



pioneer in renewable power

## **CORPORATE GOVERNANCE COMMITTEE CHARTER**

### **I. Rationale**

In pursuit of good corporate governance, in compliance with Alternergy Holdings Corporation's (the "Company") Manual on Corporate Governance (the "Manual"), and upon recommendation of the Corporate Governance Committee ("CGC"), the Board of Directors (the "Board") of the Company hereby adopts this CGC Charter (this "Charter") to govern its oversight functions and activities.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with stockholder value – to the benefit of all stakeholders and society. Its purpose is to maximize the organization's long-term success, creating sustainable value for its stockholders, stakeholders and the nation.

### **II. Committee Composition**

The CGC shall have at least three (3) members, two (2) of whom shall be independent directors, including the Chairman.

### **III. Roles and Responsibilities**

The CGC shall assist the Board in its responsibilities on: (a) corporate governance; (b) nomination and election process; and (c) compensation.

The CGC may also perform such other functions as may be delegated or authorized by the Board.

#### **A. Corporate Governance**

On behalf of the Board, the CGC shall be tasked to ensure that the Company adheres to good corporate governance principles and practices as provided for in the Manual. The CGC shall be assisted in its oversight duties by a Compliance Officer, who shall have a rank of Vice-President, or an equivalent position, with adequate stature and authority in the organization.

##### *Compliance Officer*

The Compliance Officer shall annually attend training on corporate governance. He shall be a member of the Company's management team in charge of the compliance function in corporate governance. Similar to the Corporate Secretary, he is primarily accountable to the Company and its shareholders, and not to its Chairman, President or Chief Executive Officer. The CGC shall ensure that the Compliance Officer performs his duties and responsibilities under the Manual.



### *Director Training*

In addition, the CGC shall ensure that a system is adopted on the training of directors which shall include an orientation program for first-time directors and relevant annual continuing training for all directors. The orientation program shall cover topics on corporate governance mandated by the Securities and Exchange Commission (“SEC”) and an introduction to the Company’s business, corporate/charter documents, and Company policies. Meanwhile, the annual seminars and/or training shall concern courses on corporate governance matters relevant to the Company, including audit, internal control, risk management, sustainability, and strategy.

### *Annual Assessment of the Company*

The CGC shall annually assess the performance and compliance of the Company with the Manual and other relevant regulatory requirements.

### **B. Nomination and Election Process**

The CGC shall be tasked to implement guidelines and standards for its members that will facilitate the selection of potential nominees for Board seats, and to serve as a benchmark for the evaluation of the said nominee’s performance. The CGC shall oversee a consistent adoption of a formal and transparent Board nomination and election policy that shall include a process of accepting nominations from minority shareholders and vetting nominated candidates.

The Board policy shall also include an annual assessment of the effectiveness of its processes and procedures in the nomination, election, or replacement of a director. In addition, the manner by which it will identify the quality of directors shall be aligned with the strategic direction of the Company.

The following comprises the detailed functions of the CGC with regard to the nomination and election process, among others:

1. Develop criteria for identifying, selecting and evaluating candidates for the Board, including guidelines for assessing their independence. Amongst these criteria are desired board skills and attributes, business and management experience, diversity of talents, background, perspectives, ability to devote the time and effort necessary to fulfill the responsibilities as a Board member, and familiarity with the business and relevant regulatory requirements.
2. Identify and recruit qualified director candidates for the Board and review director candidates recommended and nominated validly by the shareholders or directors of the Company.
3. Receive nominations of candidates for election as directors from stockholders either by electronic mail, regular mail or personal delivery and submitted by shareholders within the period designated.

4. Review and evaluate the qualifications of all persons nominated to the Board, in relation to the criteria set forth in the Manual, the Company By-Laws, and applicable regulations, including whether the candidates: (a) possess the knowledge, skills, experience, and in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (b) have a record of integrity and good repute; (c) have sufficient time to carry out their responsibilities; and (d) have the ability to promote a smooth interaction between Board members. The CGC may secure the assistance of an executive search firm, if necessary, for this purpose.
5. Review annually the contributions and independence of existing directors and recommend director nominee candidates to the Board for election or re-election at the annual stockholders meeting and to fill such Board vacancies as it may occur during the year.
6. Conduct a periodic review of the Board's committee structure, including evaluation of board size, composition and activities, practices, committees and committee membership. Review and recommend to the Board concerning qualifications, appointment, removal and replacement of directors and committee members.

The process shall also include monitoring the qualifications of the directors and the grounds for the disqualification of a director.

### **C. Compensation**

Through the CGC, the Board shall oversee the establishment and administration of the Company's compensation program, and align the remuneration of key officers and Board members with its long-term interests. The CGC shall formulate and adopt a policy specifying the relationship between remuneration and performance.

Directors' compensation shall always be in accordance with the By-Laws of the Company and/or as approved by the stockholders during an annual stockholders' meeting. The Board shall, from time to time, approve a reasonable *per diem* that a director may receive for attendance in Board meetings and Board committee meetings.

The specific duties and responsibilities of the CGC in the area of compensation are detailed as follows:

1. Oversee and evaluate the Company's human resource planning process and succession plans for senior executive positions.
2. Establish and review annually an emergency succession plan for the CEO and other senior executive positions.
3. Review and approve general criteria for senior officers' salary, bonuses and awards.
4. Oversee regulatory compliance with respect to compensation matters.

5. Review periodically and make recommendations to the Board concerning the level/status of the Board compensation in relation to best practices of other similarly situated public companies.
6. Evaluate annually the performance of the CGC and report the results of evaluation to the Board.
7. Prepare and approve all reports of the CGC in accordance with the applicable rules and regulations of the SEC.
8. Approve the Company's employee incentive program, including the Long-Term Incentive Plan.
9. Discharge any responsibilities delegated by the Board relating to the Company's compensation programs.

#### **IV. Committee Policies and Procedures**

1. *Appointment and Removal.* The members of the CGC shall be appointed by the Board, who shall serve at the pleasure of the Board, and under such terms as the Board may determine. The members of the CGC may be removed, with or without cause, by the action of the Board.
2. *Engagement of Outside Advisors.* In carrying out its duties or responsibilities, the CGC may directly engage outside advisors, such as, but not limited to, legal and accounting. The Company shall provide the necessary funding therefor, as *recommended* by the CGC. The advisors may be required by the CGC to submit written opinions or to attend any part of its meetings. Any members of the CGC may, however, ask for the exclusion of any advisor from its meetings.
3. *Access to Information and Employees.* The CGC is empowered to inquire, should it deem necessary or appropriate, any matter in relation to its purpose, duties or responsibilities and shall have full and direct access to all books, records, facilities, and personnel of the Company.
4. *Meetings and Quorum.* The CGC shall meet at least twice annually and at such dates, times, and places, as it shall consider appropriate to fulfill its duties and responsibilities. Its meetings shall be convened by the Chairman as he considers appropriate, or upon the request of a majority of its members. All members are expected to attend meetings in person, but in special circumstances are allowed to be present by means of video conference, teleconference, or other electronic means. Should any member, advisor or observer participate in a meeting of the CGC through teleconference or video conference, all persons participating in the meeting should be able to hear each other.

The Corporate Secretary shall send notice at least three (3) days before any meeting, specifying the place, date and time, and the agenda thereof.

The quorum for any meeting of the CGC shall be at least a majority of the members present throughout the meeting. When a quorum exists, the vote of majority of the members present shall constitute an action or a decision of the CGC.

5. *Minutes and Records.* The Corporate Secretary shall prepare the minutes of the CGC meetings and keep its records. Such records shall be open for inspection by any member upon reasonable prior notice and during office hours. Minutes of any meeting shall be signed by the Corporate Secretary and attested to by the CGC Chairman.
6. *Reports to the Board.* The CGC Chairman shall likewise submit and present a report to the Board, containing updates on all actions taken by the CGC at the Board meeting following the CGC meeting.
7. *Performance Evaluation.* The CGC shall review its performance annually with respect to the fulfillment of its duties, functions, and responsibilities, as mandated by this Charter.

#### V. **Charter Review**

This Charter shall be reviewed at least annually by the CGC to ensure its continuing adequacy and consistency with the Company's objectives, vision, mission, and values, and the Board's duties, functions, and responsibilities. It may be amended or revised upon the prior approval of the Board.

#### VI. **Approval and Effectivity**

This Charter was approved by the Board on [ ] and shall take effect immediately upon such approval.

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