	ORGANIZATIONAL CHARTER MERALCO	Rev. Code: 5	Page 1 of 4
Section:	Board of Directors	Effectivity Date: September 25, 2023	
Subject:	REMUNERATION AND LEADERSHIP DEVELOPMENT COMMITTEE	Sensitivity Classification: Company Use	

A. General Objectives


The Remuneration and Leadership Development Committee (“RLDC”) shall assist and advise the Board of Directors of Manila Electric Company (“MERALCO” or the “Company”) with respect to the compensation, retention, retirement and key benefits, succession planning, and leadership development of the Company’s directors and officers as well as its managers and executives with the rank of Assistant Vice-President and up.

B. Key Responsibilities

The RLDC shall have the following are the duties and responsibilities:

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:
 - a. 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.
 - b. 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 Senior Executive Vice President for positions below the President and Chief Executive Officer, Chief Operating Officer, and Chief Finance Officer.
4. Performs administrative support functions as may be delegated by the Board in the performance evaluation, succession planning, and remuneration for the Chief Executive Officer, Chief Operating Officer, Chief Finance Officer, and Corporate Secretary.
5. Evaluate the appropriate compensation for the Board of Directors.

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	ORGANIZATIONAL CHARTER MERALCO	Rev. Code: 5	Page 2 of 4
Section:	Board of Directors	Effectivity Date: September 25, 2023	
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C. Composition

1. The Committee shall be composed of at least three (3) directors, one of whom shall be independent. The members of the Committee, including the Chairman thereof, are to be appointed at the annual organizational meeting and to hold office for one (1) year from election to the next annual organizational meeting and /or until respective successors shall have been duly elected and qualified.
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. Meetings

1. The Committee shall hold meetings at such times and places as it considers appropriate provided that not less than two (2) 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 five (5) working 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 waive notice of any meeting of the Committee and any such waiver may be retrospective.
5. The quorum for a meeting of the Committee shall be a majority of the voting Members of the Committee present throughout the meeting.
6. Members and Advisors of the Committee may participate in a meeting of the Committee through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate in accordance with the guidelines set under the Revised Corporation Code and applicable laws, rules, and regulations. Directors cannot attend or vote by proxy at board meetings.

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	ORGANIZATIONAL CHARTER MERALCO	Rev. Code: 5	Page 3 of 4
Section:	Board of Directors	Effectivity Date: September 25, 2023	
Subject:	REMUNERATION AND LEADERSHIP DEVELOPMENT COMMITTEE	Sensitivity Classification: Company Use	

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 an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

E. 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.

F. 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.


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 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

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	ORGANIZATIONAL CHARTER MERALCO	Rev. Code: 5	Page 4 of 4
Section:	Board of Directors	Effectivity Date: September 25, 2023	
Subject:	REMUNERATION AND LEADERSHIP DEVELOPMENT COMMITTEE	Sensitivity Classification: Company Use	

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.

I. Amendment or Alteration of this Charter

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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