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Subject:	SUSTAINABILITY COMMITTEE	Sensitivity Classification: Company Use	

A. General Objective

The Sustainability Committee is responsible for overseeing the sustainability strategy, framework, policies, and programs of Manila Electric Company (“MERALCO” or the “Company”) and its subsidiaries as well as the Company’s environmental, social, and economic performance vis-à-vis the United Nations Sustainable Development Goals with the aim of delivering long-term value to its stakeholders.

B. Key Functions and Responsibilities

The Committee shall have the following functions and responsibilities:

Strategy

1. Oversee the development and/or review of the Company’s sustainability framework, agenda and policy in alignment with the Company’s business philosophy and strategies;
2. Monitor the Company’s environmental, social, and economic performance against internal targets as well as national, regional, and global sustainability goals and introduce programs and initiatives to support Company’s sustainable growth;
3. Endorse to the Board of Directors sustainability programs with investments worth PHP 50M and above;
4. Address political, legislative, and regulatory developments and ensure compliance with laws and regulations affecting the Company’s sustainability performance.

Programs

1. Oversee the development and execution of sustainability programs and policies aligned with approved targets;
2. Evaluate ongoing and proposed programs under each sustainability pillar (Power, Planet, People, and Prosperity).

Reporting

1. Oversee and review relevant sustainability reporting requirements and disclosures required by investors and ESG rating agencies;
2. Advise the Board of Directors on material stakeholder concerns relating to sustainability.

C. Composition

1. The Sustainability Committee shall have at least five (5) Directors, one of whom must be an Independent Director. The members of the Committee including the Chairman thereof shall be appointed by the Board of Directors annually.
2. The Chief Sustainability Officer of the Company shall be the non-voting representative of the Management to the Sustainability Committee.

Prepared by: Sustainability Office	Reviewed by: Sgd Pedro E. Roxas Chairman, Nomination and Governance Committee	Approved by: Sgd Manuel V. Pangilinan Chairman of the Board
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D. Meetings

1. The Committee shall hold at least three (3) meetings every year.
2. Meetings of the Committee shall be convened by the Chairman of the Committee as and when s/he considers appropriate. The Chairman shall convene a meeting upon the request of a majority of the voting Members of the Committee.
3. Notice of Committee meeting shall be provided to the members at least five (5) working days in advance, 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 at the meeting at which there is a quorum. A Member may consent to short notice and may even waive notice of any meeting of the Committee.
5. The quorum for a meeting of the Committee shall be a majority of the Members of the Committee present throughout the meeting.
6. Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference in accordance with the guidelines set in SEC Memorandum Circular No. 6, Series of 2020.
7. 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 a tie, the Chairman of the Committee shall not have a second or casting vote.

E. Remuneration of Members

No fees or other remuneration shall be payable to the Members of the Committee in respect of their services provided in connection with the Committee or their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board and/or any reasonable *per diem* allowance, fees or remuneration such Member would otherwise be entitled to in such capacity.

F. 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 the Members of the Committee;
 - b. all agenda and other documents sent to the Members 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 of the Committee upon reasonable prior notice during usual office hours of the Company

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G. 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 advisors, external consultants and functional specialists within the Company.

H. 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 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.

I. Amendment or Alteration of this Charter

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

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