

Good Governance Guidelines (Charter) for the Board of Directors

(As amended by the Board of Directors on December 7, 2017)

The following good governance guidelines have been approved by the Board of Directors (“Board”) of Semirara Mining and Power Corporation (SMPC), and along with the Manual on Corporate Governance, Board Committee Charters, Code of Conduct and Business Ethics, and good governance policies provide the Board’s commitment to promote transparency, accountability and framework for effective governance of the Company.

Mission of the Board

The mission of the Board is to oversee the business affairs of the Company in order to ensure the long-term financial strength of the Company and the creation of enduring stockholder value. The Board Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the Company, its stockholders and other stakeholders.

1. Directors’ Tenure Policy

The Board believes that it is in the best interests of the Company that:

a. any Employee/Executive Director whose employment at the Company terminates for any reason (including normal retirement) is expected to promptly resign from the Board, unless expressly agreed otherwise in advance;

b. any non-Executive Director who has a change of employer or primary occupation, or whose occupational responsibilities are substantially changed from when the Director was elected to the Board (excluding retirement), will submit an *offer of resignation* to the Chairman of the Board (such resignation may be accepted or rejected by the Board in accordance with the recommendation of the Corporate Governance Committee, which will review whether the new occupation of the Director is consistent with the specific rationale for originally selecting that individual);

2. Term Limits and Re-election

The Board believes that a *regular* Director may serve without limit to the number of terms because of the time and effort necessary for each Director to become familiar with the business of the Company. As an alternative to term limits, the Corporate Governance Committee will review critically each Director’s continuation on the Board every year.

An Independent Director (ID) shall serve for a maximum cumulative term of nine (9) years reckoned from 2012, and/or as prescribed by the SEC and PSE. After which, the ID is perpetually barred from re-election in the same company, but may continue to

qualify for nomination and election as a non-ID. However, in exceptional cases, the Board may choose to re-elect an ID who has served for nine years, subject to the approval of stockholders, and must provide a meritorious justification.

3. Service on Other Boards

The Company recognizes that regular Board Directors benefit from service on boards of other companies, so long as such service does not conflict with the interests of the Company. Acknowledging the negative impact of competing time commitments when directors serve on multiple boards, Directors are encouraged to limit the number of other boards (excluding non-profit) on which they serve, taking into account the potential impact on attendance, participation and effectiveness with respect to the Company's Board.

An Independent Director can be elected as such to only five (5) companies within the DMCI Group conglomerate.

Non-executive directors shall concurrently serve as directors to a maximum of five (5) publicly-listed companies to ensure that they are able to commit themselves to performing their roles and responsibilities, have sufficient time to fully prepare for meetings, challenge Management's proposals/views, oversee the long-term strategy of the company, regularly update their knowledge and enhance their skills.

Directors should advise the Chairman of the Board and the Chairman of the Corporate Governance Committee in advance of accepting an invitation to serve on the board of another listed company.

4. Conflicts of Interest

Directors are required to disclose to the Board (and any applicable committee) any financial interest or personal interest in any contract or transaction that is being considered by the Board for approval. The interested Director should abstain from voting on the matter and, in most cases, should leave the meeting while the remaining directors discuss and vote on such matter. The same rule shall apply for approval of contract or transaction between the Company and another corporation with interlocking directors. Disclosed conflicts of interest will be documented in the minutes of the meeting.

Directors will make business opportunities related to the Company's business, available to the Company before pursuing the opportunity for the Director's own or another's account.

If a Director has any significant conflict of interest with the Company that cannot be resolved, the Director will promptly resign.

5. Corporation Loans

The Company will not make any personal loans or extensions of credit to Directors unless approved by the Board.

6. Director Orientation and Continuing Education

The Compliance Officer and/or Chief Governance Officer will be responsible for providing an orientation for new Directors, and for periodically providing materials for all Directors on subjects relevant to their duties as Board members. Director orientation and on-going training will include presentations by senior management to familiarize Directors with the Company's strategic plans, its significant financial, accounting, legal, regulatory and risk management issues, Environmental, Social & Governance (ESG) sustainability, compliance programs, Code of Conduct and Business Ethics and governance policies, among others.

All Directors will avail themselves of operations site visits, educational opportunities, annual and refresher trainings on corporate governance, seminars, conferences, memberships in professional organizations, or as appropriate to enable them to perform their duties as Directors.

7. Annual Board Evaluation

The Board shall conduct an annual self-assessment of its performance to determine whether the board as a whole, individual Board Directors and Board Committees are functioning effectively.

The Corporate Governance Committee shall establish a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees. The full Board and Committee self-assessment shall consider the Board/Committee responsibilities, structure, meetings, processes, and management support. The individual director self-assessment performance areas shall take into account leadership, interpersonal skills, strategic thinking and participation in Board meetings and committee assignments.

8. CEO and COO Evaluation

The Compensation & Remuneration Committee will conduct an annual review of the CEO's and COO's performance and report the results thereof to the Board. The evaluation should be based on criteria including performance of the business, accomplishment of long-term strategic objectives, the handling of extraordinary events and development of management. The criteria should ensure that the CEO's and COO's interests are aligned with the long-term interests of the Company's stockholders.

9. Succession Planning for Board and Senior Management

The Corporate Governance Committee shall ensure succession planning programs of Directors and Key Officers, which shall include policies and principles for CEO

selection and performance review as well as policies regarding succession in the event of an emergency or the retirement of the Chairman of the Board and CEO. The entire Board will work with the Corporate Governance Committee to evaluate and nominate potential successors to the CEO.

10. Board Diversity

SMPC and its subsidiaries embrace diversity, including differences in ethnic background, gender, age, sexual orientation, religion and disability. It is committed to creating and leveraging diversity in the Board that will provide effective and sustainable leadership of the organization. It shall consider the mix of diversity in determining the optimum composition of the Board, in terms of skills, experience, independence, knowledge, gender and background. There is also no discrimination of gender, age and religion in the selection and appointment of Board Directors.

Board Directors are a diverse mix of highly-qualified individuals, with stature and experience in the coal and energy industries, finance, government service, and business operations. Their backgrounds enable them to effectively participate in Board deliberations and fulfill their fiduciary duties.

The Corporate Governance Committee assists in the nomination and selection of suitable candidates for Board appointment with due regard of the diverse competencies and expertise that are aligned with the group's strategy of vertical integration of SMPC Group's coal energy business and to achieve an inclusive and collaborative governance culture.

Measurable objectives shall include:

- reasonable participation of women in Group Board; and
- mix of competency and expertise to support the Board's strategic objectives.

Charter Review

The Board shall review the adequacy or effectiveness of the Board Charter at least on an annual basis and recommend any proposed changes to the Board for approval.