#### **H. MINUTES AND RECORDS**

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by resolutions of the Board of Directors.

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