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SECURITIES AND EXCHANGE COMMISSION

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year ***2016***

2. Exact Name of Registrant as Specified in its Charter ***Manila Electric Company***

3. ***Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City*** ***1605***

Address of Principal Office Postal Code

4. SEC Identification Number ***PW-102*** 5. (SEC Use Only)

Industry Classification Code

6. BIR Tax Identification Number ***000-101-528-000***

7. ***(02) 6328014***

Issuer's Telephone number, including area code

8. ***Not Applicable***

Former name or former address, if changed from the last report

MERALCO
Ang liwanag ng bukas

Consolidated Changes in ACGR for 2016

Note: Changes/updates made in 2016 are in blue font.

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A. BOARD MATTERS

1) BOARD OF DIRECTORS

Number of Directors per Articles of Incorporation	11

Actual number of Directors for the year	11

(a) **Composition of the Board**

(Updated based on May 31, 2016 PSE/SEC 17-C Disclosures on SEC 17-C (Results of the Annual Meeting of the Stockholders' and Organizational Meeting of the Board of Directors 2016)
http://corporate-downloadables-sec-filings.s3.amazonaws.com/1464932532.425d6706f8574fa6e67d78e7cdf77aa5.pdf

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) [1]	Elected when (Annual /Special Meeting)	No. of years served as director[2]
Ray C. Espinosa	ED	Beacon Electric Asset Holdings, Inc	Beacon Electric Asset Holdings, Inc	05/26/2009	05/31/2016	AGM	7 years
Jose Ma. K. Lim	NED	Beacon Electric Asset Holdings, Inc	Beacon Electric Asset Holdings, Inc	05/29/2012	05/31/2016	AGM	4 years
Manuel M. Lopez	NED	Beacon Electric Asset Holdings, Inc	Beacon Electric Asset Holdings, Inc	04/14/1986	05/31/2016	AGM	30 years
Artemio V. Panganiban	ID	None	Mark Dennis Y.C. Joven	05/27/2009	05/31/2016	AGM	7 years
Manuel V. Pangilinan	NED	Beacon Electric Asset Holdings, Inc	Beacon Electric Asset Holdings, Inc	05/26/2009	05/31/2016	AGM	7 years
Oscar S. Reyes	ED	Beacon Electric	Beacon Electric Asset	07/01/2010	05/31/2016	AGM	6 years

		Asset Holdings, Inc	Holdings, Inc				
Pedro E. Roxas	ID	None	Mark Dennis Y.C. Joven	05/25/2010	05/31/2016	AGM	6 years
James L. Go	NED	JG Summit Holdings, Inc.	JG Summit Holdings, Inc.	12/16/2013	05/31/2016	AGM	3 years
Lance Y. Gokongwei	NED	JG Summit Holdings, Inc.	JG Summit Holdings, Inc.	12/16/2013	05/31/2016	AGM	3 years
John L. Gokongwei, Jr.	NED	JG Summit Holdings, Inc.	JG Summit Holdings, Inc.	03/31/2014	05/31/2016	AGM	2 years
Anabelle L. Chua[3]	NED	Beacon Electric Asset Holdings, Inc	Beacon Electric Asset Holdings, Inc	05/31/2016	05/31/2016	AGM	7 months

[1] Reckoned as of December 31, 2016.
[2] Since first appointment until December 31, 2016.
[3] Ms. Chua was elected during the May 31, 2016 Annual General Meeting (AGM).

Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

As defined in the Company's Manual of Corporate Governance, the following decisions require Board approval:

a. all principal policies and directions governing the organization, management and operation of the Company as well as its subsidiaries;
b. any temporary disqualification of a director recommended by the Nomination and Governance Committee;
c. Board Committee membership appointments, including Committee chairmanships;
d. establishment of and changes to financial, accounting and treasury policies;
e. all major financing transactions of the Company;
f. issuance of shares and shares repurchases, valuation of shares, and other such activities involving existing shares;
g. Company's corporate plans and budgets;
h. major contracts and variations;
i. proposals for dividends and transfers to reserve;
j. financing guarantees and indemnities and mortgaging of the Company's assets;
k. any actual, or potential, major exception or occurrence which has, or may have, a major financial impact on the Company;
l. guarantees, financial support, undertakings and indemnities concerning investments or liabilities of subsidiary or associated companies, other

than those which are the subject of an existing general or specific Board or Committee approval;

m. corporate expansion projects or programs;

n. capitalization of subsidiaries or associated companies, other than that which is subject of an existing general or specific Board or Committee approval;

o. proposed principal agreements with Government, Joint Venture and Shareholders' Agreements, Major Acquisitions, Divestment and Property Redevelopment; and

p. action for violation of the Revised Manual of Corporate Governance.

The Company adheres to the principles of integrity, accountability, fairness, and transparency as the cornerstone of its governance policy in its continuing advocacy to inculcate an ethical culture within to promote the best interest of the Company, its shareholders, employees, customers, suppliers and other stakeholders.

In line with this, the Company's BOD has approved the following CG Policies:

- Revised Manual of Corporate Governance
- Code of Ethics
- Conflict of Interest Policy
- Revised Insider Trading Policy
- Internal Policy on Unstructured Disclosures (Disclosure Policy)
- Amended Whistleblowing Policy
- Policy on Solicitation and Acceptance of Gifts
- Amended Supplier Business Conduct Policy
- Related Party Transaction Policy
- Policy on Continuing Education of the Board
- Social Media Policy
- Guidelines on Board and Board Committee Memberships

These CG policies provide for the following:

TREATMENT OF ALL SHAREHOLDERS

The Company believes that its shareholders, including those in the minority, are its principals and makes every effort to protect their investment and treat them equally and fairly. All shareholders are given the opportunity to exercise their basic rights as described in the Company's Manual of Corporate Governance, the Philippine Corporation Code, Securities and Regulations Code and other relevant laws.

The Company's shareholders, including those in the minority, are given the opportunity to exercise their basic rights with respect to the following:

a) Changes and/or amendments to the company's Articles of Incorporation and By-laws;
b) Sale, purchase and/or transfer of a significant share of corporate assets, that may result in a change in the character of the Company;
c) Authorization for the issuance of additional shares of the Company;
d) Opportunity to nominate candidates for membership in the BOD.
e) Opportunity to elect individually the members of the BOD. The Notice of AGM, being sent to all shareholders include the profiles of all nominees for seats in the Board of Directors such as age, qualifications and experience, date of first appointment to the Board of the company, and directorships in other publicly listed corporations (or subsidiaries, whether listed or non-listed, within our group of companies) Non-controlling shareholders are also encouraged to exercise their right to vote and elect the Company's BOD.
f) Approval of the remuneration of all non-executive Directors (members of the Board).
g) Appointment of the external auditor. The Notice of AGM clearly identifies the external auditor seeking appointment and the same were duly appointed by the shareholders.

For the further protection of the rights of the minority shareholders, the following are also provided:

a) Pre-emptive right
b) Right of inspection
c) Appraisal right
d) Right to dividends

Disclosure Duties

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders. All material information may include: earnings results, acquisition or disposition of assets, board changes, related party transactions, shareholdings of directors, changes in ownership, remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

All disclosed information may be released via the approved stock exchange procedure for Company announcements as well as through the annual report. The Company shall cause the filing of all required information for the interest of the stakeholders.

In cases of acquisition of corporate control in the capital markets and other extraordinary transactions such as mergers and sales of substantial portions of the corporate assets the Company, through its BOD, will appoint an independent party to evaluate the fairness of the transaction. The Company will also fully disclose such transactions, report on fair value and other terms and conditions, for better understanding by shareholders of

their rights and course of action.

In addition, shareholders, including minority shareholders, are also given accurate, timely, complete and transparent updates of relevant events through the Company's website (www.meralco.com.ph), the contents of which are in the English language. Included in these regular updates are the products and service offerings of the Company, business operations and locations, business offices contact numbers, shareholdings and corporate structures, corporate vision, mission and objectives. The website also provides downloadable copies of the Company's Articles of Incorporation, By-laws, Manual of Corporate Governance, Annual Reports issued in the last five years, Financial Reports of the last three years, Notice of AGM, Information Statements, and other relevant Company disclosures, governance policies, rules and regulations.

Board Responsibilities

The Board of Directors is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. The Board should establish the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness.

Specific Duties and Functions

To ensure a high standard of best practice for the Company and its stakeholders, the Board shall:

a) Adopt a process of selection that encourages diversity and ensures a mix of competent directors and officers, without regard to gender, race, religion, or age;
b) Oversee the implementation of compensation plans and professional development programs for officers and succession planning for senior management;
c) Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance;
d) Ensure that the Company complies with all relevant laws, regulations and endeavor to adopt best business practices;
e) Identify the Company's major and other stakeholders and oversee Management's formulation and implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs;
f) Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness;
g) Provide oversight with regard to enterprise risk management;
h) Identify key risk areas and key performance indicators and monitor these factors with due diligence;
i) Ensure that the Company establishes appropriate policies and procedures in accordance with this Revised Manual and applicable laws and

regulations, including, but not limited to, conflict of interest and related party transactions;

j) Constitute Board Committees, including an Audit Committee, that it deems necessary to assist the Board in the performance of its duties and responsibilities;
k) Consider the creation and maintenance of an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its stockholders, if applicable;
l) Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;
m) Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing law, rules and regulation; and
n) Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably, shall act as Compliance Officer.

Please refer to attached ***Annex A*** for the full copy of the Company's Revised Manual of Corporate Governance which was also submitted and disclosed to SEC last July 28, 2014.

How often does the Board review and approve the vision and mission?

The Board conducted the review of the Company vision and mission during the financial year of 2016, simultaneously with their annual strategy and business plan exercise for the Company. The Board reviews and approves the vision and mission annually.

The Board monitors/oversees the implementation of the corporate strategy. The Board works together to define objectives for a 12-month period, and most importantly, solicits the commitment of the whole Company to ensure the successful accomplishment of plans. The Board comes up with a basis for setting priorities, monitoring progress as well as for assessing results and impact.

The monitoring and overseeing of corporate strategy helps assure that our Company remains responsive to the requirements of our customers, regulators, shareholders and other stakeholders.

(b) Directorship in Other Companies

(i) Directorship in the Company's Group[1]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the	Type of Directorship (Executive, Non-Executive,

[1] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Group Company	Independent). Indicate if director is also the Chairman.
Ray C. Espinosa	Meralco PowerGen Corporation	Non-Executive
Jose Ma. K. Lim	Meralco PowerGen Corporation	Non-Executive
	Indra Phils., Inc.	Non-Executive
Manuel V. Pangilinan	Meralco PowerGen Corporation	Chairman
Oscar S. Reyes	Meralco PowerGen Corporation	Executive
	Redondo Peninsula Energy, Inc.	Chairman
	Meralco Industrial Engineering Services, Inc.	Chairman
	Meralco Energy, Inc.	Chairman
	CIS Bayad Center, Inc.	Chairman
	Republic Surety & Insurance Company, Inc.	Non-Executive
	PacificLight Power Pte Ltd.	Chairman

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the Company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Ray C. Espinosa	Lepanto Consolidated Mining Company	Non-executive
	Metro Pacific Investments Corporation	Non-executive
	Philippine Long Distance Telephone Company	Non-executive
	Roxas Holdings Inc.	Non-Executive
James L. Go	Oriental Petroleum and Minerals Corp.	Chairman, Executive (Chief Executive Officer)
	JG Summit Holdings, Inc.	Chairman, Executive (Chief Executive Officer)
	Robinsons Retail Holdings, Inc.	Vice Chairman, Executive (Deputy Chief Executive Officer)
	Universal Robina Corporation	Chairman
	Robinsons Land Corporation	Chairman

	Philippine Long Distance Telephone Company	Non-executive
	Cebu Air, Inc.	Non-executive
John L. Gokongwei, Jr.	JG Summit Holdings, Inc	Chairman Emeritus, Non-Executive
	Universal Robina Corporation	Chairman Emeritus, Non-Executive
	Robinsons Land Corporation	Chairman Emeritus, Non-Executive
	A. Soriano Corporation	Non-Executive
	Cebu Air, Inc.	Non-Executive
	Oriental Petroleum and Minerals Corporation	Non-Executive
Lance Y. Gokongwei	Robinsons Land Corporation	Vice Chairman, Executive (Chief Executive Officer)
	JG Summit Holdings, Inc.	Executive (President and Chief Operating Officer)
	Cebu Air Inc.	Executive (President and Chief Executive Officer)
	Universal Robina Corporation	Executive (President and Chief Operating Officer)
	Robinsons Retail Holdings, Inc.	Vice Chairman, Non-executive
	Oriental Petroleum and Minerals Corp.	Vice Chairman, Non-executive
Jose Ma. K. Lim	Metro Pacific Investments Corporation	Executive (President and CEO)
Manuel M. Lopez	Rockwell Land Corporation	Chairman, Non-executive
	Lopez Holdings Corporation	Chairman, Executive (CEO)
	First Philippine Holdings Corporation	Vice Chairman, Non-executive
	ABS-CBN Corporation	Non-executive
	ABS-CBN Holdings Corporation	Non-executive
Anabelle L. Chua	Philippine Long Distance Telephone Company	Non-executive
	The Philippine Stock Exchange, Inc.	Non-executive
Artemio V. Panganiban	GMA Network, Inc.	Independent
	First Philippine Holdings Corporation	Independent
	Metro Pacific Investments Corporation	Independent
	Robinsons Land Corporation	Independent
	GMA Holdings, Inc.	Independent
	Petron Corporation	Independent
	Bank of the Philippine Islands	Independent
	Philippine Long Distance Telephone Company	Independent
	Jollibee Foods Corporation	Non-executive

	Asian Terminals, Inc.	Independent
Manuel V. Pangilinan	Philippine Long Distance Telephone Company	Chairman
	Metro Pacific Investments Corporation	Chairman
	Philex Mining Corporation	Chairman
	Roxas Holdings Inc.	
Oscar S. Reyes	Bank of the Philippine Islands	Independent
	Manila Water Company	Independent
	Cosco Capital Inc.	Independent
	Philippine Long Distance Telephone Company	Non-executive
	Pepsi Cola Products Philippines, Inc.	Chairman, Independent
	Basic Energy Corporation	Independent
Pedro E. Roxas	Roxas Holdings, Inc.	Chairman
	Roxas and Company, Inc.	Chairman, Executive (President and CEO)
	Philippine Long Distance Telephone Company	Independent

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders* in the Company and/or in its Group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Ray C. Espinosa	Beacon Electric Asset Holdings, Inc	Director
James L. Go	JG Summit Holdings, Inc.	Chairman, Executive (Chief Executive Officer)
Lance Y. Gokongwei	JG Summit Holdings, Inc.	Director, Executive (President and Chief Operating Officer)
Jose Ma. K. Lim	Beacon Electric Asset Holdings, Inc	Director
Manuel V. Pangilinan	Beacon Electric Asset Holdings, Inc	Chairman of the Board

*We interpret significant shareholders as those with 5% and above shareholdings in the Company, following the disclosure on Beneficial Ownerships.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license)

that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company has not yet set a limit, although the Company's Revised Manual of Corporate Governance provides that The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company. (Part I. Board Governance, Section 3.0 Multiple Board Seats)

For the Company's CEO and other executives, they may be covered by a lower indicative limit for directorships in boards of other companies. For the independent or non-executive directors who at the same time serve as full time executives in other companies, a similar limit may be set.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Company has not set a limit, although the Company's Revised Manual of Corporate Governance provides that the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company. (Part I. Board Governance, Section 3.0 Multiple Board Seats)	The Company has not set a limit, although the Company's Revised Manual of Corporate Governance provides that the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company. (Part I. Board Governance, Section 3.0 Multiple Board Seats)
Non-Executive Director	The Company has not set a limit, although the Company's Revised Manual of Corporate Governance provides that the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company. (Part I. Board Governance, Section 3.0 Multiple Board Seats)	The Company has not set a limit, although the Company's Revised Manual of Corporate Governance provides that the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company. (Part I. Board Governance, Section 3.0 Multiple Board Seats)
CEO	The Company has not set a limit, although the Company's Revised Manual of Corporate Governance provides that the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their	The Company has not set a limit, although the Company's Revised Manual of Corporate Governance provides that the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company.

	responsibilities to the Company. (Part I. Board Governance, Section 3.0 Multiple Board Seats)	(Part I. Board Governance, Section 3.0 Multiple Board Seats)

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares*	Number of Indirect shares / Through (name of record owner)*	% of Capital Stock (1,127,098,705)**
Ray C. Espinosa	31,000	0	0.00%
James L. Go	285,300	0	0.03%
John L. Gokongwei, Jr.	10,810	0	0.00%
Lance Y. Gokongwei	12,310	0	0.00%
Jose Ma. K. Lim	15,010	0	0.00%
Manuel M. Lopez	2,460,411	0	0.22%
Anabelle L. Chua	60	0	0.00%
Artemio V. Panganiban	1	0	0.00%
Manuel V. Pangilinan	40,000	0	0.00%
Oscar S. Reyes	268	0	0.00%
Pedro E. Roxas	1,000	0	0.00%
TOTAL	**2,856,170**		0.25%
* Based on the Disclosure: Public Ownership Level as of December 31, 2016.			

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☑ No ☐

Identify the Chair and CEO:

Chairman of the Board	Manuel V. Pangilinan
CEO/President	Oscar S. Reyes

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	CEO/Executive Director	Chairman	Independent and Non-Executive Directors
Role	The Board of Directors is primarily responsible for the governance of the Company. They monitor/oversee the implementation of the corporate strategy. The Executive Director presents the Company's performance to the Board. He serves as the link between the Management and the Board. Executive directors have a dual role as officers of the company and as directors. As defined in the Company's Manual of Corporate Governance, the following decisions require Board approval: q. all principal policies and directions governing the organization, management and operation of the	The Chairman leads the Board and ensures that the Board works effectively and performs its duties responsibly. The Board of Directors is primarily responsible for the governance of the Company. They monitor/oversee the implementation of the corporate strategy. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. a. The Board should establish the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance. b. A director's office is one of trust and	Independent directors are not directors or officers of the Company or of its related companies or any of its substantial shareholders except when the same shall be independent directors of any of the foregoing. Independent directors have not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by themselves and/or with other persons and or through a firm of which they are partners and/or a Company of which they are directors or substantial shareholders.

	Company as well as its subsidiaries; r. any temporary disqualification of a director recommended by the Nomination and Governance Committee; s. Board Committee membership appointments, including Committee chairmanships; t. establishment of and changes to financial, accounting and treasury policies; u. all major financing transactions of the Company; v. issuance of shares and shares repurchases, valuation of shares, and other such activities involving existing shares; w. Company's corporate plans and budgets; x. major contracts and variations; y. proposals for dividends and transfers to reserve; z. financing guarantees and indemnities and mortgaging of the Company's assets; aa. any actual, or potential, major exception or occurrence which has, or may have, a major financial impact on the Company; bb. uarantees, financial support, undertakings and indemnities concerning investments or liabilities	confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness. To ensure a high standard of best practice for the Company and its stakeholders, the Board shall: a. Adopt a process of selection to ensure a mix of competent directors and officers and oversee the implementation of compensation plans and professional development programs for officers and succession planning for senior management; b. Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance; c. Ensure that the Company complies with all relevant laws, regulations and endeavor to adopt best business practices; d. Identify the Company's major and other stakeholders and oversee Management's formulation and implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs;	The Board of Directors is primarily responsible for the governance of the Company. They monitor/oversee the implementation of the corporate strategy. Independent Directors perform the same roles, duties and responsibilities of Non-Executive Directors, as discussed further below. However, Independent Directors play crucial role in ensuring that the board appropriate scrutiny over management and shareholders (in their capacity as owners of the company). They are individuals who do not maintain close ties with the management and expected to ensure potential conflict of interests between managers and shareholders are avoided or prevented. They are likewise expected to be able to provide independent judgment and outside experience and objectivity, not subordinated to operational considerations, on all issues which come before the Board.

	of subsidiary or associated companies, other than those which are the subject of an existing general or specific Board or Committee approval; cc. corporate expansion projects or programs dd. apitalization of subsidiaries or associated companies, other than that which is subject of an existing general or specific Board or Committee approval; ee. roposed principal agreements with Government, Joint Venture and Shareholders' Agreements, Major Acquisitions, Divestment and Property Redevelopment; and ff. action for violation of the Revised Manual of Corporate Governance.	e. Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness; f. Provide oversight with regard to enterprise risk management; g. Identify key risk areas and key performance indicators and monitor these factors with due diligence; h. Ensure that the Company establishes appropriate policies and procedures in accordance with this Revised Manual and applicable laws and regulations, including, but not limited to, conflict of interest and related party transactions; i. Constitute Board Committees, including an Audit Committee, that it deems necessary to assist the Board in the performance of its duties and responsibilities; j. Consider the creation and maintenance of an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its stockholders, if applicable; k. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; l. Keep Board authority within the	Independent Directors, as much as possible, are to be in attendance during Board meetings to promote transparency. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. a. The Board should establish the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance. b. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness. To ensure a high standard of best practice for the Company and its stakeholders, the Board shall: a. Adopt a process of selection to ensure a mix of competent directors and officers and oversee the implementation of compensation plans and

		powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing law, rules and regulation; and m. ppoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably, shall act as Compliance Officer. As defined in the Company's Manual of Corporate Governance, the following decisions require Board approval: a. all principal policies and directions governing the organization, management and operation of the Company as well as its subsidiaries; b. any temporary disqualification of a director recommended by the Nomination and Governance Committee; c. Board Committee membership appointments, including Committee chairmanships; d. establishment of and changes to financial, accounting and treasury policies; e. all major financing transactions of the Company; f. issuance of shares and shares repurchases, valuation of shares,	professional development programs for officers and succession planning for senior management; b. Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance; c. Ensure that the Company complies with all relevant laws, regulations and endeavor to adopt best business practices; d. Identify the Company's major and other stakeholders and oversee Management's formulation and implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs; e. Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness; f. Provide oversight with regard to enterprise risk management;

		and other such activities involving existing shares; g. Company's corporate plans and budgets; h. major contracts and variations; i. proposals for dividends and transfers to reserve; j. financing guarantees and indemnities and mortgaging of the Company's assets; k. any actual, or potential, major exception or occurrence which has, or may have, a major financial impact on the Company; l. guarantees, financial support, undertakings and indemnities concerning investments or liabilities of subsidiary or associated companies, other than those which are the subject of an existing general or specific Board or Committee approval; m. corporate expansion projects or programs n. capitalization of subsidiaries or associated companies, other than that which is subject of an existing general or specific Board or Committee approval; o. proposed principal agreements with Government, Joint Venture and Shareholders' Agreements, Major Acquisitions, Divestment and	g. Identify key risk areas and key performance indicators and monitor these factors with due diligence; h. Ensure that the Company establishes appropriate policies and procedures in accordance with this Revised Manual and applicable laws and regulations, including, but not limited to, conflict of interest and related party transactions; i. Constitute Board Committees, including an Audit Committee, that it deems necessary to assist the Board in the performance of its duties and responsibilities; j. Consider the creation and maintenance of an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its stockholders, if applicable; k. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; l. Keep Board authority within the powers of the institution as prescribed in the Articles of

		Property Redevelopment; and p. action for violation of the Revised Manual of Corporate Governance.	Incorporation, By-Laws and in existing law, rules and regulation; and m. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably, shall act as Compliance Officer. As defined in the Company's Manual of Corporate Governance, the following decisions require Board approval: a. all principal policies and directions governing the organization, management and operation of the Company as well as its subsidiaries; b. any temporary disqualification of a director recommended by the Nomination and Governance Committee; c. Board Committee membership appointments, including Committee chairmanships; d. establishment of and changes to financial, accounting and treasury policies; e. all major financing transactions of the Company;

			f. issuance of shares and shares repurchases, valuation of shares, and other such activities involving existing shares; g. Company's corporate plans and budgets; h. major contracts and variations; i. proposals for dividends and transfers to reserve; j. financing guarantees and indemnities and mortgaging of the Company's assets; k. any actual, or potential, major exception or occurrence which has, or may have, a major financial impact on the Company; l. guarantees, financial support, undertakings and indemnities concerning investments or liabilities of subsidiary or associated companies, other than those which are the subject of an existing general or specific Board or Committee approval; m. corporate expansion projects or programs n. capitalization of subsidiaries or associated companies, other than that which is subject of an existing general or specific Board or Committee approval; o. proposed principal agreements with Government, Joint Venture

			and Shareholders' Agreements, Major Acquisitions, Divestment and Property Redevelopment; and p. action for violation of the Revised Manual of Corporate Governance.
Accountabilities	The executive director is accountable to the shareholders of the Company as they are involved in the day-to-day activities of the Company and are responsible for execution of business strategies and plans.	The Board, as led by the Chairman, shall ensure that stockholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law. The Chairman also attends to the following accountabilities: Presiding in Annual meetings of the stockholders and the Board. Supervise the preparation of the agenda of each meeting in coordination with the Corporate Secretary, taking into consideration the proposals of the CEO, Management and Directors of the Company. Assist in assuring compliance with and performance of the corporate governance policies and	Independent directors likewise share the same accountability to the shareholders. They are expected to maintain their independence from Management and exercise independent judgment in carrying out their responsibilities as director of the Company. As Independent Directors, as much as possible, they should be in attendance during board meetings to promote transparency.

		practices. Ensure that Board meetings are held in accordance with the By-Laws and the annual schedule previously approved by the Board. Ensure that the lines of communication and flow of information between Management and the Board are maintained	
Deliverables	The Executive Director presents a monthly update on the progress of Management in achieving set goals and targets, report major opportunities and potential risks and provide any information the Board requires concerning the business operations of the Company.	The Non-Executive directors support the Board by attending and participating in all Board and committee meetings in order to fulfill their accountabilities. They will give independent perspective in their oversight function and engagement of Management. They will help ensure that Management formulates and implements sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance. Ensure that appropriate policies and procedures are adopted in accordance with this Revised Manual and applicable laws and regulations, including conflict of interest and related party transactions, among others.	The Independent directors, being chairmen of the Nomination and Governance Committee and the Audit Committee, lead the programs and policy formulation in these respective committees.

Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Company's Board and the Board Remuneration and Leadership Development Committee are responsible for overall guidance and direction on succession planning and leadership development of the President/CEO and Senior Management. The Chairman of the Board and of the Remuneration and Leadership Committee, the President and CEO, working closely with the Head of Human Resources, drives the strategy for succession planning, leadership development and talent management. The Head of Human Resources develops and implements the processes and the tools to ensure robust pools of succession candidates for the President/CEO, Senior Management, Middle Management and First Line Management.

A key feature of the Company's succession planning process are the talent reviews that are conducted at Senior Management and at various levels in the organization. Currently, this has resulted in a pool of internal candidates, in addition to external candidates who, may be identified, and subject to the realization of their development plans, could become management committee level within the next 5 years.

The talent reviews have been a hallmark of our process and is a best in class talent management practice. The process deliverables are individual development plans designed to bring the key talent to their next level of growth and performance and/or realize their career aspirations. It involves authentic and extensive management discussions and deliberations by leaders of these key talents on their aspirations, strengths, development needs and challenges.

All of these have created a development mindset throughout the organization and have established a strong and robust leadership pipeline that will adequately meet the Company's senior leadership requirements well into the future.

3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

YES. The Board, through the Nomination and Governance Committee (Nom&Gov), screens and shortlists qualified individuals nominated for election as Directors to ensure a mix of competent directors and officers. To encourage diversity, Board members are selected without regard to their gender, race, religion, or age, as stated in the Company's Revised Manual of Corporate Governance.

Does it ensure that at least one non-executive director has experience in the sector or industry the company belongs to? Please explain.

YES. The Company has a non-executive director who has had prior work experience in the sector or broad industry group to which the Company belongs. Ambassador Manuel M. Lopez was the Chairman, President and CEO of the Company in different periods from 2001 to 2010.

4) Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors

	Executive	Non-Executive	Independent Director
Role	The Executive Director presents the Company's performance to the Board. He serves as the link between the Management and the Board. Executive directors have a dual role as officers of the company and as directors.	The Board of Directors is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. c. The Board should establish the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance. d. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness. To ensure a high standard of best practice for the Company and its stakeholders, the Board shall: n. Adopt a process of selection to ensure a mix of competent directors and officers and oversee the implementation of compensation plans and professional development programs for officers and succession planning for senior management; o. Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance; p. Ensure that the Company complies with all relevant laws, regulations and endeavor to adopt best business practices; q. Identify the Company's major and other stakeholders and oversee Management's formulation and	Independent directors are not directors or officers of the Company or of its related companies or any of its substantial shareholders except when the same shall be independent directors of any of the foregoing. Independent directors have not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by themselves and/or with other persons and or through a firm of which they are partners and/or a Company of which they are directors or substantial shareholders. Independent Directors perform the same roles, duties and responsibilities of Non-Executive Directors. However, they play crucial role in ensuring that the board appropriate scrutiny over management and shareholders (in their capacity as owners of the company). They are individuals who do not maintain close

		implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs; r. Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness; s. Provide oversight with regard to enterprise risk management; t. Identify key risk areas and key performance indicators and monitor these factors with due diligence; u. Ensure that the Company establishes appropriate policies and procedures in accordance with this Revised Manual and applicable laws and regulations, including, but not limited to, conflict of interest and related party transactions; v. Constitute Board Committees, including an Audit Committee, that it deems necessary to assist the Board in the performance of its duties and responsibilities; w. Consider the creation and maintenance of an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its stockholders, if applicable; x. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; y. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing law, rules and regulation; and z. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably, shall act as Compliance Officer.	ties with the management and expected to ensure potential conflict of interests between managers and shareholders are avoided or prevented. They are likewise expected to be able to provide independent judgment and outside experience and objectivity, not subordinated to operational considerations, on all issues which come before the Board. Independent Directors, as much as possible, are to be in attendance during Board meetings to promote transparency. In addition to these, the following are expectations from Independent Directors: a. Providing clearer and wider view of external factors affecting the Company and its environment as input to Strategic Planning. b. Non-bias and objective monitoring of the performance of executive management, especially in the achievement of the Company goals and strategies. c. Help connect the Company's business and the Board with

			networks of potentially useful people and organizations. d. They are expected to provide the true and fair reflection of the Company's actions and financial performance and that the necessary internal controls are in-placed and regularly assessed and monitored. Currently, the Company's Independent Directors are appointed as Chairpersons of Nomination and Governance Committee, and Audit Committee.
Accountabilities	The executive director is accountable to the shareholders of the Company as they are involved in the day-to-day activities of the Company and are responsible for execution of business strategies and plans.	The Board shall ensure that stockholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.	Independent directors likewise share the same accountability to the shareholders. They are expected to maintain their independence from Management and exercise independent judgment in carrying out their responsibilities as director of the Company. As Independent Directors, as much as possible, they should be in attendance during board meetings to promote transparency.
Deliverables	The Executive Director presents a monthly update on the progress of Management in achieving set goals and targets, report major opportunities	The Non-Executive directors support the Board by attending and participating in all Board and committee meetings in order to fulfill their accountabilities. They will give independent perspective in their oversight function and engagement of Management. They will help ensure that Management formulates and implements sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically	The Independent directors, being chairmen of the Nomination and Governance Committee and the Audit Committee, lead the programs and policy formulation in these respective committees.

	and potential risks and provide any information the Board requires concerning the business operations of the Company.	evaluate Management's overall performance. Ensure that appropriate policies and procedures are adopted in accordance with this Revised Manual and applicable laws and regulations, including conflict of interest and related party transactions, among others.	

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence is defined as having no business or other relationship with the Company that could reasonably be perceived to materially interfere with the exercise of independent director's judgment in carrying out his responsibilities as a director. Our independent directors, namely, Ret. Chief Justice Artemio V. Panganiban and Mr. Pedro E. Roxas have no business or other relationship with the Company which may interfere with the exercise of their judgment in carrying out their responsibilities as independent directors.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company's By-Laws states that the Board of Directors shall serve within the limits at the time provided by law, as may from time to time be determined or elected by stockholders of the corporation entitled to do so, at a regular or special meeting of such stockholders, at which a quorum shall be present. (Source: By-Laws, Article II Board of Directors, Section I. Election)

CHANGES IN THE BOARD OF DIRECTORS (EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Napoleon L. Nazareno	Director	May 31, 2016	Messr. Nazareno was not re-elected when his term as director ended.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	As prescribed by the Company's By-laws, all members of the BOD are elected by the shareholders during the AGM meeting. The Nomination and Governance Committee (Nom&Gov) undertakes the process of identifying the qualification of directors aligned with the Company's strategic directions and prepares the final lists of candidates which are made available to the SEC and to all stockholders through the filing and distribution of the Information Statements. Members of Nom&Gov are guided by the criteria set in the Company's Manual.	a. Shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. b. Possesses college education or the skills needed to effectively carry out his functions as director. c. Possesses integrity/probity; and d. Has strong adherence to legal and moral principles. e. A director must have a practical understanding of business in general and of the business of the Company, in particular. f. The Nomination and Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
(ii) Non-Executive Directors	As prescribed by the Company's By-laws, all members of the BOD are elected by the shareholders during the AGM meeting. The Nomination and Governance Committee (Nom&Gov) undertakes the process of identifying the qualification of directors aligned with the Company's strategic directions and prepares the final lists of candidates which are made available to the SEC and to all stockholders through the filing and distribution of the Information Statements. Members of	a. Shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. b. Possesses college education or the skills needed to effectively carry out his functions as director. c. Possesses integrity/probity; and d. Has strong adherence to legal and moral principles. e. A director must have a practical understanding of business in general and of the business of the Company, in particular. f. The Nomination and Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations

	Nom&Gov are guided by the criteria set in the Company's Manual.	or any amendments thereto.
(iii) Independent Directors	As prescribed by the Company's By-laws, all members of the BOD are elected by the shareholders during the AGM meeting. The Nomination and Governance Committee (Nom&Gov) undertakes the process of identifying the qualification of directors aligned with the Company's strategic directions and prepares the final lists of candidates which are made available to the SEC and to all stockholders through the filing and distribution of the Information Statements. Members of Nom&Gov are guided by the criteria set in the Company's Manual.	a. Shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. b. Possesses college education or the skills needed to effectively carry out his functions as director. c. Possesses integrity/probity; and d. Has strong adherence to legal and moral principles. e. A director must have a practical understanding of business in general and of the business of the Company, in particular. f. The Nomination and Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto. g. The criteria under the Company's Revised Manual of Corporate Governance: The ID must be Independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of any independent judgment in carrying out his responsibilities as a director in the Company and includes, among others, any person who: (a) Is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing; (b) Does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders; (c) Is not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; (d) Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies

		and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement; (e) Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years; (f) Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; (g) Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and or through a firm of which he is a partner and/or a Company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial; (h) Is not the chairman emeritus or an ex-officio director/officer or a member of the advisory board of the Company, or otherwise appointed in a capacity to assist the Board of the Company in the performance of its duties and responsibilities within the last one (1) year; (i) Is not a director (other than an independent director) of the Company who resigned or whose term ended within the last two (2) years; and (j) Is not a securities broker-dealer or a person holding any office of trust and responsibility in a broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer.
b. Re-appointment		
(i) Executive Directors	As prescribed by the Company's By-laws, all members of the BOD are elected by the shareholders during the AGM meeting. The Nomination and Governance Committee (Nom&Gov) undertakes the	a. Shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. b. Possesses college education or the skills needed to effectively carry out his functions as director.

	process of identifying the qualification of directors aligned with the Company's strategic directions and prepares the final lists of candidates which are made available to the SEC and to all stockholders through the filing and distribution of the Information Statements. Members of Nom&Gov are guided by the criteria set in the Company's Manual.	c. Possesses integrity/probity; and d. Has strong adherence to legal and moral principles. e. A director must have a practical understanding of business in general and of the business of the Company, in particular. f. The Nomination and Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
(ii) Non-Executive Directors	As prescribed by the Company's By-laws, all members of the BOD are elected by the shareholders during the AGM meeting. The Nomination and Governance Committee (Nom&Gov) undertakes the process of identifying the qualification of directors aligned with the Company's strategic directions and prepares the final lists of candidates which are made available to the SEC and to all stockholders through the filing and distribution of the Information Statements. Members of Nom&Gov are guided by the criteria set in the Company's Manual.	a. Shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. b. Possesses college education or the skills needed to effectively carry out his functions as director. c. Possesses integrity/probity; and d. Has strong adherence to legal and moral principles. e. A director must have a practical understanding of business in general and of the business of the Company, in particular. f. The Nomination and Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
(iii) Independent Directors	As prescribed by the Company's By-laws, all members of the BOD are elected by the shareholders during the AGM meeting. The Nomination and Governance Committee (Nom&Gov) undertakes the process of identifying the qualification of directors aligned with the Company's strategic directions and prepares the final lists of candidates which are made available to the SEC and to all stockholders	a. Shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. b. Possesses college education or the skills needed to effectively carry out his functions as director. c. Possesses integrity/probity; and d. Has strong adherence to legal and moral principles. e. A director must have a practical understanding of business in general and of the business of the Company, in particular. f. The Nomination and Governance Committee may consider and

	through the filing and distribution of the Information Statements. Members of Nom&Gov are guided by the criteria set in the Company's Manual.	recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto. g. The criteria under the Company's Revised Manual of Corporate Governance: The ID must be Independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of any independent judgment in carrying out his responsibilities as a director in the Company and includes, among others, any person who: (a) Is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing; (b) Does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders; (c) Is not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; (d) Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement; (e) Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years; (f) Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; (g) Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and

		or through a firm of which he is a partner and/or a Company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial; (h) Is not the chairman emeritus or an ex-officio director/officer or a member of the advisory board of the Company, or otherwise appointed in a capacity to assist the Board of the Company in the performance of its duties and responsibilities within the last one (1) year; (i) Is not a director (other than an independent director) of the Company who resigned or whose term ended within the last two (2) years; and (j) Is not a securities broker-dealer or a person holding any office of trust and responsibility in a broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer.
c. Permanent Disqualification		
(i) Executive Directors	The Nomination and Governance Committee may consider and recommend to the Board permanent disqualification of a director based on any of the criteria defined herein.	a. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC: b. an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; c. any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; or

		d. having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; e. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasi-bank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above. f. The disqualification shall also apply if such person: (1) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; or (2) has otherwise been restrained to engage in any activity involving securities and banking or (3) is currently the subject or an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization. g. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above; h. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the

		Corporation Code committed within five (5) years prior to the date of his election or appointment; and i. Any person judicially declared as insolvent.
(ii) Non-Executive Directors	The Nomination and Governance Committee may consider and recommend to the Board permanent disqualification of a director based on any of the criteria defined herein.	a. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC: b. an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; c. any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; or d. having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; e. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasi-bank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above.

		f. The disqualification shall also apply if such person: (1) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; or (2) has otherwise been restrained to engage in any activity involving securities and banking or (3) is currently the subject or an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization. g. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above; h. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and i. Any person judicially declared as insolvent.
(iii) Independent Directors	The Nomination and Governance Committee may consider and recommend to the Board permanent disqualification of a director based on any of the criteria defined herein.	a. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC: b. an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; c. any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank,

		quasi-bank, trust company, investment house, or as an affiliated person of any of them; or d. having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; e. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasi-bank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above. f. The disqualification shall also apply if such person: (1) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; or (2) has otherwise been restrained to engage in any activity involving securities and banking or (3) is currently the subject or an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization. g. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above;

		h. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and i. Any person judicially declared as insolvent.
d. Temporary Disqualification		
(i) Executive Directors	The Nomination and Governance Committee may consider and recommend to the Board temporary disqualification of a director based on any of the criteria defined herein. Any temporary disqualification of a director recommended by the Nomination and Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations. A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists. b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination. d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. The Nomination and Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
(ii) Non-Executive Directors	The Nomination and Governance Committee may consider and recommend to the Board temporary disqualification of	a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists.

	a director based on any of the criteria defined herein. Any temporary disqualification of a director recommended by the Nomination and Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations. A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination. d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. e. The Nomination and Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
(iii) Independent Directors	The Nomination and Governance Committee may consider and recommend to the Board temporary disqualification of a director based on any of the criteria defined herein. Any temporary disqualification of a director recommended by the Nomination and Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations.	a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists. b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.

	A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. e. The Nomination and Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
e. Removal		
(i) Executive Directors	The Board by majority vote of the members may remove or replace a director for just causes or when he possesses the disqualifications prescribed by law, rules or regulations.	An executive director shall be removed from service to the Company, when during his term as a director, he: (a) Ceases to own at least one (1) share of stock of the Company, standing in his name in the books of the Company; (b) Is convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC; (c) Commits an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (d) Commits any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them;

		(e) Willfully violates, or willfully aids, abets, counsels, induces or procures the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; (f) By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasi-bank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above; (g) Becomes the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (h) Has otherwise been restrained to engage in any activity involving securities and banking; (i) Becomes the subject or an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization; (j) Is found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above; (k) Is convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the

		Corporation Code committed within five (5) years prior to the date of his election or appointment; or (l) Is declared as insolvent.
(ii) Non-Executive Directors	The Board by majority vote of the members may remove or replace a director for just causes or when he possesses the disqualifications prescribed by law, rules or regulations.	A non-executive director shall be removed from service to the Company, when during his term as a director, he: (a) Ceases to own at least one (1) share of stock of the Company, standing in his name in the books of the Company; (b) Is convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC; (c) Commits an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (d) Commits any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; (e) Willfully violates, or willfully aids, abets, counsels, induces or procures the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; (f) By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant,

		commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasi-bank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above; (g) Becomes the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (h) Has otherwise been restrained to engage in any activity involving securities and banking; (i) Becomes the subject or an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization; (j) Is found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above; (k) Is convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; or (l) Is declared as insolvent.
(iii) Independent Directors	The Board by majority vote of the members may remove or replace a director for just causes or when he possesses the disqualifications prescribed by law, rules or regulations.	An independent director shall be removed from service to the Company, when during his term as a director, he: (a) Ceases to own at least one (1) share of stock of the Company, standing in his name in the books of the Company; (b) Is convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or

		order issued by a judicial or an administrative body having competent jurisdiction or the SEC; (c) Commits an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (d) Commits any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; (e) Willfully violates, or willfully aids, abets, counsels, induces or procures the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; (f) By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasi-bank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above; (g) Becomes the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law

		administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (h) Has otherwise been restrained to engage in any activity involving securities and banking; (i) Becomes the subject or an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization; (j) Is found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above; (k) Is convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; (l) Is declared as insolvent; or (m) Becomes an officer or employee of the Company.
f. Re-instatement		
(i) Executive Directors	The Board by majority vote of the members may re-instate a director for just causes as prescribed by law, rules or regulations.	The Board may re-instate an executive director when an involvement in circumstances, such as, but not limited to the following, has been negated or a finding of involvement is overturned by a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC: (a) An offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (b) Any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor

		broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; (c) Violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; (d) Denied/Revoked/Suspended registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (e) Restriction to engage in any activity involving securities and banking; or (f) Suspension or expulsion from membership, participation or association with a member or participant of the said organization.
(ii) Non-Executive Directors	The Board by majority vote of the members may re-instate a director for just causes as prescribed by law, rules or regulations.	The Board may re-instate a non-executive director when an involvement to circumstances, such as, but not limited to the following, has been negated or a finding of involvement is overturned by a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC: (a) An offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (b) Any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; (c) Violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP;

		(d) Denied/Revoked/Suspended registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (e) Restriction to engage in any activity involving securities and banking; or (f) Suspension or expulsion from membership, participation or association with a member or participant of the said organization.
(iii) Independent Directors	The Board by majority vote of the members may re-instate a director for just causes as prescribed by law, rules or regulations.	The Board may re-instate an independent director when an involvement to circumstances, such as, but not limited to the following, has been negated or a finding of involvement is overturned by a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC: (a) An offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (b) Any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; (c) Violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP; (d) Denied/Revoked/Suspended registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP;

		(e) Restriction to engage in any activity involving securities and banking; or (f) Suspension or expulsion from membership, participation or association with a member or participant of the said organization.
g. Suspension		
(i) Executive Directors	The Nomination and Governance Committee may consider and recommend to the Board temporary disqualification of a director based on any of the criteria defined herein. Any temporary disqualification of a director recommended by the Nomination and Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations. A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	The following are grounds for the temporary disqualification of an executive director: a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists. b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination. d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. e. The Nomination and Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
(ii) Non-Executive Directors	The Nomination and Governance Committee may consider and recommend	The following are grounds for the temporary disqualification of a non-executive director:

	to the Board temporary disqualification of a director based on any of the criteria defined herein. Any temporary disqualification of a director recommended by the Nomination and Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations. A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists. b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination. d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. e. The Nomination and Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.
(iii) Independent Directors	The Nomination and Governance Committee may consider and recommend to the Board temporary disqualification of a director based on any of the criteria defined herein. Any temporary disqualification of a director recommended by the Nomination and Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the	The following are grounds for the temporary disqualification of an independent director: a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists. b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

	requirements of applicable laws, rules and regulations. A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination. d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. e. The Nomination and Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.

Voting Result of the last Annual General Meeting (May 31, 2016)

Name of Director	Votes Received*
1. Atty. Ray C. Espinosa	938,990,865
2. Mr. James L. Go	938,882,073
3. Mr. John L. Gokongwei, Jr.	939,392,057
4. Mr. Lance Y. Gokongwei	939,434,155
5. Mr. Jose Ma. K. Lim	938,846,332
6. Ambassador Manuel M. Lopez	941,245,148
7. Ms. Anabelle L. Chua	938,916,885
8. (Ret.) Chief Justice Artemio V. Panganiban*	939,546,246
9. Mr. Manuel V. Pangilinan	940,136,735
10. Mr. Oscar S. Reyes	939,949,751
11. Mr. Pedro E. Roxas*	939,029,271
*Independent Director	
For the Voting Results in the 2016 AGM, please see: http://corporate-downloadables-highlights-and-minutes-of-agm-2014.s3.amazonaws.com/1464683875.83b3dfc8cccbb3f825535fae22d7810b.pdf	

5) ORIENTATION AND EDUCATION PROGRAM

Disclose details of the company's orientation program for new directors, if any.

Name of	Date of Training	Program	Name of Training Institution

Director/Officer			
All current directors have already taken the orientation prior to being elected during this year's Annual Stockholders' Meeting			

(b) State any in-house training and external courses attended by Directors and Senior Management[2] for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Manuel V. Pangilinan	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	November 14, 2015	Governance Transformation in ASEAN: Reform and Priorities	ASEAN Capital Markets Forum (ACMF) and the SEC
	October 30, 2015	Data and Information Rules: What the Board Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 4, 2014	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	December 2, 2013	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group, Makati Shangri-La
	November 19, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	December 08, 2011	Board Governance Responsibilities: Risks, Culture and Leadership conducted	Mr. Steven John Priest, Senior Advisor -Global Compliance

[2] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

		by PLDT's CG education program	Services, Inc. USA
Ray C. Espinosa	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 4, 2014	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	December 2, 2013	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group, Makati Shangri-La
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	December 08, 2011	Board Governance Responsibilities: Risks, Culture and Leadership conducted by PLDT's CG education program	Mr. Steven John Priest, Senior Advisor -Global Compliance Services, Inc. USA
Jose Ma. K. Lim	SEC Granted Messr. Jose Ma. K. Lim an exemption from the corporate governance training requirement		

	for 2016 in its en banc meeting on May 12, 2016		
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
	October 30, 2015	Data and Information Rules: What the Board Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 4, 2014	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	December 2, 2013	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group, Makati Shangri-La
	November 19, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	July 20, 2012	Meralco Orientation for New Director	Meralco Corporate Governance, Human Resources and Regulatory Management Office
	December 08, 2011	Performance, Principles and People: A Discussion with the PLDT Board of Directors	Mr. Steven John Priest, Senior Advisor -Global Compliance Services, Inc. USA
Oscar S. Reyes	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st	Chia Ling Koh Director, Osborne Clarke Mike Walsh

		Century	CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
	October 30, 2015	Data and Information Rules: What the Board Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 4, 2014	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	December 1, 2014	21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices	Mr. Chris Lowney, Former Managing Director of JP Morgan and Company (Tokyo, Singapore, London, and New York), Author and Public Speaker
	April 1, 2014	Corporate Governance Requirements Under US Laws and Regulations and the Foreign Corrupt Practices Act of 1977	Atty. Ma. Lourdes C. Rausa-Chan Chief Governance Officer PLDT Corporate Governance
	December 2, 2013	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group, Makati Shangri-La
	November 19, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	August 10, 2012	Corporate Responsibility in the Changing Global Landscape (with PLDT/MVP Group of Companies)	Keith T. Darcy, Executive Director Ethics & Compliance Officer

			Association (ECOA)
	December 08, 2011	Board Governance Responsibilities: Risks, Culture and Leadership conducted by PLDT's CG education program	Mr. Steven John Priest, Senior Advisor -Global Compliance Services, Inc. USA
Artemio V. Panganiban	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
	October 30, 2015	Data and Information Rules: What the Board Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 4, 2014	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	December 2, 2013	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group, Makati Shangri-La
	November 19, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	December 08, 2011	Board Governance Responsibilities: Risks, Culture and Leadership conducted by PLDT's CG education program	Mr. Steven John Priest, Senior Advisor -Global Compliance Services, Inc. USA

Pedro E. Roxas	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
	December 9, 2015	Data and Information Rules: What the Board Should Know	First Pacific-Affiliated Companies in the Philippines
	December 4, 2014	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the Philippines and other ASEAN Countries	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	December 2, 2013	Ethics and Governance Failures in the Past (Board Responsibility)	Winthrop Swenson Compliance System Legal Group, Makati Shangri-La
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
Lance Y. Gokongwei	December 1, 2016	Sustainable Development Goals | Engaging Investors and Sustainability	Patricia Dwyer The Purpose Business
	November 25, 2015	Corporate Governance Seminar	SyCip, Gorres, Velayo &Co.
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	January 13, 2014	Orientation for New Directors	Meralco Key Officers
	December 22-23, 2003	Corporate Governance and Risk Management	Ateneo-BAP Institute of Banking
James L. Go	SEC Granted Messrs. John L. Gokongwei, Jr. and James L. Go a permanent exemption from the corporate governance training requirement in its *en banc* meeting on November 10, 2015.		
	December 4, 2014	Corporate Governance: What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economies and Their Application in the	Mr. Graham Winter, a partner of global law office Gibson Dunn in Hong Kong

		Philippines and other ASEAN Countries	
	January 13, 2014	Orientation for New Directors	Meralco Key Officers
	December 5, 2011	Corporate Governance Seminar	SyCip, Gorres, Velayo &Co. and Knowledge Institute
John L. Gokongwei, Jr.	SEC Granted Messrs. John L. Gokongwei, Jr. and James L. Go a permanent exemption from the corporate governance training requirement in its *en banc* meeting on November 10, 2015.		
	June 17, 2014	Corporate Governance Seminar	SyCip, Gorres, Velayo &Co.
	November 13, 2012	Accounting Standards Updates Tax Updates	SyCip, Gorres, Velayo & Co.
Anabelle L. Chua	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
Manuel M. Lopez	September 16, 2016	Corporate Governance Training Program	SyCip, Gorres, Velayo &Co.
	August 24, 2015	Corporate Governance Seminar	SyCip, Gorres, Velayo &Co.
	September 15, 2014	Corporate Governance Seminar	SyCip, Gorres, Velayo &Co.
Roberto R. Almazora	December 20, 2016	The Anatomy of Financial Crime Financial Crimes under the Anti-Money Laundering Act (AMLA)	Mrs. Mercedes B. Suleik Former Deputy Director, Bangko Sentral ng Pilipinas (BSP) Former Vice President, DBP B.S.C., C.P.A., M.A. Economics, Ph.D. (cand)

			Fellow, Institute of Corporate Directors Atty. Richard David C. Funk II Professional AML Trainer / Legal Practitioner Funk & Associates Former Deputy Director Head, Compliance & Investigation Group Anti Money Laundering Council Secretariat Bangko Sentral ng Pilipinas (BSP) Former VP – Compliance Officer & Concurrent Legal & Recovery Head PNB General Insurers Co., Inc.
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office

	December 1, 2014	21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices	Mr. Chris Lowney, Former Managing Director of JP Morgan and Company (Tokyo, Singapore, London, and New York), Author and Public Speaker
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	November 26, 2013	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter Center for Professional Responsibility in Business and Society, Meralco Theater
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	August 15, 2012	Corporate Governance Asia's First Philippine International CG Forum: Marching Towards Economic Sustainability	Aldrin Monsod Managing, Director, Corporate Governance Asia Hong Kong
	August 10, 2012	Corporate Responsibility in the Changing Global Landscape (with PLDT/MVP Group of Companies)	Keith T. Darcy, Executive Director Ethics & Compliance Officer Association (ECOA)
Alfredo S. Panlilio	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated

			Governance, Risk and Compliance Management software company
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson , The Wharton School of Business
Ramon B. Segismundo	December 20, 2016	The Anatomy of Financial Crime Financial Crimes under the Anti-Money Laundering Act (AMLA)	Mrs. Mercedes B. Suleik Former Deputy Director, Bangko Sentral ng Pilipinas (BSP) Former Vice President, DBP B.S.C., C.P.A., M.A. Economics, Ph.D. (cand) Fellow, Institute of Corporate Directors Atty. Richard David C. Funk II Professional AML Trainer / Legal Practitioner Funk & Associates Former Deputy Director Head, Compliance & Investigation Group

			Anti Money Laundering Council Secretariat Bangko Sentral ng Pilipinas (BSP) Former VP – Compliance Officer & Concurrent Legal & Recovery Head PNB General Insurers Co., Inc.
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
	November 14, 2015	Governance Transformation in ASEAN: Reform and Priorities	ASEAN Capital Markets Forum (ACMF) and the SEC
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 1, 2014	21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices	Mr. Chris Lowney, Former Managing Director of JP Morgan and Company (Tokyo, Singapore, London, and New York), Author and Public Speaker
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	November 26, 2013	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter , Center for Professional Responsibility in Business and Society, Meralco Theater

	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 19, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	August 15, 2012	Corporate Governance Asia's First Philippine International CG Forum: Marching Towards Economic Sustainability	Aldrin Monsod Managing, Director, Corporate Governance Asia Hong Kong
	December 01, 2011	Corporate Governance Orientation Program	Rex C. Drilon II, President and CEO, Institute of Corporate Directors (ICD)
Betty C. Siy-Yap	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
	October 30, 2015	Data and Information Rules: What the Board Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 1, 2014	21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices	Mr. Chris Lowney, Former Managing Director of JP Morgan and Company (Tokyo, Singapore, London, and New York), Author and Public Speaker
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	November 26, 2013	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter Center for Professional Responsibility in Business and Society, Meralco Theater
	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 20, 2012	First Pacific Companies: Navigating the	Thomas Donaldson

		New World of Business	The Wharton School of Business
	August 15, 2012	Corporate Governance Asia's First Philippine International CG Forum: Marching Towards Economic Sustainability	Aldrin Monsod Managing, Director, Corporate Governance Asia Hong Kong
	August 10, 2012	Corporate Responsibility in the Changing Global Landscape (with PLDT/MVP Group of Companies)	Keith T. Darcy, Executive Director Ethics & Compliance Officer Association (ECOA)
	December 01, 2011	Corporate Governance Orientation Program	Rex C. Drilon II, President and CEO, Institute of Corporate Directors (ICD)
Ma. Cynthia C. Soluren	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
Ruben B. Benosa	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company

	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 1, 2014	21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices	Mr. Chris Lowney, Former Managing Director of JP Morgan and Company (Tokyo, Singapore, London, and New York), Author and Public Speaker
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	November 26, 2013	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter Center for Professional Responsibility in Business and Society, Meralco Theater
	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	August 15, 2012	Corporate Governance Asia's First Philippine International CG Forum: Marching Towards Economic Sustainability	Aldrin Monsod Managing, Director, Corporate Governance Asia Hong Kong
	August 10, 2012	Corporate Responsibility in the Changing Global Landscape (with PLDT/MVP Group of Companies)	Keith T. Darcy, Executive Director Ethics & Compliance Officer Association (ECOA)

Helen T. de Guzman	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 1, 2014	21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices	Mr. Chris Lowney, Former Managing Director of JP Morgan and Company (Tokyo, Singapore, London, and New York), Author and Public Speaker
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	November 26, 2013	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter Center for Professional Responsibility in Business and Society, Meralco Theater
	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business

	August 15, 2012	Corporate Governance Asia's First Philippine International CG Forum: Marching Towards Economic Sustainability	Aldrin Monsod Managing, Director, Corporate Governance Asia Hong Kong
	December 01, 2011	Corporate Governance Orientation	Good Governance Advocates and Practitioners of the Philippines (GGAPP)
	July 01, 2011	Corporate Governance Orientation	International Finance Corporation and Institute of Corporate Directors
Ivanna G. dela Peña	December 20, 2016	The Anatomy of Financial Crime Financial Crimes under the Anti-Money Laundering Act (AMLA)	Mrs. Mercedes B. Suleik Former Deputy Director, Bangko Sentral ng Pilipinas (BSP) Former Vice President, DBP B.S.C., C.P.A., M.A. Economics, Ph.D. (cand) Fellow, Institute of Corporate Directors Atty. Richard David C. Funk II Professional AML Trainer / Legal Practitioner Funk & Associates Former Deputy Director Head, Compliance & Investigation Group Anti Money Laundering Council Secretariat Bangko Sentral ng Pilipinas (BSP)

			Former VP – Compliance Officer & Concurrent Legal & Recovery Head PNB General Insurers Co., Inc.
	March 9, 2016	ICD Distinguished Corporate Governance Speaker Series "Collaborative Culture and Corporate Governance"	Prof. Erik Vermeulen and Institute of Corporate Directors
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	November 26, 2013	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter Center for Professional Responsibility in Business and Society, Meralco Theater
	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	December 01, 2011	Corporate Governance Orientation Program	Rex C. Drilon II, President and CEO, Institute of Corporate Directors (ICD)
William S. Pamintuan	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century

	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
	November 14, 2015	Governance Transformation in ASEAN: Reform and Priorities	ASEAN Capital Markets Forum (ACMF) and the SEC
	October 29, 2015	Data and Information Rules: What Management Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	December 1, 2014	21st Century Leadership & Governance: Thriving Amid Change, Complexity & Lots of Choices	Mr. Chris Lowney, Former Managing Director of JP Morgan and Company (Tokyo, Singapore, London, and New York), Author and Public Speaker
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	November 26, 2013	Handling Ethical Dilemmas: Tools and Techniques	Gretchen A. Winter Center for Professional Responsibility in Business and Society, Meralco Theater
	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	August 15, 2012	Corporate Governance Asia's First Philippine International CG Forum: Marching Towards Economic Sustainability	Aldrin Monsod Managing, Director, Corporate Governance Asia Hong Kong

	August 10, 2012	Corporate Responsibility in the Changing Global Landscape (with PLDT/MVP Group of Companies)	Keith T. Darcy, Executive Director Ethics & Compliance Officer Association (ECOA)
Raymond B. Ravelo	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
	October 30, 2015	Data and Information Rules: What the Board Should Know	Atty. Jose Jesus Disini, a managing partner of Disini and Disini Law Office
	March 31, 2014	ASEAN Corporate Governance Orientation	Ricardo Nicanor B. Jacinto, President/CEO, Institute of Corporate Directors
	March 8, 2013	First Pacific Companies: Lifting the Hood	Mr. Roger Fisk, President Obama's Aide and Operative
	November 20, 2012	First Pacific Companies: Navigating the New World of Business	Thomas Donaldson The Wharton School of Business
	August 10, 2012	Corporate Responsibility in the Changing Global Landscape (with PLDT/MVP Group of Companies)	Keith T. Darcy, Executive Director Ethics & Compliance Officer Association (ECOA)
	January 27, 2012	Corporate Governance Orientation for Subsidiaries	SMART Corporate Governance Office/Meralco Investment Planning and Monitoring

(a) Continuing education programs for Directors (and Senior Management/Officers): programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Manuel V. Pangilinan	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk	Chia Ling Koh Director, Osborne Clarke Mike Walsh

		Management and Governance in the 21st Century	CEO of Tomorrow, Global consultancy on designing companies for the 21st century
Ray C. Espinosa	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
Jose Ma. K. Lim	SEC Granted Messr. Jose Ma. K. Lim an exemption from the corporate governance training requirement for 2016 in its en banc meeting on May 12, 2016		
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
Oscar S. Reyes	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
Artemio V. Panganiban	November 23, 2016	Digital Governance: Issues in Emerging Technologies	Chia Ling Koh Director, Osborne Clarke

		Digital Transformation, Risk Management and Governance in the 21st Century	Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
Pedro E. Roxas	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
Lance Y. Gokongwei	December 1, 2016	Sustainable Development Goals | Engaging Investors and Sustainability	Patricia Dwyer The Purpose Business
James L. Go	SEC Granted Messrs. John L. Gokongwei, Jr. and James L. Go a permanent exemption from the corporate governance training requirement in its *en banc* meeting on November 10, 2015.		
John L. Gokongwei, Jr.	SEC Granted Messrs. John L. Gokongwei, Jr. and James L. Go a permanent exemption from the corporate governance training requirement in its *en banc* meeting on November 10, 2015.		
Anabelle L. Chua	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
Manuel M. Lopez	September 16, 2016	Corporate Governance Training Program	SyCip, Gorres, Velayo &Co.
Roberto R. Almazora	December 20, 2016	The Anatomy of Financial Crime Financial Crimes under the Anti-Money Laundering Act (AMLA)	Mrs. Mercedes B. Suleik Former Deputy Director, Bangko Sentral ng Pilipinas (BSP) Former Vice President, DBP B.S.C., C.P.A., M.A. Economics, Ph.D. (cand)

			Fellow, Institute of Corporate Directors Atty. Richard David C. Funk II Professional AML Trainer / Legal Practitioner Funk & Associates Former Deputy Director Head, Compliance & Investigation Group Anti Money Laundering Council Secretariat Bangko Sentral ng Pilipinas (BSP) Former VP – Compliance Officer & Concurrent Legal & Recovery Head PNB General Insurers Co., Inc.
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
Alfredo S. Panlilio	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk	Chia Ling Koh Director, Osborne Clarke Mike Walsh

		Management and Governance in the 21st Century	CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
Ramon B. Segismundo	December 20, 2016	The Anatomy of Financial Crime Financial Crimes under the Anti-Money Laundering Act (AMLA)	Mrs. Mercedes B. Suleik Former Deputy Director, Bangko Sentral ng Pilipinas (BSP) Former Vice President, DBP B.S.C., C.P.A., M.A. Economics, Ph.D. (cand) Fellow, Institute of Corporate Directors Atty. Richard David C. Funk II Professional AML Trainer / Legal Practitioner Funk & Associates Former Deputy Director Head, Compliance & Investigation Group Anti Money Laundering Council Secretariat Bangko Sentral ng Pilipinas (BSP)

			Former VP – Compliance Officer & Concurrent Legal & Recovery Head PNB General Insurers Co., Inc.
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
Betty C. Siy-Yap	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
Ma. Cynthia C. Soluren	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
Ruben B. Benosa	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company

	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
Helen T. de Guzman	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	February 18, 2016	Cybersecurity in the 21st Century	Mr. Christopher Camejo, Director of Security Risk Assessment Services NTT Communications USA
	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.
Ivanna G. dela Peña	December 20, 2016	The Anatomy of Financial Crime Financial Crimes under the Anti-Money Laundering Act (AMLA)	Mrs. Mercedes B. Suleik Former Deputy Director, Bangko Sentral ng Pilipinas (BSP) Former Vice President, DBP B.S.C., C.P.A., M.A. Economics, Ph.D. (cand) Fellow, Institute of Corporate Directors Atty. Richard David C. Funk II Professional AML Trainer / Legal Practitioner Funk & Associates

			Former Deputy Director Head, Compliance & Investigation Group Anti Money Laundering Council Secretariat Bangko Sentral ng Pilipinas (BSP) Former VP – Compliance Officer & Concurrent Legal & Recovery Head PNB General Insurers Co., Inc.
	March 9, 2016	ICD Distinguished Corporate Governance Speaker Series "Collaborative Culture and Corporate Governance"	Prof. Erik Vermeulen and Institute of Corporate Directors
William S. Pamintuan	November 23, 2016	Digital Governance: Issues in Emerging Technologies Digital Transformation, Risk Management and Governance in the 21st Century	Chia Ling Koh Director, Osborne Clarke Mike Walsh CEO of Tomorrow, Global consultancy on designing companies for the 21st century
	September 7, 2016	MVP Group 11th Annual Corporate Governance Enhancement Session	Ed Sattar CEO of 360training and founder of 360factors, an Integrated Governance, Risk and Compliance Management software company
Raymond B. Ravelo	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SGV & Co.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) POLICIES

Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

All directors, senior management and employees are required to comply with the Company's Code of Ethics. The details of the Company's Code of Ethics and policies are discussed in the table below.

The Corporate Governance Office monitors the implementation and compliance to the Code of Ethics. All directors, senior management and employees are required to submit duly accomplished Full Business Interest Disclosure (FBID) Form and Conflict of Interest (COI) Form annually. They are also required to disclose gifts they have received from Third Parties. The Company, from time to time, issues advisories on restrictions in trading of Company's shares for all directors, senior management and employees. In addition, the E-report Mo facility (Whistleblowing facility) is made available as a channel of reporting violation of the directors, senior management and employees of the Company's Code of Ethics.

The Company's Internal Audit Office conducts audit on the compliance of directors, officers and employees to the Code of Ethics and other corporate governance related policies, including required Company disclosures. The results of the Internal Audit review and findings are reported to the Audit Committee responsible for reviewing the process for communicating the code of conduct to all employees and monitoring their compliance to the code.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The Company's Conflict of Interest (COI) Policy approved by the Board of Directors on July 30, 2012, requires directors to submit Full Business Interest Disclosure Form and immediately disclose any actual or potential COI situations. Please refer to ***Annex B*** for full COI policy.	The Company's COI Policy approved by the Board of Directors on July 30, 2012, requires Senior Management to submit Full Business Interest Disclosure Form and immediately disclose any actual or potential COI situations. Please refer to ***Annex B*** for full COI policy.	The Company's COI Policy approved by the Board of Directors on July 30, 2012, requires Senior Management to submit Full Business Interest Disclosure Form and immediately disclose any actual or potential COI situations. Please refer to ***Annex B*** for full COI policy.
(b) Conduct of Business and Fair Dealings	The Company's Revised Insider Trading Policy requires the directors to report their dealings in Company	The Company's Revised Insider Trading Policy requires the key officers or senior management to report their	The Company's Revised Insider Trading Policy requires the employees, with access to material non-public information

	shares within two (2) business days for due disclosure of the Compliance Officer to the SEC, PSE and PDEx. The Company's Revised Insider Trading Policy requires the directors to refrain from trading the Company's shares within a blackout period (10 trading days before the scheduled date of release to the public of information that has possible impact and repercussions to the Company's share price to the public and 2 trading days after such date). The Company's Revised Code of Ethics (COE) approved by the Board of Directors in September 27, 2010 outlines the ethical behavior that Directors of the Company should manifest while performing their duties and responsibilities and dealing with different stakeholders. Fair Dealing is one of the ethical standards included in the Revised COE, which Directors, Officers, and employees should observe through the following: 1. Rendering adequate, reliable and efficient service at fair and	dealings in Company shares within two (2) business days for due disclosure of the Compliance Officer to the SEC, PSE and PDEx. The Company's Revised Insider Trading Policy requires the key officers to refrain from trading the Company's shares within a blackout period (10 trading days before the scheduled date of release to the public of information that has possible impact and repercussions to the Company's share price to the public and 2 trading days after such date). The Company's Revised COE approved by the Board of Directors in September 27, 2010 outlines the ethical behavior that Senior Management of the Company should manifest while performing their duties and responsibilities and dealing with different stakeholders. Fair Dealing is one of the ethical standards included in the Revised COE, which Directors, Officers, and employees should observe through the following: 1. Rendering adequate, reliable and efficient service at fair and reasonable cost to all customers.	that have possible impact and repercussions to the Company's share price, to refrain from any trading transaction of the shares within a blackout period (10 trading days before the release of such information to the public and 2 trading days after). The Company's Revised COE approved by the Board of Directors in September 27, 2010 outlines the ethical behavior that employees of the Company should manifest while performing their duties and responsibilities and dealing with different stakeholders. Fair Dealing is one of the ethical standards included in the Revised COE, which Directors, Officers, and employees should observe through the following: 1. Rendering adequate, reliable and efficient service at fair and reasonable cost to all customers. 2. No discrimination treating employees and applicants for employment. 3. Selection, engagement and compensation of consultants, contractors and other service providers are based on qualification and labor and performance standards. 4. Avoid taking undue advantage of anyone through manipulation, concealment, abuse of privileged

	reasonable cost to all customers. 2. Avoid taking undue advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other form of deceptive practice. 3. All stakeholders are treated with respect and be guided by professionalism, integrity, and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government, regulators, creditors, competitors and employees. Please refer to ***Annex C*** for the full Revised COE.	2. No discrimination treating employees and applicants for employment. 3. Selection, engagement and compensation of consultants, contractors and other service providers are based on qualification and labor and performance standards. 4. Avoid taking undue advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other form of deceptive practice. 5. All stakeholders are treated with respect and be guided by professionalism, integrity, and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government, regulators, creditors, competitors and employees. Please refer to ***Annex C*** for the full Revised COE.	information, misrepresentation of material facts, or any other form of deceptive practice. 5. All stakeholders are treated with respect and be guided by professionalism, integrity, and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government, regulators, creditors, competitors and employees. Please refer to ***Annex C*** for the full Revised COE.
(c) Receipt of gifts from third parties	Directors are refrained from putting themselves in situations or acting in a manner that could significantly affect the fair, objective, independent, and/or effective performance of their duties and	Senior Management are refrained from putting themselves in situations or acting in a manner that could significantly affect the fair, objective, independent, and/or effective performance of their duties and	Employees are refrained from putting themselves in situations or acting in a manner that could significantly affect the fair, objective, independent, and/or effective performance of their duties and responsibilities in the Company while

	responsibilities in the Company while transacting with third parties. As such, they are prohibited from soliciting or gifts from Third Party entities. When allowed, all gifts received by Directors from Third Parties are required to be disclosed. Please refer to ***Annex D*** for the full Policy on Solicitation and Acceptance of Gifts.	responsibilities in the Company while transacting with third parties. As such, they are prohibited from soliciting or gifts from Third Party entities. When allowed, all gifts received by Senior Management from Third Parties are required to be disclosed. Please refer to ***Annex D*** for the full Policy on Solicitation and Acceptance of Gifts.	transacting with third parties. As such, they are prohibited from soliciting or gifts from Third Party entities. When allowed, all gifts received by employees from Third Parties are required to be disclosed. Please refer to ***Annex D*** for the full Policy on Solicitation and Acceptance of Gifts.
(d) Compliance with Laws & Regulations	The Company's Revised COE requires all Directors of the Company to comply with all laws, rules and regulations governing the business operations of the Company. Please refer to page 3 of ***Annex C***.	The Company's Revised COE requires all Senior Management of the Company to comply with all laws, rules and regulations governing the business operations of the Company. Please refer to page 3 of ***Annex C***.	The Company's Revised COE requires all employees of the Company to comply with all laws, rules and regulations governing the business operations of the Company. Please refer to page 3 of ***Annex C***.
(e) Respect for Trade Secrets/ Use of Non-public Information	The Company's Revised COE requires Directors of the Company to maintain and safeguard the confidentiality of information entrusted to them. They are likewise required to: 1. Respect and uphold the confidential and proprietary information of other companies such as, knowingly appropriate, infringe or make an unauthorized	The Company's Revised COE requires Senior Management of the Company to maintain and safeguard the confidentiality of information entrusted to them. They are likewise required to: 1. Respect and uphold the confidential and proprietary information of other companies such as, knowingly appropriate, infringe or make an unauthorized	The Company's Revised COE requires Employees of the Company to maintain and safeguard the confidentiality of information entrusted to them. This specific standard found on page 4 of the Revised COE, "Confidentiality of Information and Proper use of Property", prescribed the following: 1. Confidential information includes any non-public information that might be of use to competitors, or harmful to our Company if disclosed.

	use of a valid trademark, patent, trade secret or proprietary technology belonging to our Company or to another person or entity. 2. Maintain the integrity of all information, data, books, records, files and other documents entrusted by our Company to us by reason of our office and protect them against unauthorized or improper alteration, forgery, falsification, tampering, concealment, or destruction. 3. Confidential information includes any non-public information that might be of use to competitors, or harmful to our Company if disclosed. 4. The confidentiality obligation shall survive upon separation from our Company due to retirement, resignation, termination, expiration of term of office, or expiration or termination of contract, or any other cause. 5. No undue advantage of material	use of a valid trademark, patent, trade secret or proprietary technology belonging to our Company or to another person or entity. 2. Maintain the integrity of all information, data, books, records, files and other documents entrusted by our Company to us by reason of our office and protect them against unauthorized or improper alteration, forgery, falsification, tampering, concealment, or destruction. 3. Confidential information includes any non-public information that might be of use to competitors, or harmful to our Company if disclosed. 4. The confidentiality obligation shall survive upon separation from our Company due to retirement, resignation, termination, expiration of term of office, or expiration or termination of contract, or any other cause. 5. No undue advantage of material non-public information by dealing in the securities of our Company	2. The confidentiality obligation shall survive upon separation from our Company due to retirement, resignation, termination, expiration of term of office, or expiration or termination of contract, or any other cause. 3. No undue advantage of material non-public information by dealing in the securities of our Company while in possession of such information. Material non-public information refers to any information that is likely to affect the market price of our Company's securities and is not yet publicly disclosed. The Company's Anti-insider Trading Policy prohibits employees from trading the Company's shares within a specified period prior to disclosure of non-public material information about the Company.

	non-public information by dealing in the securities of our Company while in possession of such information. Material non-public information refers to any information that is likely to affect the market price of our Company's securities and is not yet publicly disclosed. The Company's Anti-insider Trading Policy prohibits directors from trading the Company's shares within a specified period prior to disclosure of non-public material information about the Company.	while in possession of such information. Material non-public information refers to any information that is likely to affect the market price of our Company's securities and is not yet publicly disclosed. The Company's Anti-insider Trading Policy prohibits senior management from trading the Company's shares within a specified period prior to disclosure of non-public material information about the Company.	
(f) Use of Company Funds, Assets and Information	The Company's Revised COE prohibits all Directors, Officers and Employees from using Company property, funds, assets and information for personal use or gain. They are required to protect these against loss, damage, misuse, abuse or theft. Directors are also prohibited from using the Company's non-public, confidential or proprietary information for his or another person's gain or advantage, including the purchase or sale of	The Company's Revised COE prohibits Senior Management from using Company property, funds, assets and information for personal use or gain. They are required to protect these against loss, damage, misuse, abuse or theft. Senior Management is also prohibited from using the Company's non-public, confidential or proprietary information for his or another person's gain or advantage, including the purchase or sale of securities of the Company and/or in a business the Company is interested in acquiring,	The Company's Revised COE prohibits all employees from using Company property, funds, assets and information for personal use or gain. They are required to protect these against loss, damage, misuse, abuse or theft. Employees are also prohibited from using the Company's non-public, confidential or proprietary information for his or another person's gain or advantage, including the purchase or sale of securities of the Company and/or in a business the Company is interested in acquiring, selling, establishing or terminating

	securities of the Company and/or in a business the Company is interested in acquiring, selling, establishing or terminating business relations with.	selling, establishing or terminating business relations with.	business relations with.
(g) Employment & Labor Laws & Policies	The Company's Revised COE requires all Directors of the Company to comply with all laws, rules and regulations governing the business operations of the Company, including employment and labor laws and policies. Fair Dealing is one of the ethical standards included in the Revised COE, which Directors, Officers, and employees should observe through the following provisions related to employment and labor: 1. We treat our employees and applicants for employment fairly and will not discriminate on account of gender, religion, age, nationality, family status, or any other reasons prohibited by law. We hire, develop, and compensate employees, officers, based on qualification, merit and performance. 2. Our Company shall foster harmonious relations among its employees based on mutual	The Company has always been compliant with Employment and Labor Laws and Policies and the same are applied to Senior Management in so far as the same are applicable. Senior Management oftentimes enjoys more than the standard compensation and benefits prescribed by our Labor Standard Laws. The Company likewise abides with the stipulations contained in the Collective Bargaining Agreements with the rank-and-file and supervisory labor unions and no violations thereof are committed. Occupational health and safety standards are likewise observed with a full time Safety and Environment office overseeing the same. Fair Dealing is one of the ethical standards included in the Revised COE, which Directors, Officers, and employees should observe through the following provisions related to employment and labor: 1. We treat our employees and	The Company has always been compliant with Employment and Labor Laws and Policies and the same are applied to employees in so far as the same are applicable. All employees oftentimes enjoy more than the standard compensation and benefits prescribed by our Labor Standard Laws. The Company likewise abides with the stipulations contained in the Collective Bargaining Agreements with the rank-and-file and supervisory labor unions and no violations thereof are committed. Occupational health and safety standards are likewise observed with a full time Safety and Environment office overseeing the same. Fair Dealing is one of the ethical standards included in the Revised COE, which Directors, Officers, and employees should observe through the following provisions related to employment and labor: Fair Dealing is one of the ethical standards included in the Revised COE, which Directors, Officers, and employees should observe through the following provisions related to employment and labor:

	understanding, trust and respect. 3. We treat everyone with respect and shall be guided by professionalism, integrity, and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government, regulators, creditors, competitors and employees. Please refer to page 3 of ***Annex C***.	applicants for employment fairly and will not discriminate on account of gender, religion, age, nationality, family status, or any other reasons prohibited by law. We hire, develop, and compensate employees, officers, based on qualification, merit and performance. 2. Our Company shall foster harmonious relations among its employees based on mutual understanding, trust and respect. 3. We treat everyone with respect and shall be guided by professionalism, integrity, and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government, regulators, creditors, competitors and employees. Please refer to page 3 of ***Annex C***. The Company's Code on Right Employee Conduct (COREC) prohibits the following, among others, on employee behavior: Sexual harassment; immoral conduct	1. We treat our employees and applicants for employment fairly and will not discriminate on account of gender, religion, age, nationality, family status, or any other reasons prohibited by law. We hire, develop, and compensate employees, officers, based on qualification, merit and performance. 2. Our Company shall foster harmonious relations among its employees based on mutual understanding, trust and respect. 3. We treat everyone with respect and shall be guided by professionalism, integrity, and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government, regulators, creditors, competitors and employees. Please refer to page 3 of ***Annex C***. The Company's Code on Right Employee Conduct (COREC) prohibits the following, among others, on employee behavior: Sexual harassment; immoral conduct during working time and/or within company premises, including exhibition or distribution of pornographic materials.

		during working time and/or within company premises, including exhibition or distribution of pornographic materials.	
(h) Disciplinary action	The Revised Manual of Corporate Governance provides for the following disciplinary actions for directors: 1. Temporary disqualification – refusal to comply with Company's disclosure requirements, unexcused absences of more than 50% of all regular and special meetings of the Board, dismissal or termination for a cause as director in any corporation covered by Governance Code, among others. 2. Permanent Disqualification – if convicted or adjudged guilty of any offenses or crimes, decree or order issued by a judicial or administrative body or the SEC or BSP. Please refer to Part I., Section 6.0 Disqualification of a Director of ***Annex A***.	The Company's Code on Right Employee Conduct (COREC) prescribes the proper and correct conduct of Senior Management of the Company. The policy includes a guide in imposing disciplinary actions to employees and Senior Management with sanctions and penalties ranging from verbal counseling, written reprimand, suspension or dismissal, depending on the gravity of the offense committed. Please refer to ***Annex E*** for the full COREC.	The Company's Code on Right Employee Conduct (COREC) prescribes the proper and correct conduct of employees of the Company. The policy includes a guide in imposing disciplinary actions to employees and Senior Management with sanctions and penalties ranging from verbal counseling, written reprimand, suspension or dismissal, depending on the gravity of the offense committed. Please refer to ***Annex E*** for the full COREC.

2) DISSEMINATION OF CODE

Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

(i) Whistle Blower	The Company's Whistleblowing policy called "E-Report Mo" encourages the reporting and disclosure of any malpractice or misconduct committed by its Directors, Officers and Employees such as: 1. Violation of the Corporate Governance Rules; 2. Violation of the Code of Ethics and Company Code on Employee Discipline or other Company related codes; and 3. Financial malfeasance including those relating to financial fraud, questionable accounting and auditing matters. This IRR likewise covers the procedures in reporting these malpractices and misconducts, including those reported by Third Party, such as customers and suppliers. All reports must be made in good faith, substantiated by evidence and not intended for one's personal gain. Malicious reporting is prohibited and subject to the appropriate disciplinary action after due process. The policy likewise requires the Company to provide protection of the reporting	The Company's Whistleblowing policy called "E-Report Mo" encourages the reporting and disclosure of any malpractice or misconduct committed by its Directors, Officers and Employees such as: 1. Violation of the Corporate Governance Rules; 2. Violation of the Code of Ethics and Company Code on Employee Discipline or other Company related codes; and 3. Financial malfeasance including those relating to financial fraud, questionable accounting and auditing matters. This IRR likewise covers the procedures in reporting these malpractices and misconducts, including those reported by Third Party, such as customers and suppliers. All reports must be made in good faith, substantiated by evidence and not intended for one's personal gain. Malicious reporting is prohibited and subject to the appropriate disciplinary action after due process. The policy likewise requires the Company to provide protection of the reporting person or witness against retaliation or	The Company's Whistleblowing policy called "E-Report Mo" encourages the reporting and disclosure of any malpractice or misconduct committed by its Directors, Officers and Employees such as: 1. Violation of the Corporate Governance Rules; 2. Violation of the Code of Ethics and Company Code on Employee Discipline or other Company related codes; and 3. Financial malfeasance including those relating to financial fraud, questionable accounting and auditing matters. This IRR likewise covers the procedures in reporting these malpractices and misconducts, including those reported by Third Party, such as customers and suppliers. All reports must be made in good faith, substantiated by evidence and not intended for one's personal gain. Malicious reporting is prohibited and subject to the appropriate disciplinary action after due process. The policy likewise requires the Company to provide protection of the reporting person or witness against retaliation or harassment. Dedicated reporting channels, such as

	person or witness against retaliation or harassment. Dedicated reporting channels, such as emails, hotlines, phones are clearly specified and disseminated to all concerned. Likewise, a facility is provided in the company website to accept report from Third Party and will be immediately directed to the Corporate Governance Office who is in-charged of handling whistleblowing report.	harassment. Dedicated reporting channels, such as emails, hotlines, phones are clearly specified and disseminated to all concerned. Likewise, a facility is provided in the company website to accept report from Third Party and will be immediately directed to the Corporate Governance Office who is in-charged of handling whistleblowing report.	emails, hotlines, phones are clearly specified and disseminated to all concerned. Likewise, a facility is provided in the company website to accept report from Third Party and will be immediately directed to the Corporate Governance Office who is in-charged of handling whistleblowing report.
(j) Conflict Resolution	The Company abides by a guiding principle in dispute settlement. The intention and purpose of the parties is to establish a means for the prompt disposition and amicable settlement of all grievances. The parties shall endeavor to resolve all disputes through friendly negotiations as their mutual commitment to ensure the continuity of work; that an open conflict, in any form, involves losses to the parties and therefore, every effort in this direction shall be exerted to avoid such conflict.	The Company abides by a guiding principle in dispute settlement. The intention and purpose of the parties is to establish a means for the prompt disposition and amicable settlement of all grievances. The parties shall endeavor to resolve all disputes through friendly negotiations as their mutual commitment to ensure the continuity of work; that an open conflict, in any form, involves losses to the parties and therefore, every effort in this direction shall be exerted to avoid such conflict.	The Company abides by a guiding principle in dispute settlement. The intention and purpose of the parties is to establish a means for the prompt disposition and amicable settlement of all grievances. The parties shall endeavor to resolve all disputes through friendly negotiations as their mutual commitment to ensure the continuity of work; that an open conflict, in any form, involves losses to the parties and therefore, every effort in this direction shall be exerted to avoid such conflict.

YES. The Code of Ethics was presented to and approved by the BOD on September 27, 2010. Corporate-wide roadshows to Senior Management and employees immediately followed to explain the contents of the code, clarify questions and ensure its understanding. All employees committed in writing to comply with the Code and the behavioral standards and norms set forth therein. Last July 2012, the Company implemented its Corporate Governance Disclosure Facility to expedite and facilitate Senior Management and employees' compliance to Corporate Governance and Code of Ethics.

(k) Related Party Transaction	It is the policy of Meralco (the "Company") that all transactions between the Company and Related Parties are done in "fair and at arm's length" terms and inures to the benefit and best interest of the Company and its shareholders as a whole, considering relevant circumstances. All transactions ***of Directors*** with Related Parties shall be conducted in accordance with the principles of transparency and fairness, and in this regard shall be properly approved and disclosed in accordance with this Policy. **Directors** shall disclose their interest in transactions and any other conflict of interest. They shall abstain and/or inhibit themselves in participating in discussions or a particular agenda when they are conflicted. The Company does not grant loans or any special assistance to directors.	It is the policy of Meralco (the "Company") that all transactions between the Company and Related Parties are done in "fair and at arm's length" terms and inures to the benefit and best interest of the Company and its shareholders as a whole, considering relevant circumstances. All transactions of ***Senior Management*** with Related Parties shall be conducted in accordance with the principles of transparency and fairness, and in this regard shall be properly approved and disclosed in accordance with this Policy. **Senior Management** shall disclose their interest in transactions and any other conflict of interest. They shall abstain and/or inhibit themselves in participating in discussions or a particular agenda when they are conflicted.	It is the policy of Meralco (the "Company") that all transactions between the Company and Related Parties are done in "fair and at arm's length" terms and inures to the benefit and best interest of the Company and its shareholders as a whole, considering relevant circumstances. All transactions **of *employees*** with Related Parties shall be conducted in accordance with the principles of transparency and fairness, and in this regard shall be properly approved and disclosed in accordance with this Policy. **Employees** shall disclose their interest in transactions and any other conflict of interest. They shall abstain and/or inhibit themselves in participating in discussions or a particular agenda when they are conflicted.

Copies of the Code of Ethics are likewise disseminated to all employees annually, to guide them. A signed Commitment to Corporate Governance and Code of Ethics is required annually from all directors, officers and employees of the Company.

3) COMPLIANCE WITH CODE

Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Corporate Governance Office monitors the implementation and compliance to the Code of Ethics. All directors, senior management and employees are required to submit duly accomplished Full Business Interest Disclosure (FBID) Form and Conflict of Interest (COI) Form annually. They are also required to disclose gifts they have received from Third Parties. The Company, from time to time, issues advisories on restrictions in trading of Company's shares for all directors, senior management and employees. In addition, the E-report Mo facility (Whistleblowing facility) is made available as a channel of reporting violation of the directors, senior management and employees of the Company's Code of Ethics.

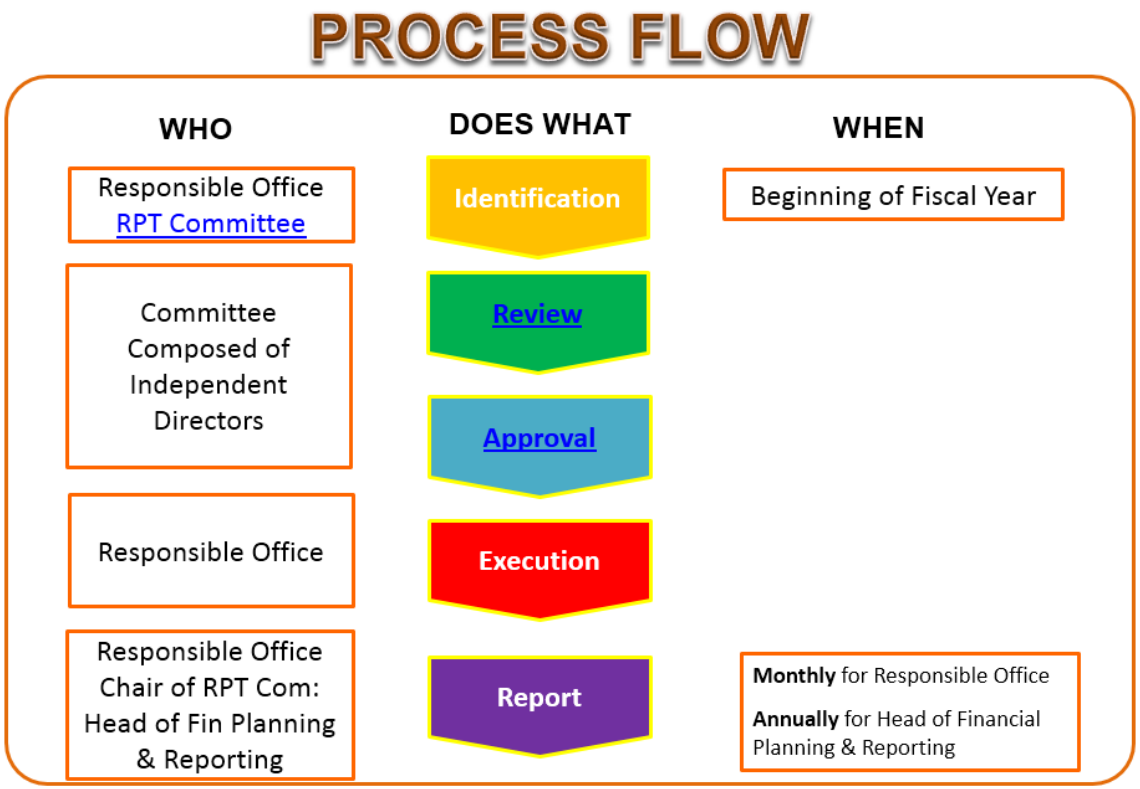
The Company's Internal Audit Office conducts audit on the compliance of directors, officers and employees to the Code of Ethics and other corporate governance related policies, including required Company disclosures. The results of the Internal Audit review and findings are reported to the Audit Committee responsible for reviewing the process for communicating the code of conduct to all employees and monitoring their compliance to the code.

4) RELATED PARTY TRANSACTIONS

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

The Company's Related Party Transactions (RPT) Policy requires a committee composed of independent directors to review and approve material/significant RPTs to determine whether they are in the best interest of the Company and shareholders. All RPTs of the Company are conducted in fair and at arms' length terms.



Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company has no Parent Company, given the shareholder structure as of end of December 2016 http://www.meralco.com.ph/about-us/meralco-shareholding-structure
(2) Joint Ventures	The Related Party Transactions (RPT) Policy of the Company prescribes that all RPTs shall be reviewed and approved by appropriate RPT Approving Authority, as may be determined by the Company's Board of Directors. Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom whose members are two independent directors and is Chaired by an independent director, prior to the approval of the Board. Likewise, RPT thresholds are to be defined and endorsed by the AuditCom, prior to the approval of the Board.

	The Board may require that an RPT approved by it be also submitted to the stockholders for consideration and ratification. Any dealing with a related party is likewise done at an arm's-length basis in a manner similar to the transactions with third parties. The Company fully discloses its related party transactions (RPT) in accordance with the revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules. Please refer to Note 24 of Notes to Consolidated Financial Statements for the details of RPTs for 2013.
(3) Subsidiaries	The Related Party Transactions (RPT) Policy of the Company prescribes that all RPTs shall be reviewed and approved by appropriate RPT Approving Authority, as may be determined by the Company's Board of Directors. Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom whose members are two independent directors and is Chaired by an independent director, prior to the approval of the Board. Likewise, RPT thresholds are to be defined and endorsed by the AuditCom, prior to the approval of the Board. The Board may require that an RPT approved by it be also submitted to the stockholders for consideration and ratification. Any dealing with a related party is likewise done at an arm's-length basis in a manner similar to the transactions with third parties. The Company fully discloses its related party transactions (RPT) in accordance with the revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules. Please refer to Note 24 of Notes to Consolidated Financial Statements for the details of RPTs for 2013.
(4) Entities Under Common Control	The Related Party Transactions (RPT) Policy of the Company prescribes that all RPTs shall be reviewed and approved by appropriate RPT Approving Authority, as may be determined by the Company's Board of Directors. Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom whose members are two independent directors and is Chaired by an independent director, prior to the approval of the Board. Likewise, RPT thresholds are to be defined and endorsed by the AuditCom, prior to the approval of the Board.

	The Board may require that an RPT approved by it be also submitted to the stockholders for consideration and ratification. Any dealing with a related party is likewise done at an arm's-length basis in a manner similar to the transactions with third parties. The Company fully discloses its related party transactions (RPT) in accordance with the revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules. Please refer to Note 24 of Notes to Consolidated Financial Statements for the details of RPTs for 2013.
(5) Substantial Stockholders	The Related Party Transactions (RPT) Policy of the Company prescribes that all RPTs shall be reviewed and approved by appropriate RPT Approving Authority, as may be determined by the Company's Board of Directors. Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom whose members are two independent directors and is Chaired by an independent director, prior to the approval of the Board. Likewise, RPT thresholds are to be defined and endorsed by the AuditCom, prior to the approval of the Board. The Board may require that an RPT approved by it be also submitted to the stockholders for consideration and ratification. Any dealing with a related party is likewise done at an arm's-length basis in a manner similar to the transactions with third parties. The Company fully discloses its related party transactions (RPT) in accordance with the revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules. Please refer to Note 24 of Notes to Consolidated Financial Statements for the details of RPTs for 2013.
(6) Officers including spouse/children/ siblings/parents	The Related Party Transactions (RPT) Policy of the Company prescribes that all RPTs shall be reviewed and approved by appropriate RPT Approving Authority, as may be determined by the Company's Board of Directors. Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom whose members are two independent directors and is Chaired by an independent director, prior to the approval of the Board. Likewise, RPT thresholds are to be defined and endorsed by the AuditCom, prior to the approval of the Board. The Board may require that an RPT approved by it be also submitted to the stockholders for consideration and

	ratification. Any dealing with a related party is likewise done at an arm's-length basis in a manner similar to the transactions with third parties. The Company fully discloses its related party transactions (RPT) in accordance with the revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules. The Company's COI Policy approved by the Board of Directors on July 30, 2012, requires Officers and Senior Management to submit Full Business Interest Disclosure Form and immediately disclose any actual or potential COI situations involving their relatives. Relatives refer to persons related up to the third degree, by consanguinity, affinity or legal adoption, including the spouse, parents, children (and their spouses) siblings, (and their spouses), nieces and nephews (limited to children of brothers or sisters) [and their spouses], grandparents, and aunts and uncles (limited to sisters or brothers of parents); and the common-law spouse and/or his relatives of up to the third degree, by consanguinity, affinity or legal adoption. For purposes hereof, Relatives shall include first cousins.
(7) Directors including spouse/children/ siblings/parents	The Related Party Transactions (RPT) Policy of the Company prescribes that all RPTs shall be reviewed and approved by appropriate RPT Approving Authority, as may be determined by the Company's Board of Directors. Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom whose members are two independent directors and is Chaired by an independent director, prior to the approval of the Board. Likewise, RPT thresholds are to be defined and endorsed by the AuditCom, prior to the approval of the Board. The Board may require that an RPT approved by it be also submitted to the stockholders for consideration and ratification. Any dealing with a related party is likewise done at an arm's-length basis in a manner similar to the transactions with third parties. The Company fully discloses its related party transactions (RPT) in accordance with the revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules. The Company's COI Policy approved by the Board of Directors on July 30, 2012, requires Officers and Senior Management to submit Full Business Interest Disclosure Form and immediately disclose any actual or potential COI

	situations involving their relatives. Relatives refer to persons related up to the third degree, by consanguinity, affinity or legal adoption, including the spouse, parents, children (and their spouses) siblings, (and their spouses), nieces and nephews (limited to children of brothers or sisters) [and their spouses], grandparents, and aunts and uncles (limited to sisters or brothers of parents); and the common-law spouse and/or his relatives of up to the third degree, by consanguinity, affinity or legal adoption. For purposes hereof, Relatives shall include first cousins.
(8) Interlocking director relationship of Board of Directors	The Related Party Transactions (RPT) Policy of the Company prescribes that all RPTs shall be reviewed and approved by appropriate RPT Approving Authority, as may be determined by the Company's Board of Directors. Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom whose members are two independent directors and is Chaired by an independent director, prior to the approval of the Board. Likewise, RPT thresholds are to be defined and endorsed by the AuditCom, prior to the approval of the Board. The Board may require that an RPT approved by it be also submitted to the stockholders for consideration and ratification. Any dealing with a related party is likewise done at an arm's-length basis in a manner similar to the transactions with third parties. The Company fully discloses its related party transactions (RPT) in accordance with the revised PFRS. The nature, extent and other material information of these transactions are disclosed to the SEC and PSE through the consolidated financial statements and annual report within prescribed schedules.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

The related directors inhibited themselves from approval of the following transactions, which were done above board and at arm's length.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None.

Name of Officer/s	None.
Name of Significant Shareholders **Beacon Electric Asset Holdings, Inc.** **JG Summit Holdings, Inc.** **Metro Pacific Investments Corporation**	The Company sells electricity, in the ordinary course of business, to related party shareholder Beacon Electric Asset Holdings, JG Summit Holdings, Inc., and Metro Pacific Investments Corporation and their respective subsidiaries, and affiliates for the latters' facilities within the Company's franchise area. The rates charged to related parties are the same ERC-mandated rates applicable to customers within the franchise area.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	The Company's Conflict of Interest (COI)Policy provides that 1. As soon as a Director, Officer, or Employee becomes aware of an actual or potential conflict of interest situation where he is involved in, he must disclose this in writing to the appropriate Clearance Authority to seek clearance or advice. 2. He shall likewise inhibit from being involved at any stage of the transaction and cannot sign any document related to the transaction. 3. All Directors, Officers and Employees shall annually sign and submit a Conflict of Interest Disclosure Statement not later than January 31 of each year 4. It shall be the responsibility of every Director, Officer, and Employee to take immediate and appropriate action when they become aware of any violations or potential violations of other Directors, Officers or Employees, and to disclose the same to the Clearance Authority for appropriate action.
Group	The Group's Conflict of Interest (COI)Policy provides that 1. As soon as a Director, Officer, or Employee becomes aware of an actual or potential conflict of interest situation where he is involved in, he must disclose this in writing to the appropriate Clearance Authority to seek clearance or advice.

	2. He shall likewise inhibit from being involved at any stage of the transaction and cannot sign any document related to the transaction. 3. All Directors, Officers and Employees shall annually sign and submit a Conflict of Interest Disclosure Statement not later than January 31 of each year 4. It shall be the responsibility of every Director, Officer, and Employee to take immediate and appropriate action when they become aware of any violations or potential violations of other Directors, Officers or Employees, and to disclose the same to the Clearance Authority for appropriate action.

5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS

(a) **Indicate, if applicable, any relation of a family,[3] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:**

Names of Related Significant Shareholders*	Type of Relationship*	Brief Description of the Relationship*
Metro Pacific Investments Corporation (MPIC) and Beacon Electric Asset Holdings, Inc.	Commercial/Business	MPIC owns 50% equity of Beacon Electric Asset Holdings, Inc.**
* Based on Meralco's Public Ownership Report as of December 31, 2016 ** Based on MPIC's Corporate Structure http://www.mpic.com.ph/our-company-business-profile/		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders*	Type of Relationship*	Brief Description of the Relationship*
Metro Pacific Investments Corporation (MPIC) and	Commercial/Business	MPIC owns 50% equity of Beacon Electric Asset Holdings, Inc.**

[3] Family relationship up to the fourth civil degree either by consanguinity or affinity.

Beacon Electric Asset Holdings, Inc.		
* Based on Meralco's Public Ownership Report as of December 31, 2016 ** Based on MPIC's Corporate Structure http://www.mpic.com.ph/our-company-business-profile/		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the Company

Name of Shareholders	% of Capital Stock affected(Parties)	Brief Description of the Transaction
None to Meralco's knowledge	None to Meralco's knowledge	None to Meralco's knowledge

6) ALTERNATIVE DISPUTE RESOLUTION

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company has created the office of Stockholder Affairs in assisting shareholders to resolve issues affecting their concerns.
Corporation & Third Parties	The Company complies with all relevant rules and regulations promulgated by the Energy Regulatory Commission (ERC) on the settlement of disputes between the Company and its customers. Pursuant to the Electric Power Industry Reform Act of 2001 (EPIRA), the ERC shall handle consumer complaints and ensure the adequate promotion of consumer interests. Similarly, the ERC shall have the original and exclusive jurisdiction over all cases contesting rates, fees, fines and penalties imposed by the ERC in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy sector. To assist the ERC in the handling of consumer complaints and to provide maximum efforts to resolve these matters amicably, the ERC, under its Resolution No. 42, series of 2006, set minimum standards for frontline customer services of Distribution Utilities (DUs) and other electric service providers. Pursuant thereto, the

	Company has established a Consumer Welfare Desk (CWD) in its branches as well as a Consumer Assistance Office (CAO) at the Pacific Center Building, San Miguel Avenue, Ortigas City. The CWD desk and the CAO are manned by CWD Officers who have undergone relevant training and are able to assist the customers with their complaints. CWD Officers are likewise required to be familiar with the operations of the Company and with ERC laws, rules, regulations, decisions and policies. The primary responsibilities of the CWD Officer include entertaining complaints by consumers against the Company as well as queries on its services and ERC decisions, orders, resolutions, laws, rules and regulations. They help serve as the initial contact person of consumers before complaints are lodged with the ERC to assist in resolving matters amicably. For disputes in connection with matters concerning the Philippine Electricity Market Corporation, the Company complies with the dispute resolution mechanism provided in the Wholesale Electricity Spot Market (WESM) Manual.
Corporation & Regulatory Authorities	The Company has adopted the policy of proactively and amicably engaging the ERC, SEC, DOE and other agencies in resolving issues affecting the Company and the concerned agencies.

C. BOARD MEETINGS & ATTENDANCE

1) SCHEDULE OF MEETINGS

Are Board of Directors' meetings scheduled before or at the beginning of the year?

YES. Board and Board Committee Meetings are scheduled before the start of the year. The schedule of 2017 Board Meetings was approved by the Board on November 28, 2016 as follows:

MERALCO BOARD MEETING 2017 SCHEDULE
January 30 (Monday)
February 27 (Monday)
March 20 (Monday)
April 24 (Monday)
May 30 (Tuesday)
June 26 (Monday)
July 31 (Monday)
August 25 (Friday)
September 25 (Monday)

October 30 (Monday)
November 27 (Monday)
December 18 (Monday)
Regular meeting is held **last Monday** of the month at **10:00 A.M.** unless re-scheduled due to holidays. As per the Company's By-Laws, the Annual Stockholders' Meeting or Annual General Meeting (AGM) is held every **last Tuesday** of May.

2) DETAILS OF ATTENDANCE OF DIRECTORS

The Board met 12 times in 2016.

Board	Name	Date of Election	No. of Meetings Attended	No. of Meetings Held during the year	%
Chairman	Manuel V. Pangilinan[1]	31-May-16	11	13	85%
Member	Oscar S. Reyes	31-May-16	13	13	100%
Member	Lance Y. Gokongwei	31-May-16	11	13	85%
Member	Ray C. Espinosa[2]	31-May-16	12	13	92%
Member	James L. Go	31-May-16	13	13	100%
Member	John L. Gokongwei, Jr.	31-May-16	13	13	100%
Member	Jose Ma. K. Lim	31-May-16	12	13	92%
Member	Anabelle L. Chua	31-May-16	7	8	88%
Member	Manuel M. Lopez	31-May-16	12	13	92%
Independent Director	Pedro E. Roxas[3]	31-May-16	13	13	100%
Independent Director	Artemio V. Panganiban[4]	31-May-16	13	13	100%

[1] Chairman, Remuneration and Leadership Development Committee
[2] Chairman, Finance Committee
[3] Chairman, Nomination and Governance Committee
[4] Chairman, Audit Committee

3) SEPARATE MEETING OF NON EXECUTIVE DIRECTORS

Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

In 2016, the Company's non-executive directors met 11 times without the presence of the executive director, Mr. Oscar S. Reyes. Among the items discussed in these meetings were the operations and financial reports presented by Management, corporate governance policies and reports of compliance to such, reports of the external auditors and performance assessment of the President/CEO.

Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

YES. Based on the 2016 Board Meeting attendance records, more than two-thirds or at least 96% of the BOD were present at every meeting for board decisions. The quorum adopted by the Board is in accordance with the Philippine Corporation Code and the Company's Amended By-Laws.

4) ACCESS TO INFORMATION

(a) How many days in advance are board papers[4] for board of directors meetings provided to the board?

Materials and related supporting documents to be used in the meetings of the board and board committees are given at least five (5) business days in advance, to give sufficient time for the directors to read and understand them.

(b) Do board members have independent access to Management and the Corporate Secretary?

YES. Board members are free to contact and discuss with Management and Corporate Secretary issues or matters that need clarification or information that they may need in the discharge of their board functions.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary is tasked to provide adequate and reasonable assistance to the BOD and its members thereby playing a significant role in supporting the BOD in the discharge of its functions. Among the duties of the Corporate Secretary are the following: a) schedule Board meetings

[4] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

and give prior notice to all BOD of such meeting and other related activities; b) provide the necessary board papers associated with items on the meeting agenda at least five business days ahead of the BOD meetings; c) provide ready and reasonable access to information that directors may need for their deliberation on issues listed on the agenda of the Board; d) conduct orientation for new members of the BOD regarding the Company's organizational structures and business operations; e) attend all board meetings and maintain records of the same ensuring proper safekeeping of all records; f) ensure that all board procedures, rules and regulations are faithfully followed; g) submit required reports and disclosures to SEC, PSE and other regulatory agencies; h) assist the Board in making business judgment in the performance of their duties; and i) keep directors updated regarding any relevant statutory and regulatory changes.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

YES. The Corporate Secretary, Atty. Simeon Ken Ferrer, who was reappointed as Corporate Secretary for 2016, meets the following qualifications and skills, all of which are required of the Company's Corporate Secretary:

a) resident Filipino citizen of good moral character;
b) with adequate legal, administrative, basic accountancy, company secretarial and interpersonal skills;
c) with continuing education and regular update of the laws, rules and regulations necessary for his position; and
d) with working knowledge of the operations of the Company and loyal to the Company mission, vision and objectives.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☑ No ☐

Committee	Details of the procedures
Executive	The Revised Manual of Corporate Governance mandates that all directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board.

	Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.
Audit	The Revised Manual of Corporate Governance mandates that all directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board. Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.
Risk Management	The Revised Manual of Corporate Governance mandates that all directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board. Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.
Nomination	The Revised Manual of Corporate Governance mandates that all directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board. Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.

Remuneration	The Revised Manual of Corporate Governance mandates that all directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board. Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.
Others (specify) Finance	The Revised Manual of Corporate Governance mandates that all directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board. Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.

5) EXTERNAL ADVICE

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Revised Manual of Corporate Governance provides that the directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board.	Revised Manual of Governance, Part II. SUPPLY OF INFORMATION All directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties…

	B. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board…
Board Committees are allowed to appoint one or more persons to serve as advisor(s) to their Committee such as specified in their board committee charters. Advisors shall have the rights to attend and speak at any meeting of the Committee they belong, but shall have no right to vote in respect of any action of the Committee.	Audit and Risk Committee Adviser and Finance Committee Anabelle L. Chua, 52, Filipino She has over 20 years of experience in the areas of corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. where she worked for 10 years prior to joining PLDT in 1998. Finance Committee Ferdinand K. Constantino, 62, Filipino He holds over 14 years of track record in senior management positions in the field of corporate finance in both local and international companies.

6) CHANGE/S IN EXISTING POLICIES

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

No changes were made to the Company's existing policies this year

D. REMUNERATION MATTERS

1) REMUNERATION PROCESS

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on periodic salary review and market competitiveness policy and as guided by the	Based on periodic salary review and market competitiveness policy and as guided by the Remuneration and Leadership

	Remuneration and Leadership Development Committee and the Board.	Development Committee and the Board.
(2) Variable remuneration	Based on periodic salary review and market competitiveness policy and as guided by the Remuneration and Leadership Development Committee and the Board.	Based on periodic salary review and market competitiveness policy and as guided by the Remuneration and Leadership Development Committee and the Board.
(3) Per diem allowance	None, except per diem as a concurrent director.	None
(4) Bonus	Based on periodic review and market competitiveness policy and as guided by the Remuneration and Leadership Development Committee and the Board.	Based on periodic review and market competitiveness policy and as guided by the Remuneration and Leadership Development Committee and the Board.
(5) Stock Options and other financial instruments	None	None
(6) Others (specify)	None	None

2) REMUNERATION POLICY AND STRUCTURE FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

Independent directors receive per diem fees bases on their attendance to Board and Board Committee meetings. They do not receive options, performance shares or bonuses as these are schemes used in remuneration of management and may impair their independence.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	*{as disclosed – Board Remuneration, page 121 of the Meralco Annual Report, SEC Form 17-A}* The Company's directors receive a per diem for their attendance in the Board and Board Committee	Per Diem Additional remuneration approved in 2013: Performance-based remuneration in the form of a Stock Grant ("Grant")	Per Diem • Board Meeting - of One Hundred Twenty Thousand Pesos (Php 120,000.00) per attendance • Each member or advisor the different committee (Nom&Gov,

	meetings. In 2013, the shareholders approved an additional remuneration for the Board, which could be in the form of a fixed retainer, bonus or stock grant or a combination thereof, as may be approved by the Board. The total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the income before tax of the Company during the preceding year. The rationale of such additional remuneration of directors is to recognize the invaluable services rendered by the Company's directors in profitably steering the business affairs of the Company, which has produced record highs in financial performance over the past four years. The role and responsibility of directors is critical in the success, accomplishments, and profitability of the Company. It is for this reason that the approval for additional remuneration for directors was sought. In line with the said rationale, during its 25 October 2013 meeting, the Board approved the provision of additional and performance-based remuneration in the form of a Stock		Rem&LD, Audit&Risk and Finance) was entitled to a fee of Twenty Thousand Pesos (Php 20,000.00) for every committee meeting attended. Additional remuneration approved in 2013: Performance-based remuneration in the form of a Stock Grant ("Grant") of 15,000 common shares of the Company, spread over a three-year period, or 5,000 shares per year, to be received at the end of the three-year term. The executive director may opt instead to receive the cash equivalent of the stocks at the rate of PHP 1.5 million a year.

	Grant ("Grant").		
Non-Executive Directors	*{as disclosed – Board Remuneration, page 121 of the Meralco Annual Report, SEC Form 17-A}* The Company's directors receive a per diem for their attendance in the Board and Board Committee meetings. In 2013, the shareholders approved an additional remuneration for the Board, which could be in the form of a fixed retainer, bonus or stock grant or a combination thereof, as may be approved by the Board. The total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the income before tax of the Company during the preceding year. The rationale of such additional remuneration of directors is to recognize the invaluable services rendered by the Company's directors in profitably steering the business affairs of the Company, which has produced record highs in financial performance over the past four years. The role and responsibility of directors is critical in the success, accomplishments, and profitability of the Company. It is for this reason that	Per Diem of Each Director • Board Meeting - of One Hundred Twenty Thousand Pesos (Php 120,000.00) per attendance • Each member or advisor the different committee (Nom&Gov, Rem&LD, Audit&Risk and Finance) was entitled to a fee of Twenty Thousand Pesos (Php 20,000.00) for every committee meeting attended.	Per Diem of Each Director • Board Meeting - of One Hundred Twenty Thousand Pesos (Php 120,000.00) per attendance • Each member or advisor the different committee (Nom&Gov, Rem&LD, Audit&Risk and Finance) was entitled to a fee of Twenty Thousand Pesos (Php 20,000.00) for every committee meeting attended.

	the approval for additional remuneration for directors was sought. In line with the said rationale, during its 25 October 2013 meeting, the Board approved the provision of additional and performance-based remuneration in the form of a Stock Grant ("Grant").		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
YES. In 2013, the shareholders approved an additional remuneration for the executive director, which could be in the form of a fixed retainer, bonus or stock grant, or a combination thereof, as may be approved by the Board. The total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the income before tax of the Company during the preceding year. The rationale of such additional remuneration is to recognize the invaluable services rendered by the Company's executive director in profitably steering the business affairs of the Company, which has produced record highs in financial performance over the past four years. The role and responsibility of the executive director is critical in the success, accomplishments, and profitability of the Company. It is for this reason that the approval for additional remuneration was sought.	May 28, 2013

3) AGGREGATE REMUNERATION

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None, as a director	None	None

(b) Variable Remuneration	None, as a director	None	None
(c) Per diem Allowance* (in PhP, net of tax)	**1,560,000.00**	**13,240,000.00**	**3,960,000.00**
(d) Bonuses	None, as a director	None	None
(e) Stock Options and/or other financial instruments	None, as a director	None	None
(f) Others (Specify)	None, as a director	None	None
Total	**1,560,000.00**	**13,240,000.00**	**3,960,000.00**
*** Aggregate grossed up amount is PhP18,580,000 (net of equivalent taxes)**			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None, as a director	None	None
2) Credit granted	None, as a director	None	None
3) Pension Plan/s Contributions	None, as a director	None	None
(d) Pension Plans, Obligations incurred	None, as a director	None	None
(e) Life Insurance Premium	None, as a director	None	None
(f) Hospitalization Plan	None, as a director	None	None
(g) Car Plan	None, as a director	None	None
(h) Others (Specify)	None, as a director	None	None
Total	None, as a director	None	None

Note: Above figures include remuneration for Directors only

4) STOCK RIGHTS, OPTIONS AND WARRANTS

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
None	None	None	None	None

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None	None	None

5) REMUNERATION OF MANAGEMENT

Identify the five (5) members of management who are <u>not</u> at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration* (in million PhP)
REYES, OSCAR S./President and CEO	**Salaries – Php 144[1]** **Performance-based Pay – Php 58[2]**
PANLILIO, ALFREDO S./ Head, CRS	
SIY-YAP, BETTY C./Head, Finance	
SEGISMUNDO, RAMON B./ Head, HR & Corporate Services	
PAMINTUAN, WILLIAM S./ Head, Legal	

**As disclosed in the SEC Form 20-IS – 2016 Definitive Information Statement*
http://corporate-downloadables-sec-filings.s3.amazonaws.com/1460080646.a1c70f733e2d39767ae74cfc013f95f2.pdf

[1] Guaranteed compensation including government mandated pay-out.

[2] Includes performance-based pay and results driven incentives.

[3] Comprised of the following: Oscar S. Reyes, President & Chief Executive Officer; Alfredo S. Panlilio, Senior Vice President & Head of Customer Retail Services & Corporate Communication; Betty C. Siy-Yap, Senior Vice President & Chief Finance Officer; Ramon B. Segismundo, Senior Vice President & Head of Human Resources & Corporate Services; Atty. William S. Pamintuan, First Vice President & Head of Legal.

E. BOARD COMMITTEES

1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	0	4	1	Please refer to ***Annex F*** for the Executive Committee Charter	To exercise all the powers of the Board of directors in the management of the business and affairs of the corporation between sessions of the Board of Directors. Please refer to ***Annex G*** for the Amended By-Laws.	The committee is responsible for the management of the business and affairs of the corporation between sessions of the Board of Directors. Please refer to ***Annex G*** for the Amended By-Laws.	To act, by majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated to it in the By-laws or on a majority vote of the Board, subject to the limitations provided by Section 35 of the Corporation Code Please refer to ***Annex A.*** It shall also have all the powers of the board of Directors in the management of the business and affairs of the Company and shall power to authorize the seal of the Company to all papers that may require it, subject to

							the limitations provided by Section 35 of Corporation Code. Please refer to ***Annex F.***
Audit	0	3	2	Please refer to ***Annex H*** for the Audit Committee Charter	To assist the Board of Directors in fulfilling its oversight for the financial reporting process, the system of internal control, the audit process, and the company's process of monitoring compliance with laws and regulations.	The committee has key responsibilities with respect to financial reporting processes, internal audit, external audit, enterprise risk management and Compliance. With respect to financial reporting process and internal control system, the committee is responsible for: (a) advising management and the external auditors that they are expected to provide a timely analysis of significant/critical financial reporting issues and practices particularly as they relate to the completeness, accuracy and fairness of the quarterly and annual financial statements before submission to the Board; (b) reviewing the results of the audit of the financial statements, including any difficulties encountered;	With respect to internal and external audit, it has the power to review and confirm the independence of the external auditors and to take appropriate action to satisfy itself of the external auditor's independence, and ensuring that the external auditors or its lead audit partner of the external auditing firm assigned to the Company is changed or rotated once every five (5) years or such shorter or longer period provided under applicable laws and regulations With respect to enterprise risk management, to require Management to provide a report and discuss with the Committee about the Company's significant or major risk exposures, if

						(c) understanding the scope of internal and external auditors' review of internal control over financial reporting; (d) considering the effectiveness of the Company's internal control system; (e) obtaining and considering of any reports or communications submitted to the Committee by the external auditors; and (f) reviewing the representation letter of management before submission to the external auditors. The committee has key responsibilities in the selection, appointment, evaluation and review of the Internal Audit Head and the External Auditor. Its primary responsibility is the recommendation on the appointment, and removal of the external auditor. The committee also has key responsibilities in the review and evaluation of the internal audit plan and internal audit charter, the external auditor's proposed scope and	any, and the steps taken by Management to manage and monitor such risks. The committee also has the power to conduct or authorize an investigation into any matter that falls within its scope of responsibilities, to develop related continuing education program for members of the Audit Committee in coordination with the Nomination and Governance Committee, to review and assess the adequacy of its Charter annually, and to request Board approval for proposed changes, and to ensure appropriate disclosure as may be required by law and regulation; to evaluate its performance on a regular basis; and to perform other activities related to this Charter as requested by the Board of Directors.

						approach, and all audit and non-audit services to be performed by the external auditors, the disclosure of any non-audit services performed by the external auditor, the external auditor's fees, the reports, summaries and statements to be submitted by the chief audit executive, reviewing and confirming the independence of the external auditors and the taking of appropriate action to satisfy itself of the external auditor's independence, and ensuring that the external auditors or its lead audit partner of the external auditing firm assigned to the Company is changed or rotated once every five (5) years or such shorter or longer period provided under applicable laws and regulations. With respect to enterprise risk management, the committee is responsible for overseeing the Company's: (a) risk management framework, the policies and processes adopted by Management with respect to risk identification	

						and assessment, development of risk management strategies including the development and implementation of a Business Continuity Plan and monitoring of risk management performance; (b) framework for fraud prevention and detection including its whistle-blower program; and (c) risk management activities. With respect to Compliance, the committee is responsible for monitoring compliance and adherence by the Company with all applicable laws and regulations pursuant to which the Company conducts its operations and business activities; and obtaining regular updates from Management and Company's legal counsel regarding compliance matters. It is also responsible for the review the process for communicating the codes of conduct to employee personnel and management, and for monitoring compliance with said codes of conduct.	

Risk Management	0	3	2	Please refer to ***Annex H*** for the Risk Management Committee Charter	To assist the Board of Directors in fulfilling its oversight for the risk management process; to elevate risk oversight to the highest level in the company; to strengthen the quality of risk management; to inculcate a risk culture and risk-management environment to mitigate and manage risks effectively across the organization; to establish a platform for continuous assessment of risks in light of the changing	The committee has key responsibilities with respect to financial reporting processes, internal audit, external audit, enterprise risk management and Compliance. With respect to financial reporting process and internal control system, the committee is responsible for: (a) advising management and the external auditors that they are expected to provide a timely analysis of significant/critical financial reporting issues and practices particularly as they relate to the completeness, accuracy and fairness of the quarterly and annual financial statements before submission to the Board; (b) reviewing the results of the audit of the financial statements, including any difficulties encountered; (c) understanding the scope of internal and external auditors' review of internal control over financial reporting;	With respect to internal and external audit, it has the power to review and confirm the independence of the external auditors and to take appropriate action to satisfy itself of the external auditor's independence, and ensuring that the external auditors or its lead audit partner of the external auditing firm assigned to the Company is changed or rotated once every five (5) years or such shorter or longer period provided under applicable laws and regulations With respect to enterprise risk management, to require Management to provide a report and discuss with the Committee about the Company's significant or major risk exposures, if any, and the steps taken by Management to manage and monitor such risks.

					internal and external environments; to improve communication among the board, management, and other stakeholders about risk management; and to demonstrate to internal and external stakeholders the company's commitment to risk management	(d) considering the effectiveness of the Company's internal control system; (e) obtaining and considering of any reports or communications submitted to the Committee by the external auditors; and (f) reviewing the representation letter of management before submission to the external auditors. The committee has key responsibilities in the selection, appointment, evaluation and review of the Internal Audit Head and the External Auditor. The committee also has key responsibilities in the review and evaluation of the internal audit plan and internal audit charter, the external auditor's proposed scope and approach, and all audit and non-audit services to be performed by the external auditors, the disclosure of any non-audit services performed by the external auditor, the external auditor's fees, the reports, summaries and statements to be submitted by the chief audit	The committee also has the power to conduct or authorize an investigation into any matter that falls within its scope of responsibilities, to develop related continuing education program for members of the Risk Management Committee in coordination with the Nomination and Governance Committee, to review and assess the adequacy of its Charter annually, and to request Board approval for proposed changes, and to ensure appropriate disclosure as may be required by law and regulation; to evaluate its performance on a regular basis; and to perform other activities related to this Charter as requested by the Board of Directors.

						executive, reviewing and confirming the independence of the external auditors and the taking of appropriate action to satisfy itself of the external auditor's independence, and ensuring that the external auditors or its lead audit partner of the external auditing firm assigned to the Company is changed or rotated once every five (5) years or such shorter or longer period provided under applicable laws and regulations. With respect to enterprise risk management, the committee is responsible for overseeing the Company's: (a) risk management framework, the policies and processes adopted by Management with respect to risk identification and assessment, development of risk management strategies including the development and implementation of a Business Continuity Plan and monitoring of risk management performance;	

						(b) framework for fraud prevention and detection including its whistle-blower program; and (c) risk management activities. With respect to Compliance, the committee is responsible for monitoring compliance and adherence by the Company with all applicable laws and regulations pursuant to which the Company conducts its operations and business activities; and obtaining regular updates from Management and Company's legal counsel regarding compliance matters. It is also responsible for the review the process for communicating the codes of conduct to employee personnel and management, and for monitoring compliance with said codes of conduct.	
Nomination & Governance	0	4	1	Please refer to ***Annex I*** for the Nomination & Governance Committee Charter	The committee undertakes the process of identifying the quality of directors	This Committee is composed of five directors with an independent director as Chairman. The duties and responsibilities of Nom&Gov as reflected in its charter includes screening qualified nominees for election as directors, assessing	The Committee has the power to review, endorse to the Board recommendations of the Compliance officer in relation to violations of provisions and

					aligned with the company's strategic directions. It functions as the body that screens, vets, recommends to the Board of Directors, qualified nominees for election as directors. It also functions to spearhead improvements in the Board's organization, procedures, mechanisms for evaluating the performance of the Board itself, its committees and Management, and the continuing education of the Board	the independence of directors, introducing improvements on Board organization and procedures, setting-up of mechanisms for performance evaluation of the Board and Management, and providing programs for continuing education of the Board. The Nom&Gov undertakes the process of identifying the quality of directors aligned with the company's strategic directions. It reviews and recommends to the Board for the appointment of Directors and members to the Board Committees. The process involves identifying, reviewing and recommending potential candidates to the Board for consideration. Nom&Gov has put in place a formal and transparent process for the appointment of new Directors to the Board. Stakeholders who have identified suitable candidates submit the Nomination and Acceptance Letters, Full Business Interest Discclosure Forms and	requirements of the Revised Code of Corporate Governance and other corporate governance rules applicable to the Company, including the Company's Manual of Corporate Governance. With respect to the Board's committees, it has the power to review and recommend to the Board, changes to the committees' charters. It also has the power to recommend Committee assignments, including Committee Chairmanships and to recommend to the Board the development of corporate governance principles, structure, best practices and rules for adoption by the Company, and assist the Board in the implementation thereof. It has the power to design an orientation program for new Directors and related continuing education program for

					including that of individual Directors.	Curriculum Vitae of such candidates to Nom&Gov for discussion and review on or before the deadline set by the Nom&Gov. These candidates are sourced from the business network of Board members and from professional search firms such as the Institute of Corporate Directors (ICD) to search for candidates to the Board of Directors. One of the Company's directors, who is also the President & CEO, Mr. Oscar S. Reyes is a Fellow of the ICD. The Company's Corporate Secretary, Atty. Simeon Ken R. Ferrer is also an ICD Fellow. These candidates would be skilled in core competencies such as strategic planning, business expertise, and industry knowledge. The shareholders will then elect the directors during the Annual General Meeting of Shareholders (AGM) held every last Tuesday of May. Upon appointment, the Company sends out a formal	existing Directors and to review the prescribed Full Business Interest Disclosure of all incoming Directors and officers. Finally, it has the power to assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors.

						letter setting out the Director's roles and responsibilities and the new Director will then attend various briefings with Management.	
Remuneration and Leadership Development	0	3	1	Please refer to ***Annex J*** for the Remuneration & Leadership Development Committee Charter	The committee functions to assist and advice 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 Assistant Vice-President and up.	To committee is responsible for guiding 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, recommending approval thereof by the Board of Directors. It is also responsible for reviewing the effectiveness and appropriateness of the Company's Philosophy and strategy.	The committee has the power to review and endorse for Board ratification all promotions to the rank of Vice President up to Senior Executive Vice-President for positions below the CEO/COO/ CFO and to perform staff support functions as may be delegated by the Board in the performance evaluation, succession planning and remuneration for the CEO/COO/ CFO/Corp. Sec.

					It exercises functional oversight on matters pertaining to Remuneration and Leadership Development, specifically in the development and administration of Remuneration Programs and Leadership Development/ Succession Planning and Retention programs for executives and officers which include career development, promotions and performance evaluation.		
Finance	0	4	1	Please refer	The	The committee is responsible for	It has the power to

				to ***Annex K*** for the Finance Committee Charter	committee supports the Board of Directors through its review of the financial operations of the Company and matters regarding the acquisition/ divestiture of or investments in companies, business or projects.	reviewing, advising and recommending approval, decision or action on financial matters involving the management and operation of the Company, which include financial and treasury policies, all major financing transactions, issuance of shares, share repurchase, valuation of shares, and other such activities involving existing shares, corporate plans and budgets, major procurements and supply contracts and variations worth P50M and above, proposals for dividends and transfers to reserve, any actual, potential, major exception or occurrence of which has, or may have a major financial impact on the Company, capitalization of subsidiary or associated companies including guarantees, financial support, undertakings, and indemnities in respect of investments or liabilities. proposed Principal Agreements with Government, Joint Ventures and Shareholders' Agreement, Major Acquisitions, Divestments and Property Redevelopment, investments worth P50M and above except	endorse to the Board recommendations with respect to the financial operations of the company, as it deems appropriate, and to approve actions within its delegated authority, and to address and deal with such other matters as maybe delegated by the Board to the Committee.

						for investment transactions defined under the Investment Policy	

2) COMMITTEE MEMBERS

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Attended	No. of Meetings Held	%	Length of Service in the Committee
Chairman (NED)	Manuel V. Pangilinan	26-May-09	1	1	100%	7 years and 7 months
Vice Chairman (NED)	Lance Y. Gokongwei	16-Dec-13	1	1	100%	3 years
Member (NED)	John L. Gokongwei, Jr.	27-May-14	1	1	100%	2 years and 7 months
Member (NED)	Jose Ma. K. Lim	26-May-15	1	1	100%	1 year and 7 months
Member (ID)	Artemio V. Panganiban	27-May-09	1	1	100%	7 years and 7 months

(b) Audit Committee

The committee has key responsibilities in the selection, appointment, evaluation and review of the Internal Audit Head and the External Auditor. Its primary responsibility is the recommendation on the appointment, and removal of the external auditor.

Office	Name	Date of Appointment	No. of Meetings Attended	No. of Meetings Held	%	Length of Service in the Committee
Chairman (ID)	Artemio V. Panganiban	27-May-09	9	9	100%	7 years and 7 months
Member (NED)	Anabelle L. Chua	25-May-10	8	9	89%	6 years and 7 months

Member (NED)	James L. Go	16-Dec-13	8	9	89%	3 years
Member (NED)	Lance Y. Gokongwei	16-Dec-13	7	9	78%	3 years
Member (NED)	Jose Ma. K Lim	29-May-12	9	9	100%	4 years and 6 months
Member (ID)	Pedro E. Roxas	25-May-10	9	9	100%	6 years and 7 months

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee (AuditCom) is appointed by the Board of Directors with an independent director as the Chairman. All members of the Committee have professional qualifications and have adequate background in business, finance, law, management and accounting.

The AuditCom consists of 2 independent directors, and 1 of them has over 20 years of experience in the areas of accounting, corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. for 10 years.

1. **Artemio V. Panganiban, 80** – *Independent Director and Chairman of Audit Committee (since May 27, 2009 - 7 years)*
   Justice Panganiban was a former Chief Justice of the Supreme Court of the Philippines. He was a Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy. He is an Independent Director of Petron Corporation, Bank of the Philippine Islands, First Philippine Holdings Corporation, Philippine Long Distance Telephone Company, Metro Pacific Investments Corporation; Metro Pacific Tollways Corporation, Robinsons Land Corporation2, GMA Network, Inc., GMA Holdings, Inc. and Asian Terminals, Inc.; Director of Jollibee Foods Corporation and a Senior Adviser of Metropolitan Bank and Trust Company. He is a columnist for the Philippine Daily Inquirer. He holds a Bachelor of Laws degree, cum laude, from the Far Eastern University and was awarded the degree of Doctor of Laws (Honoris Causa) by the University of Iloilo, Far Eastern University, University of Cebu, Angeles University and Bulacan State University. He placed sixth in the Philippine Bar Examinations in 1960.

2. **Anabelle L. Chua, 55 -** *Director (since May 31, 2016) Non-Voting Member (since May 25, 2010)*
   Ms. Anabelle Lim Chua has been Chief Financial Officer and Senior Vice President of Corporate Finance & Treasury at Philippine Long Distance Telephone Company (PDLT) since May 18, 2015 and February 26, 2002 respectively. Previously, she served as a Vice President at Citibank, N.A, where she worked for 10 years. Ms. Chua has over 15 years of experience in the areas of corporate finance, treasury, financial control and credit risk management. She has been a Director of Pilipino Telephone Corp. (alternately PLDT Communications and Energy Ventures, Inc.) since November 13, 2004, Philippine Stock Exchange Inc. since 2004 and Digital Telecommunications Phils Inc. since October 26, 2011. Ms. Chua serves as a Director of iPlus Intelligent Network, Inc., Securities Clearing Corporation of the Philippines, mySecureSign, Inc., Sidera Technologies, Inc., Mind Stream, Inc. and Filcredit Finance and Capital Development Corporation. She serves as a Member of the board of trustees of the PLDT

Beneficial Trust Fund, a subsidiary of Philippine Long Distance Telephone Company and member of the board of trustees of the PLDT Foundation, Inc. She holds a Bachelor of Science Degree in Business Administration and Accountancy from the University of the Philippines and topped the October 1982 CPA Board Examinations. Philippine.

3. **James L. Go, 77 -** *Director, (since December 16, 2013 - 2 years)*
   James L. Go, is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. (JGSHI) and Oriental Petroleum and Minerals Corp.; Chairman of Robinsons Land Corp., Universal Robina Corp., JG Summit Petrochemical Corp. and JG Summit Olefins Corp. ; Vice-Chairman and Deputy Chief Executive Officer of Robinsons Retail Holdings, Inc.; and a member of the Board of Directors of Cebu Air, Inc., Singapore Land, Ltd., Marina Center Holdings, Inc., United Industrial Corporation Limited, Hotel Marian City Private Limited and the Philippine Long Distance Telephone Company. He is also the President and Trustee of Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree and a Master of Science degree in Chemical Engineering from the Massachusetts Institute of Technology.

4. **Lance Y. Gokongwei, 50-** *Director, (since December 16, 2013 - 2 years)*
   Lance Y. Gokongwei is the President and Chief Operating Officer of JG Summit Holdings, Inc.; President and Chief Executive Officer of Universal Robina Corp., Cebu Air, Inc. and JG Summit Petrochemicals; Vice-Chairman and Chief Executive Officer of Robinsons Land Corp.; Vice-Chairman of Robinsons Retail Holdings, Inc.; Chairman of Robinsons Bank Corp.; and member of the Board of Directors of Oriental Petroleum and Minerals Corporation, United Industrial Corporation Limited, Singapore Land Limited, and Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science where he graduated as Summa Cum Laude from the University of Pennsylvania.

5. **Jose Ma. K. Lim, 64** - *Director (since May 29, 2012 – 4 years)*
   Mr. Lim is the President and Chief Executive Officer of Metro Pacific Investments Corporation. He is the Chairman of Davao Doctors Hospital, Asian Hospital Inc. and Riverside Medical Center in Bacolod City; President and Trustee of Metro Pacific Investments Foundation Inc.; President and Director of Beacon Electric Asset Holdings and Metro Strategic Infrastructure Holdings; member of the Board of Directors of Meralco PowerGen Corporation, Metro Pacific Tollways Corporation, Manila North Tollways Corporation, Tollways Management Corporation, DMCI-MPIC Water Company, Inc., Maynilad Water Services, Inc., Medical Doctors, Inc., Cardinal Santos Medical Center, Our Lady of Lourdes Hospital, Central Luzon Doctors Hospital, Pacific Global Aviation Inc., Indra Philippines, and Neptune Stroika Holdings Inc. He is a Trustee of Davao Doctors Collage, Riverside Collage and Ideaspace Foundation, Inc. He is a Founding Member and Treasurer of the Shareholders Association of the Philippines. Mr. Lim holds a Bachelor of Arts degree in Philosophy from the Ateneo de Manila University and a Masters in Business Administration from the Asian Institute of Management.

6. **Pedro E. Roxas, 60** - *Independent Director (since May 25, 2010 - 5 years)*

Mr. Roxas is the Chairman, President and Chief Executive Officer of Roxas and Company, Inc.; Chairman and President of Roxaco Land Corporation; Chairman of Roxas Holdings, Inc. and Club Punta Fuego, Inc. He is an Independent Director of Philippine Long Distance Telephone Company and BDO Private Bank. And a Director of Brightnote Assets Corporation. Mr. Roxas holds a Bachelor of Science degree in Business Administration from the University of Notre Dame in Indiana, USA.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee reviews and evaluates procedures and criteria for the selection, appointment, performance evaluation and if appropriate, the termination of services of the external auditors and recommends the same to the Board and if required, to the Shareholders, for approval; reviews the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit; reviews and approves in consultation with the chief audit executive and the head of the Finance organization, all audit and non-audit services to be performed by the external auditors and the related fees to be paid for such services; ensures that non-audit services, if allowed or approved, are disclosed in the Company's annual report; reviews and confirms the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company (Statement of Independence) and evaluates any relationships or services disclosed in such Statement that may impact the objectivity, independence or quality of services of the external auditors and take appropriate action in response to such Statement to satisfy itself of the external auditor's independence; and ensures that the external auditors or its lead audit partner of the external auditing firm assigned to the Company is changed or rotated once every five (5) years or such shorter or longer period provided under applicable laws and regulations.

(c) Nomination and Governance Committee

Office	Name	Date of Appointment	No. of Meetings Attended	No. of Meetings Held	%	Length of Service in the Committee
Chairman (ID)	Pedro E. Roxas	25-May-10	3	4	75%	6 years and 7 months
Member (NED)	Jose Ma. K Lim	29-May-12	2	4	50%	4 years and 6 months
Member (NED)	Anabelle L. Chua	31-May-16	1	1	100%	7 months
Member (NED)	James L. Go	16-Dec-13	3	4	75%	3 years
Member (NED)	Lance Y. Gokongwei	27-May-14	4	4	100%	2 years and 7 months

(d) Remuneration and Leadership Development Committee

Office	Name	Date of	No. of	No. of Meetings	%	Length of Service in the

		Appointment	Meetings Attended	Held		Committee
Chairman (NED)	Manuel V. Pangilinan	25-May-10	3	3	100%	6 years and 7 months
Member (NED)	Jose Ma. K Lim	31-May-16	2	2	100%	7 months
Member (ID)	Pedro E. Roxas	25-May-10	3	3	100%	6 years and 7 months
Member (NED)	Lance Y. Gokongwei	16-Dec-13	3	3	100%	3 years

(e) Others (Specify) –

Provide the same information on all other committees constituted by the Board of Directors:

Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Attended	No. of Meetings Held	%	Length of Service in the Committee
Chairman (ID)	Artemio V. Panganiban	27-May-09	3	3	100%	7 years and 7 months
Member (ID)	Pedro E. Roxas	25-May-10	3	3	100%	6 years and 7 months
Member (NED)	Lance Y. Gokongwei	16-Dec-13	3	3	100%	3 years
Member (NED)	James L. Go	16-Dec-13	3	3	100%	3 years
Member (Non-voting)	Anabelle L. Chua	25-May-10	3	3	100%	6 years and 7 months

Finance Committee

Office	Name	Date of Appointment	No. of Meetings Attended	No. of Meetings Held	%	Length of Service in the Committee
Chairman (ID)	Ray C. Espinosa	26-May-09	10	11	91%	7 years and 7 months
Member (NED)	Manuel M. Lopez	25-May-10	11	11	100%	6 years and 7 months

Member (ID)	Pedro E. Roxas	25-May-10	11	11	100%	6 years and 7 months
Member (NED)	James L. Go	16-Dec-13	10	11	91%	3 years
Member (NED)	John L. Gokongwei, Jr.	27-May-14	11	11	100%	2 years and 7 months
Member (Non-voting)	Anabelle L. Chua	25-May-10	10	11	91%	6 years and 7 months

3) CHANGES IN COMMITTEE MEMBERS

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Audit	Ms. Anabelle L. Chua	From Non-Voting Member to Member ever since May 31, 2016, when she was elected as a director.
Risk Management	Ms. Anabelle L. Chua	From Non-Voting Member to Member ever since May 31, 2016, when she was elected as a director.
	Mr. Jose Ma. K. Lim	Mr. Lim was no longer elected as a member of this committee in the organizational meeting held on May 31, 2016.
Nomination and Governance	Ms. Anabelle L. Chua	Ms. Chua was nominated in the AGM vice Mr. Nazareno
Remuneration and Leadership Development	Mr. Jose Ma. K. Lim	Mr. Lim was nominated in the AGM vice Mr. Nazareno

4) WORK DONE AND ISSUES ADDRESSED

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	The Executive Committee accomplished in its meeting: • Approval to enter into and execute short-term Power Supply Agreements (PSAs) under mutually acceptable terms, takes effect upon ERC approval • Investment in a local power plant Evaluation of power supply and demand outlook	No issues on compliance matters were required to be addressed by the Committee.

	• Review of options regarding high Wholesale Electricity Spot Market (WESM) prices and Manual Load drops/Interruptible Load Program (ILP)	
Audit	The accomplishments of the Committee for the year are the following: *Audit Process:* • Assessed the independence, performance and effectiveness of the External Auditors, SGV & Co. CPAs (SGV) taking into consideration their credibility, competence, ability to understand complex related party transactions, and the adequacy of their quality control procedures. Based on this assessment, SGV was re-nominated by the Committee to the Board as the External Auditors of the Company with the assurance that the lead audit partner complies with Rule 68 of the Securities Regulation Code on rotation of External Auditors. • Held executive sessions with the External Auditors without the presence of management. • Reviewed and approved the audit plan, scope of work and proposed fees of SGV for audit and non-audit services. • Reviewed and approved the annual Internal Audit Plan including subsequent changes to the Audit Plan. • Discussed and dissected the results of audits reported by the chief audit executive in her quarterly reports to the Committee. • Monitored Management's appropriate corrective actions to the audit recommendations of Internal Audit and the external auditors • Assessed Internal Audit's performance for the preceding year. *Internal Control:*	No issues on compliance matters were required to be addressed by the Committee.

	• Obtained management's assurance on the adequacy and effectiveness of the Company's internal control system and noted Management's Control Policy. • Evaluated the effectiveness of the internal control system of the Company. *Financial Reporting:* • Reviewed the unaudited consolidated quarterly financial statements and the audited consolidated annual financial statements of the Company. • Endorsed for Board approval the Audited Consolidated Financial Statements of the Company. *Compliance:* • Reviewed and assessed management's processes of monitoring compliance with laws and regulations through Internal Audit. • Obtained updates on the status of compliance as well as the remaining challenges confronting the Company, as they relate to the requirements of the ERC, the SEC and other regulators concerned with environment and safety, labor, and others.	
Risk Management	• Reviewed management's top business risks and discussed on-going risk treatments. • Noted Management's short-to-medium term plans to streamline enterprise risk management integration in the annual strategic planning activities, to institutionalize risk management functions at the subsidiaries, and to develop a risk reporting dashboard that will facilitate reporting and monitoring of top risks and mitigation plans to the Committee. • Reviewed the effectiveness and certified the adequacy of the Company's risk management system.	No issues on compliance matters were required to be addressed by the Committee.
Nomination and Governance	The Nom&Gov Comm had 4 meetings in 2016 to accomplish:	No issues on compliance matters were required to be addressed by the

	• Meralco's Official ASEAN Corporate Governance Scorecard (ACGS) • Review and Endorsement of Meralco's Consolidated Changes in Annual Corporate Governance Report (ACGR) for 2016 • Review of ACGS Results • Review Meralco's PSE CG Guidelines Disclosure Survey • Screening of Nominees to the Board of Directors • Results of Board, Board Committee, and President/CEO assessment • Review of 2016 ACGS Self-Assessment Results • Review and Approval of Annual Changes in Annual Corporate Governance Report (ACGR) • Review and approval of the following policies: • Social Media Policy • Amended Suppliers Business Conduct Policy • Amended Whistleblowing IRR • Guidelines on Board and Board Committee Memberships • Facilitation of Annual CG Enhancement and Continuing Education Programs	Committee.
Remuneration and Leadership Development	RLD discussed the following in 2016: • Review and approval of criteria for rank conferment • Approval of candidates for rank conferment of First Vice President and Senior Vice Presidents • Review and endorsement of Annual Bonus Plan for 2016 • Review of Toplighting Initiative's core actions and key objectives • Review of proposed Executive Rightsizing Policy • Review of performance evaluation plan results • Review of merit increase programs • Review of Annual Incentive Plan	No issue on compliance matters was required to be addressed by the Committee.

	• Presentation and review of proposed succession planning programs • Performance evaluation of President/CEO (via presentation)	
Finance	In 2016, its major accomplishments were: • Review and Approval of all supply contracts in excess of PhP 50M • Review and Approval of Cash Optimization Strategy • Review and approval of PSAs and any changes or issues regarding their execution • Review of quarterly financial statements • Review and approval of annual budget and medium term business plan and forecast • Review additional capital call, surety bonds, capital infusions for subsidiaries • Declaration of cash dividends • Authorization for tax debit memo • Review of special payment agreements • Review of Equity call • Review of investments • Review and endorsement of WESM surety bond for RES transactions	No issues on compliance matters were required to be addressed by the Committee.

5) COMMITTEE PROGRAM

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Conduct periodic review of its Charter to conform to any future rules or regulations promulgated by the SEC, PSE or other regulatory agencies.	To update the Committee's charter to comply with new rules and regulations.

Audit	• As part of the continuing education program for members of the Audit Committee, an AuditCom Summit for One MERALCO was held. AuditCom members had in-house seminar on the specific topics prescribed by the SEC on Financial Reporting and Audit. • Develop Audit Committee Toolkit for Committee Members • Perform reviews of the following- i. Company's framework for fraud prevention and detection including its whistleblowing program ii. Process for communicating the Code of Conduct to company personnel and management and for monitoring compliance therewith	• Specialized seminars or forum for Audit Committees are quite limited in the country. • Provide easy reference especially for new committee members not only to understand the committee's roles and responsibilities but also to develop and maintain necessary technical knowledge to discharge them. • Fulfil oversight responsibility as defined in the charter. Reviews were undertaken and discussed.
Risk Management	• Develop continuing education program for members of the Risk Management Committee • Develop Risk Management Committee Toolkit for Committee Members	• Appropriate seminars or forum specifically designed for Risk Management committees are quite limited in the country. • Provide easy reference especially for new committee members not only to understand the committee's roles and responsibilities but also to develop and maintain necessary technical knowledge to discharge them. • Fulfill oversight responsibility as defined in the charter. Reviews were undertaken and discussed.
Nomination and Governance	Following are some of the Committee plans and programs: • Review the Board and Committees composition and structure to determine areas for improvements. • Screen and shortlist candidates nominated for election as Directors. • Review and update the Board and Board Committee	Strengthening the weak areas in the Company's ASEAN Corporate Governance Scorecard and aim for higher compliance.

	Performance assessment instrument and oversee the implementation of the performance assessment. • Review the corporate governance related policies and programs and recommends areas for improvement to improve directors and employees compliance. • Review corporate governance related reports and disclosures and ensure their timely submission to concerned regulators.	
Remuneration and Leadership Development	1. Incentive Pay • To explore options that will make short-term and long-term incentive plans (i.e., Variable Incentive Plan for Non-Exempt employees, Annual Bonus Plan and Long-Term Incentive Plan for Exempt employees) more performance-based, leading to more strategic value to the Company. **2.** Succession Management To review succession planning initiatives for key senior executive positions, ensuring the depth and breadth of the talent pool from which the Company's future top leaders will be sourced	No issues on compliance matters are required to be addressed by the Committee.
Finance	Conduct periodic review of its Charter to conform to new rules on financial reporting as may be required by law.	Compliance to new financial accounting and reporting rules.

F. RISK MANAGEMENT SYSTEM

1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

Disclose the following

(a) Overall risk management philosophy of the company;

The Company has an Enterprise Risk Management framework that establishes the process of identifying, prioritizing and measuring key risks, assigning accountability and responsibility for each identified risk, and a cascade process that ensures mitigating activities are embedded in the day to day activities of each and every employee. This enhances its ability to manage Business Risks.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The board reviews the company's material controls (including operational, financial and compliance controls) and risk management systems with the advice and recommendation of the Audit Committee, which in turn conducts a regular review of the Company's risk management activities. This is included in the accomplishment of the Board and the Risk Management Committee in 2016.

(c) Period covered by the review;
Year 2016.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
The Risk Management Committee oversees the conduct of the annual risk assessment and update on the risk mitigation activities for specific risks. These are reported to the Board by the Risk Management Committee.

(e) Where no review was conducted during the year, an explanation why not.
The Company conducted a Risk Assessment in 2016.

2) RISK POLICY

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Management Policy
The Enterprise Risk Management (ERM) policy aims to help Meralco grow shareholder value by comprehensively reviewing and improving its risk management infrastructure and culture to ensure that the relevant activities are aligned with the overall goals and strategies of Meralco.

This policy provides the framework for managing risks in Meralco. It contains the baseline policies to guide all Meralco personnel who are directly or indirectly involved in operations, including all members of the Board of Directors or *BOD*, and Committees of the *BOD*, in taking appropriate actions and decisions pertaining to the management of Meralco's portfolio of risks.

Risk Exposure	Risk Management Policy	Objective
Cash Flow Interest Rate Risk	Manage the interest rate exposure using a mix of fixed and variable rate debts	• Achieve a more efficient leverage ratio • Attain a reasonably lower effective cost based on market conditions
Credit Risk	Meralco – Trade Receivables • Meralco and CEDC have specific connection and disconnection policies, duly approved by the Energy Regulatory Commission. • A bill deposit equivalent to an average month's consumption, consistent with the DSOAR is required from customers to secure the credit and the consumption after the meter reading cut-off date. • Electricity bills do not cumulate. • A disconnection notification and implementation policy is in place Meralco Subsidiaries and Non-trade accounts of Meralco • The Meralco Group trades only with recognized, creditworthy third parties supported by the following processes: • Credit verification process • Accreditation evaluation based on liquidity and solvency ratios	Reduce exposure to bad debts and other potential losses thru the credit quality review process
Liquidity Risk	• Preparation of daily cash flows • Monitoring cash flows in consideration of future payments of obligations and the collection of trade receivables Sufficient and approval credit lines are available that can be drawn from anytime	Payment of obligations are made as they fall due
Investment Risk	All matters regarding acquisition and/or divestment of	Increase shareholder value through: a) direct impact

	investments, businesses and ventures are subject to the review and approval of the Finance Committee	to net profit, b) synergies in operation, c) Savings to Meralco
Regulatory and Political Risk	• Proactive engagement with regulators and relevant agencies to align with recent developments • Systematic monitoring of compliance	• Timely filling of substantive and sound arguments for cases filed with the ERC and with the court aimed towards positive decisions. • Maintain listening posts stationed in ERC, in Congress, and other relevant government agencies to scout for plans or information which may potentially affect the Company.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
The subsidiary companies implement the same ERM policy and Framework as that of the parent company Meralco.	The subsidiary companies implement the same ERM policy and Framework as that of the parent company Meralco.	The subsidiary companies implement the same ERM policy and Framework as that of the parent company Meralco.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

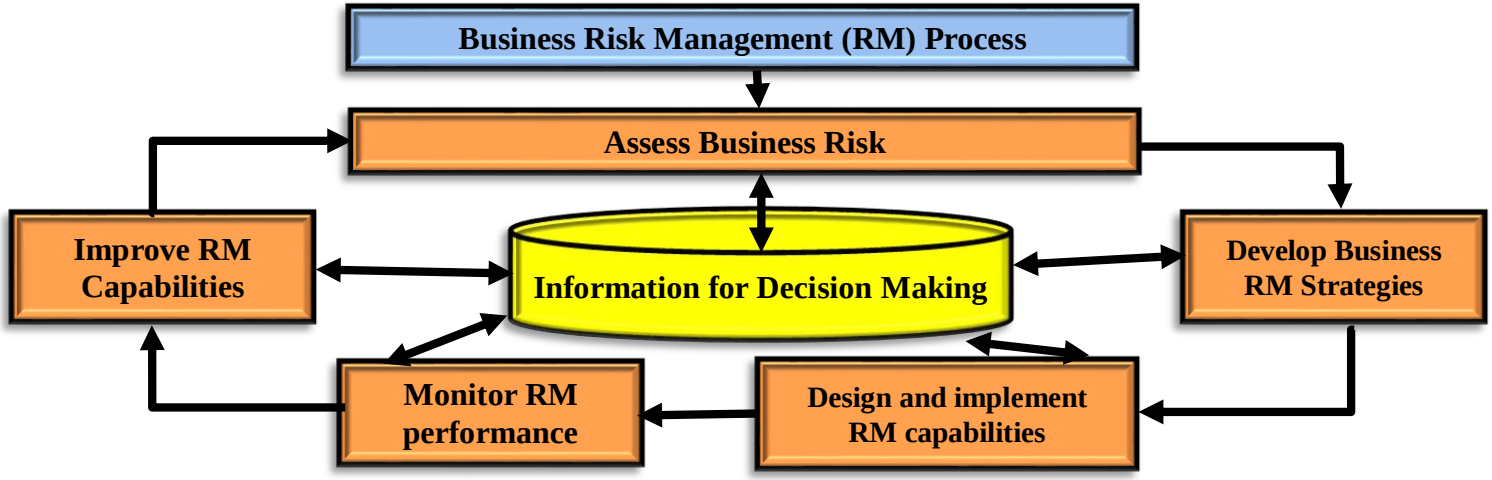
Risk to Minority Shareholders
The Company has no single controlling shareholder and therefore the risk to minority shareholders is non-existent.

3) CONTROL SYSTEM SET UP

Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

The control systems set up to assess, manage and control the main issues and risks faced by the Company is as follows:



The framework above is the approach followed for managing the key risks of the Company, namely: a) financial risks; b) operational risks; c) regulatory and compliance risks; d) reputational risks; and e) strategic and corporate risks.

The framework above is the approach followed for managing the key risks of the Company, namely: a) financial risks; b) operational risks; c) regulatory and compliance risks; d) reputational risks; and e) strategic and corporate risks.

Reference: Enterprise Risk Management Policy (page 13) posted in the Company website:
http://corporate-downloadables-articles-of-incorporation-and-by-laws.s3.amazonaws.com/129a4de0e7092451f9f33935d15d0ebe.pdf

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Key Risks	Annual Risk Identification through Risk and Control Assessment	1. Interview with Risk owners 2. Filtering of Risks 3. Risk Rating and Ranking 4. Assignment of Risk Owner 5. Risk Owner Monitoring and Report
Operational Risk	Risk and Control Self-Assessment or *RCSA*	Assessment of risks and controls by employees supported by one common methodology which draws collective knowledge and insights of the organization

		regarding business risks and internal control effectiveness. Steps in the RCSA process: 1. Revisit goals & objectives 2. Identify barriers/risks to the goals 3. Rate the risks in terms of likelihood and impact 4. Determine business process affecting the goals 5. Determine & rate the controls in place 6. Determine necessary risk response or control measures 7. Reporting/monitoring of risks
Operational Risk	Hazard Identification , Risk Assessment and Control or *HIRAC*	HIRAC Process 1. Identify processes (scope) 2. Formulate/update database 3. Identify Hazards 4. Assess the Risks 5. Determine Controls 6. Set objectives, targets and programs 7. Integrate in ESH Management System 8. Review and update
Operational Risk	Failure Mode and Effects Analysis or *FMEA*	FMEA includes review of the following: 1. Identify assets that are critical to the electric distribution system 2. Determine failure modes (what could go wrong) and effects of the failure to the system 3. Identify failure causes 4. Assess the risk (probability and severity of failure) 5. Determine corrective and preventive action The resultant level of risk will be used as a basis for setting up the Maintenance Policy and prioritization of planned maintenance activities.
Operational Risk	Use of ISO 27000 Standard as a guide to assess Information Security Risks	1. Define scope and boundaries of ISMS *(Information Security Management System)* 2. Define ISMS Policy

		3. Define risk assessment approach 4. Identify the Risks 5. Analyze and evaluate the risks 6. Identify and evaluate options for the treatment of risks 7. Select control objectives and controls for the treatment of Risks 8. Obtain Management Approval of the proposed residual risks 9. Obtain Management authorization to implement and operate ISMS 10. Prepare a statement of applicability
Operational Risk	For process improvement (Six Sigma Project), use of Root Cause Analysis and **Risk Management Techniques**	1. Risk identification 2. Risk prioritization (severity of effect, frequency of occurrence and strength of detection) 3. Risk treatment planning
Operational Risk	For Development: Establish process/procedure in managing the risks for energy sourcing	

Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Key Risks	Annual Risk Identification through Risk and Control Assessment	1. Interview with Risk owners 2. Filtering of Risks 3. Risk Rating and Ranking 4. Assignment of Risk Owner 5. Risk Owner Monitoring and Report
Operational Risk	Risk and Control Self-Assessment or *RCSA*	Assessment of risks and controls by employees supported by one common methodology which draws collective knowledge and insights of the organization regarding business risks and internal control effectiveness.

		Steps in the RCSA process: 1. Revisit goals & objectives 2. Identify barriers/risks to the goals 3. Rate the risks in terms of likelihood & impact 4. Determine business process affecting the goals 5. Determine & rate the controls in place 6. Determine necessary risk response or control measures 7. Reporting/monitoring of risks

Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Board of Directors (Risk Management Committee)	Oversight with meetings with Risk Management Committee scheduled at least once every quarter to cover the following: 1. Discussion of Management's annual risk assessment 2. Update on risk management activities	1. Reviews and approves risk management policies, strategies and risk appetite; 2. Sets clear directions on the management of critical risks; 3. Receives and reviews reports from the Mancom with regard to the risk management activities across Meralco; and 4. Reviews and evaluates the overall effectiveness of Meralco's risk management process.
Chief Executive Officer/Chief Operating Officer	Comprehensive Risk Executives	1. Comprehensive and Overall Risk Executive – ultimately responsible for ERM priorities, including strategies, tolerances, policies and resource allocation; 2. Chairs the Mancom Risk Management Sub-Committee (MRMSC), sets the direction and leads the decision-making processes as they relate to:

		3. Identification of risk priorities; 4. Alignment of business risk strategies and policies; and 5. Resolution of conflicts with regard to risk management strategies.
ManCom Risk Management Sub-Committee or *MRMSC*	Coordinated Decision Making	1. Approves Meralco's ERM policy and any revisions thereto; 2. The MRMSC should be composed of Meralco's Mancom; 3. Makes recommendations to the Board on matters pertaining to ERM; 4. Ensures the sufficiency and effectiveness of the relevant infrastructure (e.g., policies, processes, management reports, people, methodologies, and systems and data) for managing specific risks; 5. Designates risk owners for each identified risk area; 6. Approves risk responsibilities and accountabilities; 7. Approves risk measurement methodologies; 8. The champion of ERM across Meralco; 9. Oversees the entire business risk management process across Meralco; 10. Monitors the proper performance of specific risk management functions by the EWRM office, other respective risk management units, and BU/department heads of each business unit within Meralco through the semi-annual risk monitoring reporting process; 11. Ensures that each Meralco business unit's risks are integrated with the rest of the critical parent company level risks through review of the consolidated risk information and analysis across Meralco presented by EWRM office; 12. Ensures that all initiatives pertaining to ERM are continuously monitored and regularly reported to the appropriate members of the organization including the CEO and Meralco Mancom through the regular reporting process; and 13. Develops monitoring procedures to facilitate efficient monitoring activities. Monitoring consists of both formal and informal processes performed by senior management, process/risk owners, as well as internal auditors.
Internal Audit Group	Independent Validation	1. Conducts periodic audit to ensure compliance with approved risk management policies; and

		2. Makes recommendations for improvement in the risk management function to the Mancom and the Board.
Enterprise Wide Risk Management or *EWRM* Office	Enable Collect, Analyze, Synthesize and Report	1. Accountable for managing and coordinating with the Business Risk Owners/Representatives of Meralco; 2. Works with the MRMSC in planning, deploying and monitoring risk management activities; 3. Monitors and reports progress of work to the MRMSC; 4. Ensures ERM objectives are met; 5. Ensures quarterly reports are received from Business Risk Owners, consolidated and reported to the MRMSC and/or the Audit & Risk Committee on a regular basis; 6. Ensures risk assessment exercises are conducted with results reported to the MRMSC at least on an annual basis; and 7. Prepares and finalizes all annual ERM reports and materials for presentation to the Board subject to the review and approval of the CRO.
Business Risk Owner (i.e., Heads of each business unit in Meralco)	Manage and Report	1. Has overall accountability for and ownership of the assigned risk; 2. Recommends risk tolerances and limits along with measurement methodologies for approval by the Mancom (MRMSC); 3. Coordinates with the various risk management unit representatives from the different departments within the business unit to ensure that required risk management activities are carried out; 4. Reviews and validates the risk management strategies, action plans and other risk management outputs/reports developed by the different departments within the business unit; 5. Ensures the adequacy and continual application of risk management programs; 6. Ensures that quarterly status of risks is submitted to EWRM on time; 7. Reviews new and emerging risks in identified by the respective departments within the business unit and coordinates the disposition of these risks with the risk management unit; 8. Ensures that the risk management function/activities form part of the performance measures of the members of his business unit and

		corresponding risk management unit representative: a. Develops alternative risk management strategies and evaluates the best management options following the overall risk management policies of Meralco; and b. Identifies required capabilities to achieve the desired level of risk management proficiency and implements necessary actions to close the identified capability gaps.

G. INTERNAL AUDIT AND CONTROL

1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

Internal Control System

Disclose the following information pertaining to the internal control system of the company:
(a) Explain how the internal control system is defined for the company;

As provided in its Revised Manual of Corporate Governance, the control environment of the Company consists of:

i. The Board which ensures that the Company is properly managed and effectively supervised;
ii. The Management that actively manages and operates the Company in a sound and prudent manner;
iii. The organization and procedural controls supported by effective management information and risk management reporting systems; and,
iv. An independent audit mechanism to monitor the adequacy and effectiveness of the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, confidential information, and compliance with laws, rules, regulations and contracts.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee Report in 2016 discloses that the board of directors has conducted a review of and has found adequate the company's material controls (including operational, financial and compliance controls) and risk management systems.

The directors have reviewed the effectiveness of the internal control system to ensure the integrity, effectiveness and adequacy of Meralco's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

The Internal Audit Office reports to the Audit Committee of the Board, which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. The Audit Committee reviews and reports to the board the most critical accounting policies which are the basis for financial reports. It is the board that retains final responsibility for ensuring the integrity of the reporting systems.

The Audit Committee also performed the following:

i. Discussed and reviewed the results of the audit findings and recommendations of the internal and independent auditors and their assessment of the Company's internal controls and the overall quality of the financial reporting process.
ii. Reviewed the reports of the internal auditors and regulatory agencies, where applicable, ensuring that management is taking timely and appropriate corrective actions, including those addressing internal control and compliance issues.

(c) Period covered by the review;

Year 2016.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system;

The review of internal controls are conducted annually by the directors based on the reports of the Management. Internal and external auditors.

(e) And where no review was conducted during the year, an explanation why not.

A review was conducted in 2016.

2) INTERNAL AUDIT

(a) <u>Role, Scope and Internal Audit Function</u>

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Independent and objective assurance provider to the Board and top management	Internal control performance, risk management performance and governance process performance	In-house and occasionally co-source selected special engagements	Helen T. de Guzman	Internal Audit reports functionally to the Audit Committee of the Board and administratively to the President & CEO

(b) Appointment/Removal of Internal Auditor

Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

YES. The appointment and/or removal of the Internal Auditor requires the approval of the Company's Audit Committee and confirmation by the Board of Directors.

(c) Reporting Relationship with the Audit Committee

Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor reports functionally to the Audit Committee of the Board and administratively to the President & CEO. Internal Auditor has unrestricted access to all functions, records, property, and personnel for the specific purpose of the audit and has full access to the Audit Committee. The Internal Auditor has full and free access to the Audit Committee.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason	Effectivity Date
Jerome Tigran G. Galan	Better Career Opportunities	December 1, 2016
Danilo L. Corpuz	Retirement	October 1, 2016
Lauro G. Francisco	Retirement	August 16, 2016

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.
The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.

<table>
<tr><td>Progress against Plans</td><td>

2016 Risk-based Audit Plan for MERALCO and subsidiaries was reviewed and approved by Management and the Audit Committee.
As of year-end 2016, following status/progress was reported:

<table>
<tr><td>Completed planned audit engagements</td><td>87%</td></tr>
<tr><td>Completed unplanned/requested audit</td><td>100%</td></tr>
<tr><td>Completed "maintenance audits"</td><td>100%</td></tr>
<tr><td>Acceptance rate of audit recommendations</td><td>97%</td></tr>
<tr><td>Completion rate of actions to audit recommendations scheduled for the year</td><td>89%</td></tr>
<tr><td>Process control issues identified & monitored</td><td>19</td></tr>
</table>
</td></tr>
<tr><td>Issues</td><td>i. Compliance</td></tr>
</table>

	ii. Updating of established processes or development of new processes iii. Security of IT Resources
Findings	i. Exceptions noted on compliance to established policies, procedures and contracts. ii. With the implementation of new information systems, formalizing and institutionalizing new policies and procedures are still work in progress. iii. Technical capabilities to monitor, detect and respond to cybersecurity incidents need enhancements.
Examination Trends	Use of data analytics.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Internal Audit Policies and Procedures Manual	Updates incorporated with the implementation of a new Audit Management System
Conflict of Interest Disclosure	Implemented
Internal Audit Approach to Fraud	For continuous enhancement

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies

Internal Audit Charter	Financial Analysts, Investment Banks and Rating Agencies are considered public and therefore the PSE Disclosure Rules to protect public interest will be followed. Meralco adheres to the principal objectives of the PSE to provide a fair, orderly, efficient, and transparent market for the trading of securities and to determine the suitability of securities for listing for the protection of the public interest at all times.	Financial Analysts, Investment Banks and Rating Agencies are considered public and therefore the PSE Disclosure Rules to protect public interest will be followed. Meralco adheres to the principal objectives of the PSE to provide a fair, orderly, efficient, and transparent market for the trading of securities and to determine the suitability of securities for listing for the protection of the public interest at all times.	Financial Analysts, Investment Banks and Rating Agencies are considered public and therefore the PSE Disclosure Rules to protect public interest will be followed. Meralco adheres to the principal objectives of the PSE to provide a fair, orderly, efficient, and transparent market for the trading of securities and to determine the suitability of securities for listing for the protection of the public interest at all times.
• Annual disclosure of conflict of interest • Annual declaration of independence • "Blackout Policy" on trading of stocks	Financial Analysts, Investment Banks and Rating Agencies are considered public and therefore the PSE Disclosure Rules to protect public interest will be followed. Meralco adheres to the principal objectives of the PSE to provide a fair, orderly, efficient, and transparent market for the trading of securities and to determine the suitability of securities for listing for the protection of the public interest at all times.	Financial Analysts, Investment Banks and Rating Agencies are considered public and therefore the PSE Disclosure Rules to protect public interest will be followed. Meralco adheres to the principal objectives of the PSE to provide a fair, orderly, efficient, and transparent market for the trading of securities and to determine the suitability of securities for listing for the protection of the public interest at all times.	Financial Analysts, Investment Banks and Rating Agencies are considered public and therefore the PSE Disclosure Rules to protect public interest will be followed. Meralco adheres to the principal objectives of the PSE to provide a fair, orderly, efficient, and transparent market for the trading of securities and to determine the suitability of securities for listing for the protection of the public interest at all times.

(h) Full Compliance

State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The following attest to the Company's full compliance with the SEC Code of Corporate Governance.

- Chairman
- President and Chief Executive Officer
- Compliance Officer

H. ROLE OF STAKEHOLDERS

Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customer's Welfare	Our true measure of success is serving the customers better. The Customers are our reason for being, and therefore, they should always be treated with dignity. The Company must be fully responsive to their needs. A priority is also on preparing for the approaching "green agenda" where customers will become "prosumers" - consumers who can locally generate and manage electricity from renewable sources and who will commute by electric transportation. Commitment is to pursue the journey of business and technology innovation to effectively address the country's increasing challenges of energy	The Company never wavers on our commitment to deliver excellent customer service to satisfy our 5.36 M customers. This year, we succeeded in bringing customer satisfaction to the next level. We did this by knowing the customers through continuous review of customer segments, customer analytics and insighting and conducting marketing intelligence research on customer preferences and needs. We streamlined our process to facilitate faster processing. • Continuing support to customers thru Accredited Meralco Contractors Program which provide resources to assist the customer in their technical requirements in applying for electric service. This made application easier so the customer can focus more on the business and his family We also implemented effective customer communication

	supply, security and affordability, electric gird performance improvement, consumer empowerment and environmental protection. In particular, the Company has the responsibility to: • Provide the customers with the highest quality products and services, consistent with their requirements and comparable with international standards; • Treat the customers fairly, courteously and with integrity in all of its business transactions; • Act promptly on their immediate concerns and be receptive to their long-term needs and interests; and • Make every effort to ensure that the health, safety and general well-being of its customers are enhanced by its products and services.	thru targeted customer engagements: • Luminaries Awards – given to Industrial, Commercial and LGU customers showcasing the stellar partnerships between Meralco and its key customers. • Conducted Strategic Planning with 15 Major Accounts – we proactively engage customers early in their planning stage to guide them and facilitate timely construction of facilities and energization of service. ○ Filinvest ○ Century Park ○ Villar Group of Companies ○ Rockwell Land ○ DPWH ○ Federal Land ○ Jollibee ○ Resorts World ○ DOTC ○ Indophil ○ Aseana ○ Eton, to name a few. • Launched the SME Awareness Program in November thru “Kape Tayo” whose aim is to provide venue for a future SME applicant to talk to Meralco even at the start of the project instead of at the point of energization. • A total of 18 Power-up forums were conducted to update our corporate and government customers on company policies and industry developments customized based on industry-specific concerns and timely topics such as RCOA, generation charge and other developments. • Extended channel partnership programs beyond the technical organizations by including industrial

		associations, industrial parks, property managers, financial organizations and educational institutions. • Reinforced the Company's online presence through our website and proactive communication via social media (Facebook, Twitter, etc) and enhancement of the MoVE app. On June 20, the app ranked as top 3 downloads in the Appstore as offshoot of the Meralco advisory. • Release of TV, radio and print ads that showcased Meralco's existing and future products and service offerings. (Prepaid, HANA, EV) • Value for Money Campaigns o highlighted by the Monthly Meralco advisory, a breakthrough program launched in June to inform customers on electricity rates and how to help them manage electricity consumption; o Bright Ideas – communicates energy efficiency ideas to the customer to help them manage their electricity and promote safety. o Typhoon Watch – we released typhoon safety tips and timely power outage updates whenever a storm/typhoon would hit the franchise. • Provided effective customer communication is evidenced by numerous awards and citations from leading business communication bodies: 7 Anvil Awards, 35 Quill Awards, including Company of the Year; the highest number of awards so far. The improvement in customer service delivery and forging of closer customer engagements and communications with the customer, we were able to hit the all-time high in Customer Satisfaction (CSI) rating as we posted 7.79 well above the stretch goal of 7.75 and narrowly missing the

		aspiration goal of 7.80. We achieved this feat as we put our resolve to have a clear focus on the customers' needs, anticipating their expectations and ensuring effective communication. But beyond improving communications and customer engagements, Meralco strived to enhance customer service experience thru Innovations. We looked for ways to leverage on technology to respond to the customers' evolving needs and expectations. Smart Grid – in 2013, the Smart Grid roadmap was presented to ERC while the business case was developed and presented to the Smart Grid Steering Comm. Advanced Metering Infrastructure (AMI) – Postpaid plus project concept was developed; Home Area Network (HANA) project concept and business strategy were formulated, technical pilot was conducted at Angono, Market research was conducted to measure market response; end to end testing of meter integration was conducted and activation of loading centers (Bayad Center, 7-Eleven, Smart, Generika); Prepaid Electricity pilot was conducted for non-residential customers. Electric Vehicle (EV). – Charging station was launch in Jul; eTrike market research was conducted; e-Bike Sharing Program was piloted in Dec; integrated business case was formulated for e-Trike and e-Bike; and EV Leasing model was developed with MSERV. Providing standardized services to home and micro businesses, small and medium enterprises and corporate

		business groups. Standardization of policies, work processes related to customers at all business centers and public information of the services and rates offered by the Company such as the monthly Meralco Advisory. Communicating significant operational plans and holding appreciation events such as Meralco Luminaries with customers at least once a year. Undertaking surveys on customers' level of satisfaction to improve the Company's service standards. Promoting safety as a way of life by providing safe and healthy work environment to prevent accidents, injuries and other illnesses. Taking action and responsibility on climate change by preventing pollution through the optimization of the use of natural resources, minimizing waste generated by processes and being an active partner in reforestation. Pursuant to Energy Regulatory Commission (ERC) Resolution No. 42, series of 2006, the Company established a Consumer Welfare Desk (CWD) in its branches as well as a Consumer Assistance Office (CAO) in ERC. The CWD and the CAO are manned by CWD Officers who have undergone relevant training and are able to assist the customers.
Supplier/contractor selection practice	The Company's suppliers are required to undergo an accreditation process. Part of the requirements for accreditation is the supplier's written commitment the Company's Suppliers	A sourcing plan is prepared for all purchases, indicating the criteria and sourcing method to be used for the selection of the supplier, and the same passes through the Procurement hierarchy for approval. A pre-bid conference

	Business Conduct (*SBC*) policy. Only accredited suppliers will be considered for inquiry and award. The selection of suppliers is done through competitive and transparent bidding process. Vendors must set an appointment with the concerned Meralco group or representative in advance in order to ensure a more efficient process. Appointments may be made via phone, letter, or email to our procurement office. The Vendor Accreditation Program ensures that all vendors who wish to supply Meralco are capable of providing quality goods or services, and have technical, commercial, and financial ability, adequate equipment and facilities, good service performance, or any other measures that will ensure quality and reliability in every purchase made. The Vendor Accreditation Program will cover all new vendors applying for accreditation and existing vendors of Meralco who seek to augment their existing product lines. To help realize the company's vision of becoming a world-class organization and to fulfill its mission and objectives, Meralco strives to enrich the corporate culture and institutionalize quality systems and processes to meet or exceed its customer requirements and expectations. Meralco's quest for quality service is also affected by the quality of products and services	is conducted with prospective bidders, in coordination with the end-user, to enable prospective bidders to determine site conditions and other requirements that may not be apparent in the bid documents. Corporate Audits conducts a regular random audit to determine compliance with the bidding process. **Application for Vendor Accreditation** New Vendor must check if Meralco needs its product by clicking "List of Products Needed" link (http://corporate-downloadables-vendor-accreditation.s3.amazonaws.com/ab04b5fe85dc482a5aa00f33fa7068f0.pdf). Only applications for the supply of products included in the list are accepted. If product is needed, please click "On-line Application" icon and follow instructions indicated. Initial evaluation will be conducted and the vendor is advised on the next steps to follow which may include submissions of additional documents and product samples. The final phase is the payment of non-refundable accreditation fee and the inspection of the office and facilities of the vendor. Regardless of the result of the evaluation, the applicant vendor will be formally advised. **Bid Documents** The bid documents are: • The letter Request for Bid • Specifications for commodity or service being purchased • Terms and conditions governing the bid **Invitation to Bid**

	that it acquires from its vendors. Thus, Meralco wishes to extend these principles of quality to its vendors. Continuous quality improvement exists when specific methods or processes that inherently and effectively bring out ongoing improvement are in place. These methods should; (a) prevent the occurrence of defects or errors, and; (b) promote customer feedback internally as well as externally. The attitude of constantly aiming for perfection, by continuously striving for small incremental improvements, is a part of Meralco's culture that it would also like to instill in its vendors.	Bids are solicited for goods or services through the issuance of Letter Requests for Bids which serves as the bid invitation. The bidder will be informed by the Procurement Office through telephone or e-mail. The bid invitations are available and distributed at the reception area of the Procurement Office. In case of international competitive bidding, bid invitations may be published in a newspaper of general circulation for at least two (2) days. Meralco reserves the right not to invite a vendor who has previously failed to complete contracts of similar nature. **Pre-Bid Conferences** Pre-bid conferences are held to familiarize the vendor with the requirements specified by Meralco. It gives Meralco the opportunity to discuss with the bidders the details of the requirements, to clear out other bidding issues, and allow bidders to make clarifications on technical or commercial matters regarding the bid. Attendance in almost all of the pre-bid meetings is mandatory. If not attended, it will prevent the vendor's firm from bidding. Mandated or not, we would advise all vendors to attend the pre-bid conference in order to obtain further information about the requirements and hear the queries of other vendors first-hand. Addenda may be issued to the bid based on the discussions that took place during these meetings. **Delivery Preference** As a matter of preference, vendors will quote FOB Meralco site (in Philippine peso) for items acquired locally; Indent items will be quoted in C&F, CIF Manila or DDU Meralco site.

		Delivery Dates Unless already specified, the bidder should always state the definite number of days for delivery. The time required for delivery is an important factor in determining who will be awarded the bid. **Submission of Bids** The bids, signed by the vendor's authorized representative, will be submitted in a sealed envelope on or before the bid due date and time. The bid reference number and the bid due date must be clearly noted on the exterior of the envelope. Bids, quotes, or proposals (referred as bids throughout) will be submitted personally. A bid submitted in the form of facsimile is an exception to the above requirements. This will be allowed only if it is impossible for the vendor to submit the bid before the close of the transaction day on the bid due date. However, the vendor must first advise and receive the approval of the head of Procurement Office for his intention to submit his bid via facsimile. The vendor will also acknowledge the risk of submitting unsealed bids since facsimile is not a secured medium of submitting bids. **Bid Evaluation & Award** Meralco reserves the right to award the contract to the vendor who meets the specification requirements and who submits the most favorable offer. Meralco also has the option to split the award among several acceptable bidders, whichever is best for the interest of the company. **Performance Monitoring and Evaluation** All vendors of Meralco, regardless of their status level, will undergo performance monitoring and evaluation. The vendor's performance is monitored and evaluated based on: a) quality of material or work;

		b) quality of product/service and conformance to delivery/work schedules; c) quoted prices; d) responsiveness to bidding e) customer service
Environmentally friendly value-chain	The Company is committed to the cause of protecting the environment and mitigating the adverse impact of climate change. The Company has adopted an Environment Safety and Health (ESH) Policy that ensures environmentally-friendly value chain and compliance with all pertinent environmental laws. The Company strictly monitors its business activities and operations to ensure sustainable development and safeguard the quality of life of society, communities, and the environment in the areas where it operates. Sustainable, reliable, secure and cost effective energy supply is, and will continue to be, an essential enabler of economic performance, market competitiveness and societal prosperity at a community, country and regional level. An Environment, Safety and Health (ESH) Office was specifically created to design and oversee the implementation of the above ESH policy.	Specific programs such as solid waste management, water conservation, air pollution control, and wastewater management have been implemented by the Company to ensure compliance with environmental laws and preservation of the natural resources throughout its franchise area. In partnership with the Department of Environment and Natural Resources, One Meralco Foundation honored 41 schools with the Meralco Energy Leadership Award during the National Search for Eco-Friendly and Sustainable Schools. The program aims to highlight schools which model energy-efficient and sustainable environment programs. Over 200 elementary, high-school and colleges joined the search. Nine Distribution Sectors, Subtransmission Services, and Safety and Environment Management were successful in implementing the integrated Environmental Management System (EMS-ISO 14001) and the Occupational Health and Safety Assessment System (OHSAS 18001). Sta. Rosa Sector, situated in the southern area of the franchise and Balintawak Sector located in the northern part, gained milestone achievements by reaching 10-years and 5-years of Zero Lost Time Incidents, respectively.

		Regular safety meetings were re-established in various organizations situated in the Head Office and Business Centers. Initiatives on public safety were given more emphasis focusing on pocket learning sessions conducted in building work sites by personnel from Networks, Customer Retail Services and Safety & Environment Management. Around 12,500 trees and mangroves were planted across the franchise area. Work is underway for an integrated Crisis Management: Earthquake Response Plan. The Meralco Rescue Team was formally created following a series of intensive search and rescue capability training of 35 employee-volunteers. Detailed ESH programs accomplished in 2014 are reported in the **2014 ANNUAL SAFETY & ENVIRONMENT PERFORMANCE REPORT,** http://www.meralco.com.ph/files/view/aece74ca3f67e4c which is also accessible in the Company website, in the Corporate Governance Section -> Key Players -> B. Employees. Evident actions are taken through policies, business and operating plans, as well as regular follow through by various business responsibility units, particularly on policies relating to consumer welfare, energy conservation, employee engagement, and community development. The Company ensures through the activities enumerated above

		that its value chain is environmentally friendly and is consistent with sustainable development.
Community interaction	The Company, through One Meralco Foundation (OMF), actively interacts with the communities located within and outside its franchise area. The community interaction is principally focused on the following pillars: *1) Community Electrification* *2) Grassroots Partnerships* *3) Youth and Sports Advocacy* *4) Emergency Preparedness and Disaster Response*	***1. Community Electrification-*** The program develops feasible electrification alternatives through workable socialized schemes for various community beneficiaries such as (1) informal settlers in certain public lands or private properties; (2) portions of resettlement areas where informal settlers such as families formerly residing along the Pasig River, railroad tracks and privatized government properties; (3) isolated communities; and (4) families unable to meet the minimum legal requirements to apply for and secure legal electricity connections, in partnership with Local Government Units (LGUs), Non- Government Organizations (NGOs), and other community institutions. The following are some of the major projects under this program: *a.* **Household Electrification Program** which provides affordable and safe electric service in organized depressed communities. To date, the program has benefited more than 9,000 families. *b.* **Communal Infrastructure Electrification Program** which energized communal infrastructures such as streetlights, farms, youth centers and rural health centers. So far, over 7,000 households now have access to electricity in their localities. *c.* **School Electrification Program** which is focused on energizing off-grid schools through the use of solar PV systems. 1,000 students from six public elementary schools in the island community of Isla Verde, Batangas were the first beneficiaries of the program.

		d. **Electric & Safety Inspection of Public Schools** which is done during the annual Brigada Eskwela, involves electrical and safety audit or assessment, inspection of service wires and tree trimming for selected public schools. The program has assessed more than 6,000 public schools. ***2. Grassroots Partnerships*** - we pursue our commitment towards strong partnerships with local government and barangays by providing appropriate support for certain local community needs such as health, sanitation, environmental protection, sports and education. Through these partnerships, the Foundation is able to nurture public safety, promote responsible stewardship among residents and spur growth and development in communities. The following are the major projects under this program: *a.* **Community Grants Program** which involves the provision of financial grants to support the livelihood programs of recipient marginalized communities. Since its implementation, over 800 families have benefited from the program. *b.* **Bio Intensive Gardening (BIG)** is an initiative aimed at sharing backyard farming techniques to the community for their food sustenance as well as livelihood opportunities for each household. c. **Support Program** to the various relationship-building initiatives of Meralco Business Centers, Sectors and Offices with their respective communities. To date, over 20 community relations projects were implemented. ***3.*** **Youth and Sports Advocacy –** We believe in the

		capabilities of today's youth as they take on the challenge of being future leaders of society. By enjoining the youth through programs rooted in academic excellence, sports engagement and values formation, the Foundation hope to make the youth self-sufficient as they reach their full potential as persons and be productive citizens of the country. *a.* **Meralco Basketboys Program** consists of a basketball clinic and values integration session which develops the basketball skills of disadvantaged youth, and for them to understand values such as leadership, teamwork, and a winning attitude. Since 2011, over 1,000 marginalized boys and girls have been trained under the program. *b.* **Meralco Chess Campus Tour Workshop** which includes lectures and simultaneous chess exhibitions that will help build strategizing and problem-solving skills of the youth. This program, which is in partnership with the employee-organized Meralco Chess Club, has trained 372 boys and girls from public schools. *c.* **MVP Academic Assistance Awards** is the provision of financial aid to deserving sons and daughters of Meralco Group employees to support their education expenses for the current school year. 280 brilliant Meralco dependents have been recognized under this program. d. **Support to Scholarship Programs** aims to provide quality education to bright Filipinos who lack the necessary resources to enter the top schools in the country. The program has supported the One La Salle Scholarship Program for public school students of the

		De La Salle University, and the Project Light-a-Dream for out-of-school-youth and underserved adults of the Miriam College Foundation. **4. *Emergency Preparedness and Disaster Response*** – we lend our experience and resources in emergency and disaster preparedness to support other utilities and communities. This sharing of expertise and resources aims to further harness response to major emergency situations, natural calamities and disasters. *a.* **Disaster Relief Operations** which are activities organized by Meralco Group employees where they donate food and clothing to victims of calamities. The Foundation has extended assistance to over 50,000 families in various provinces struck by disasters. *b.* **Electrical Facilities Rehabilitation Program** lends knowledge, expertise and resources to other utilities and communities in response to calamities. As part of its assistance to the Typhoon Pablo-stricken towns of Cateel and Boston in Davao Oriental, Meralco, the Foundation, and the Davao Oriental Electric Cooperative worked together to restore power and giving light to 7,626 households in the area. *c.* **Youth First Aid Challenge** which is a competition-based program in partnership with Philippine Red Cross aiming to promote safety awareness to students under the Red Cross Youth program. This has trained over 2,500 youth first-aiders. **5. *Employee Volunteerism* -** employees of the Meralco Group have a hand in nation-building through the Makabayan Volunteerism Program (MVP). The program which aims to make volunteerism opportunities move from transactional

		to transformational, gives avenues for Meralco employees to extend assistance to their less fortunate fellowmen embodying the corporate values of malasakit and *makabayan*. At present, the Foundation has engaged over 4,000 Meralco employees under the program making a meaningful contribution to many communities where our CSR programs were implemented. A more comprehensive report on the Company's Corporate Social Responsibility (CSR) website www.oneMeralcofoundation.org and in the separate publication of **One Meralco Foundation's 2013 Annual Report**, which is available for perusal and reference of stakeholders.
Anti-corruption programmes and procedures	**BE RIGHT (Open Communication) Policy & Anti-Corruption Program** The Company has adopted the *BE RIGHT* Communication Policy, which promotes responsible and free interaction between Management and its stakeholders, including its employees. E-Report Mo is an online facility which encourages the reporting of any violation of the Company's COE, COI or other CG policies, questionable accounting or auditing matters, and other malfeasance, including corrupt practices that may have been committed by the Company's directors, officers and employees. Employees, suppliers, customers, other stakeholders and the general public are allowed to freely communicate with the	Launched in July 2010; conducted awareness campaign through posters, desktop wallpapers, and orientation sessions; enhanced communication channels through online reporting. Employees, suppliers, customers, other stakeholders and the general public can use the E-Report Mo reporting channels, prominently displayed in the Company website and stated below. The Corporate Governance Office immediately acts on the reports received through E-report channel. The full details of this program are also available in the Company website.

	Company in good faith through the contact information of Corporate Governance Office (CGO). The CGO, which functionally reports to the Board's Nominations and Governance Committee, is primarily tasked to investigate and submit its findings on any whistle blower report that it receives. The Company provides appropriate protection to an employee/stakeholder who reports illegal/unethical/corrupt behaviour from any retaliation. In the event of retaliation, the reporting person or witness may report the same to the CGO by filling out a Retaliation Protection Report Form for appropriate action by the Company. In 2014, the Company resolved 82% (9 out of 11) of the reports it received from whistle blowers and investigations are on-going on the remaining cases.	**Corporate Governance Office** Manila Electric Company (Meralco) 8th Floor, Lopez Building Ortigas Avenue, Barangay Ugong Pasig City, Philippines Direct Line: (632) 1622 2798 Mobile: (63) 908 866 1670 E-mail: cgo.staff@meralco.com.ph
Safeguarding creditors' rights	The Company respects the rights of creditors and strictly abides by its obligations to all its creditors. The Company strictly complies with its credit agreements through timely loan and interest payments, and adherence to loan covenants. It competently operates the business to assure creditors of the Company's financial standing and credit rating.	The Company provides prompt and accurate reports of its financial standing to creditors on its Consolidated Financial Statements, Management's Discussion and Analysis and Notes to the Consolidated Financial Statements. The Company discloses its quarterly and annual financial reports in a timely manner. The Company manages the risk of being unable to meet its payment obligations when these fall due through monitoring of cash flows in consideration of future

		payment of obligations and the collection of its trade receivables. The Company strictly respects loan agreements with creditors; avoids using these loans to cause damage to the Company; ensures timely payment of these loans; and efficiently operates the business to assure creditors of the Company's healthy financial standing and loan payment capabilities.

1) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

YES. A more comprehensive report on the Company's CSR efforts is found on the Company's 2015 Annual Report (http://corporate-downloadables-annual-reports.s3.amazonaws.com/1464645604.df7260cad5c6b7bc00351276db003880.pdf) and in a separate publication of One Meralco Foundation's 2015 Annual Report (http://www.onemeralcofoundation.org/wp-content/uploads/2016/05/%E2%80%A2OMF-AR2015-FINAL-lowres.pdf), available for perusal and reference of stakeholders.

Other Corporate Responsibility/Sustainability Reports/Sections may be found at http://www.onemeralcofoundation.org/category/annual-reports/

2016 data will be available by the 2017 Annual Stockholders' Meeting.

2) Performance-enhancing mechanisms for employee participation.

The Company permits the development of performance-enhancing mechanisms for employee participation. Performance enhancing mechanisms for participation benefits companies directly as well as indirectly through the readiness by employees to invest in firm specific skills, or skills/competencies that are related to production technology and/or organizational aspects that are unique to Meralco.

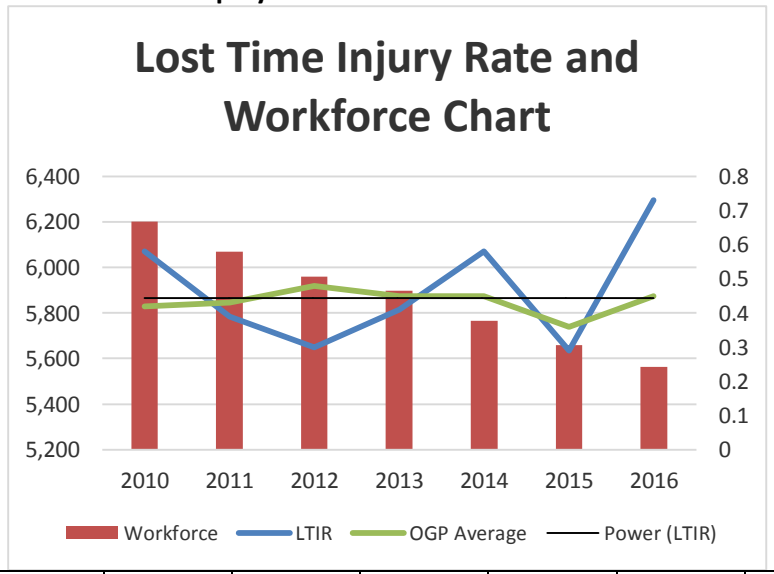
Mechanisms for employee participation in Meralco include: employee representation on senior management committee, board and board committee meetings; work committees and councils that consider employee viewpoints in certain key decisions such as the Meralco Rescue Team, Anti-Sexual Harassment Committee, First Line Association of Meralco Supervisory Employees and Meralco Employees and Workers Association. Other performance enhancing mechanisms in Meralco are employee stock purchase plans (ESPP), balanced scorecard and other profit sharing mechanisms. Details of the same are discussed below.

(a) What are the company's policy for its employees' safety, health, and welfare?

MERALCO implements its Environment, Safety and Health policy by committing to the promotion of the safety and health of its employees and stakeholders along with the protection of the environment.
As such, MERALCO will:

- Promote safety as a way of life by providing safe and healthy working conditions to prevent accidents, injuries and work-related illnesses.
- Take action and responsibility on climate change by preventing pollution through the optimization of the use of natural resources, minimizing wastes generated by processes and being an active partner in reforestation.
- Continuously improve the ESH management system to be at par with global best practice.
- Effectively comply with ESH laws, regulations and other requirements subscribed to by the MERALCO.

(b) Show data relating to health, safety and welfare of its employees.



	2010	2011	2012	2013	2014	2015	2016
LTIR	0.58	0.39	0.3	0.41	0.58	0.29	0.73
Workforce	6,203	6,071	5,960	5,898	5,766	5,660	5,563
OGP	0.42	0.43	0.48	0.45	0.45	0.36	0.45

Average							

The Lost Time Injury Rate represents the number of Lost Time Injuries per 1,000,000 of worked man-hours.

Improvements in Occupational Safety and Health Management practices continue as the company works together for an integrated ISO 18001 & 14001 certification. Meralco is working towards achieving a better LTI Rate than the global average of International Association of Oil and Gas Producers.

(c) State the company's training and development programmes for its employees. Show the data.

The Company is committed to the development and welfare of its employees. Training programs and other developmental interventions are implemented to enable employees to acquire the technical and leadership competencies to effectively perform their jobs for their professional growth. We use a globally-accepted training and development metrics relevant to value creation for business and society. Learning and development initiatives are delivered using the strategic framework of 70-20-10: 70% on-the-job learning, 20% from coaching and feedback and 10% formal training. The training metrics below show data on formal training and electronic learning module availment of employees and exclude data on development interventions such as coaching and on-the-job immersion.

Average Training Hours per Employee Annually

	Rank and File	Supervisory	Managerial /Executive	Employee Population
Training Hours	96,219	72,984	49,584	254,700
Employees	1,274	3,438	1,054	5,660
Average Training Hours	76	21	47	45

All training and development programs are communicated to the employees through a general internal announcement and are posted in the Company's website.

The Company sustains high level of engagement with employees through programs such as the Leaders Briefing, One Meralco: Cool-tural Festival, MVP Olympics and Orange Fit. Employee communication is facilitated with regular updates through the new HR Online – *Usapang M3*. This keeps employees well informed on significant developments. Employees are likewise encouraged to give feedback and suggestions to Management to further improve corporate and operational performance, thereby promoting employee accountability and empowerment.

2016 data will be available by the 2017 Annual Stockholders' Meeting.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

To drive higher levels of employee performance, Meralco employs both short-term and long-term incentives in accordance with the following major principles and objectives: The main aim is to attract, retain and motivate Meralco's employees. The compensation philosophy of the Company is communicated to all employees.

The Company compensates employees based on Company, team, and individual performance to help achieve corporate goals and targets; provides for long term incentives such as pay based on Meralco Group's achievement of specified level of consolidated core net income approved by the Board and determined on an aggregate basis for a three year period as well as executives' attainment of a minimum level of performance rating. The Company provides for schemes that account for performance beyond short term financial measures such as the Employee Stock Purchase Plan (ESPP) and balanced scorecard schemes.

It also provides for short term incentives through variable pay to reward individual and team performance that contribute to the achievement of corporate goals and objectives. Short-term incentives such as Annual Performance-Based Bonuses (APB) are implemented to engage employees of Meralco to collaborate and work towards the achievement of corporate goals and targets.

Further, as part of Meralco's performance management process, employee performance is assessed on the basis of: (1) actual vs. desired results, and (2) how results were delivered in the light of corporate core values. Therefore, the achievement of financial and non-financial measures is reflected in performance planning and assessment, and this drives the Company's merit and incentive pay programs.

1) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

E-Report Mo, the Company's whistle-blowing program, provides a comprehensive channel for reporting illegal and unethical behavior of the Company's directors, officers, employees and suppliers. Any stakeholder can use the E-Report Mo reporting channels: hotline, e-mail, fax and the Company website. The Corporate Governance Office immediately acts on the reports received through these E-report channels. Confidentiality and anonymity of the identity of the reporting person is maintained. In case of an unauthorized disclosure of the identity of the reporting person or witness, appropriate disciplinary action shall be enforced on the responsible employee.

All reports must be referred to CGO for preliminary validation. CGO will refer reports to the Assisting Investigation Unit whenever necessary. Concerned

Line Heads shall be provided a copy of the report for appropriate action. The Company may provide appropriate protection. The Corporate Governance Office (CGO) shall serve as the default office in the event that reporting to a line head is not feasible. The reporting person may file a report to the CGO through the different media (e-mail, mail, fax, etc.). All organizations are required to act immediately on the reports referred to them, in accordance with the existing relevant procedures. The reporting person should be provided with feedback within thirty (30) working days. The Company shall act expeditiously and conduct immediate investigation of the report, impose appropriate penalties/sanctions once proven, and provide feedback to the reporting person, if known. Resolution of the report shall be within a 60-day period from receipt thereof. In the event however that a longer period is needed to resolve a case due to its complexity and/or circumstances the concerned AIU shall notify CGO in writing citing the justification for the extension not later than three days before the expiration of the period within which to resolve the report.

Retaliation is prohibited and is dealt with in accordance with the pertinent Company policies, rules and applicable laws. Through E-Report Mo, the Company provides appropriate protection from retaliation. In the event of retaliation, the reporting person or witness shall report to CGO by filling out a Retaliation Protection Report Form.

Protection from retaliation will be granted, upon endorsement of CGO, reviewed by the Management Disciplinary Committee or the relevant Board Committee for approval of the CEO, his designated representative or the Chairman of the Board. Protection from retaliation includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. These requests shall be processed expeditiously.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Institutional Investors and Public Float	210,589,127	18.68%	Institutional Investors and Public Float
Beacon Electric Asset Holdings, Inc.	394,059,235	34.96%	Beacon Electric Asset Holdings, Inc.
JG Summit Holdings, Inc.	305,689,397	27.12%	JG Summit Holdings, Inc.
Metro Pacific Investments Corporation	169,064,807	15.00%	Metro Pacific Investments Corporation
* Based on the Disclosure: Public Ownership Level as of September 30, 2016 at http://corporate-downloadables-sec-filings.s3.amazonaws.com/1476753531.f633f29fb43210537aa9cac9f05ef835.pdf and on the disclosures on trading of officers and directors as of December 19, 2016.			

Name of Senior Management*	Number of Direct shares**	Number of Indirect shares / Through (name of record owner)**	% of Capital Stock (1,127,098,705)**
Simeon Ken Ferrer	767	0	0.00%

(Corporate Secretary)			
Roberto R. Almazora	93,082	0	0.01%
Alfredo S. Panlilio	668	0	0.00%
Angelito D. Bermudo	–	0	0.00%
Ramon B. Segismundo	8,500	0	0.00%
Betty C. Siy-Yap	–	0	0.00%
Ferdinand C. Alejandro	8,952	0	0.00%
Ruben B. Benosa	22,992	0	0.00%
Rolando M. Cagampan	–	0	0.00%
Benjamin U. Cusi	24,050	0	0.00%
Helen T. de Guzman	26,093	0	0.00%
Ivanna G. dela Peña	21,000	0	0.00%
William S. Pamintuan	–	0	0.00%
Antonio M. Abuel, Jr.	10,427	0	0.00%
Ireneo B. Acuña	18,355	0	0.00%
Ronnie L. Aperocho	14	0	0.00%
Angelita S. Atanacio	4,000	0	0.00%
Bennette D. Bachoco	–	0	0.00%
Joseph Allan C. Baltazar	2,000	0	0.00%
Edgardo V. Carasig	–	0	0.00%
Bernard H. Castro	463	0	0.00%
Lawrence S. Fernandez	4,500	0	0.00%
Ferdinand O. Geluz	15,877	0	0.00%
Victor Emmanuel S. Genuino	–	0	0.00%
Nixon G. Hao	2,791	0	0.00%
Ernie G. Imperial	460	0	0.00%
Dexter C. Lee	–	0	0.00%
Fortunato C. Leynes	6,000	0	0.00%
Jose Mari P. Melendres	–	0	0.00%
Raymond B. Ravelo	–	0	0.00%

Jose Rainier A. Reyes	–	0	0.00%
Nestor P. Sarmiento	323	0	0.00%
Liza Rose G. Serrano Diangson	36,983	0	0.00%
Ma. Cynthia C. Soluren	11,575	0	0.00%
Manuel Lorenzo L. Tuason	22,180	0	0.00%
Jose Antonio T. Valdez	–	0	0.00%
Jose Ronald V. Valles	3,000	0	0.00%
TOTAL	**345,052**		**0.01%**
* Based on the Disclosure: Public Ownership Level as of September 30, 2016 at http://corporate-downloadables-sec-filings.s3.amazonaws.com/1476753531.f633f29fb43210537aa9cac9f05ef835.pdf and on the disclosures on trading of officers and directors as of December 19, 2016.			

Does the Annual Report disclose the following:

Key risks	**Yes**
Corporate objectives	**Yes**
Financial performance indicators	**Yes**
Non-financial performance indicators	**Yes**
Dividend policy	**Yes**
Details of whistle-blowing policy	**Yes**
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	**Yes**
Training and/or continuing education programme attended by each director/commissioner	**Yes**
Number of board of directors/commissioners meetings held during the year	**Yes**
Attendance details of each director/commissioner in respect of meetings held	**Yes**
Details of remuneration of the CEO and each member of the board of directors/commissioners	**Yes**

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.
The Annual Report discloses all of the above information.

External Auditor's Fee

Name of auditor	Audit Fee (in million PhP)	Non-audit Fee
SyCip, Gorres, Velayo & Co. (SGV)	**7.4***	**The non-audit services do not exceed the audit services. In fact, no non-audit services were performed by the external auditors in 2015.**
*** As at December 31, 2015, exclusive of VAT.** 2016 data will be available by the 2017 Annual Stockholders' Meeting.		

Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

External Modes of Communication

Our Company's Investor Relations page indicates the calendar of media briefing and analysts briefing events.

Calendar of Events
http://www.meralco.com.ph/investor-relations/calendar-of-events

Press Releases
http://www.meralco.com.ph/investor-relations/press-releases
Quarterly Reports
http://www.meralco.com.ph/investor-relations/quarterly-reports
Annual Reports
http://www.meralco.com.ph/investor-relations/annual-reports

- Company website
- SMS
- Quarterly Publication (Power Club)
- SEC/PSE Disclosures

- Tri-media Announcements/Releases
- Social Networking Media

Internal Modes of Communication

- Corporate Newsletter (SPARK)
- Intranet (myMeralco) Portal
- Electronic News (eMeralco) Bulletin
- Special publications which may be released internally within the Company

2) Date of release of audited financial report: February 26, 2016 (57 days after end of fiscal year, December 31, 2015)

3) Company Website www.meralco.com.ph

Does the company have a website disclosing up-to-date information about the following?

Business operations	**Yes**
Financial statements/reports (current and prior years)	**Yes**
Materials provided in briefings to analysts and media	**Yes**
Shareholding structure	**Yes**
Group corporate structure	**Yes**
Downloadable annual report	**Yes**
Notice of AGM and/or EGM	**Yes**
Company's constitution (company's by-laws, memorandum and articles of association)	**Yes**

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

The Company website discloses all the foregoing information.

4) Disclosure of RPT

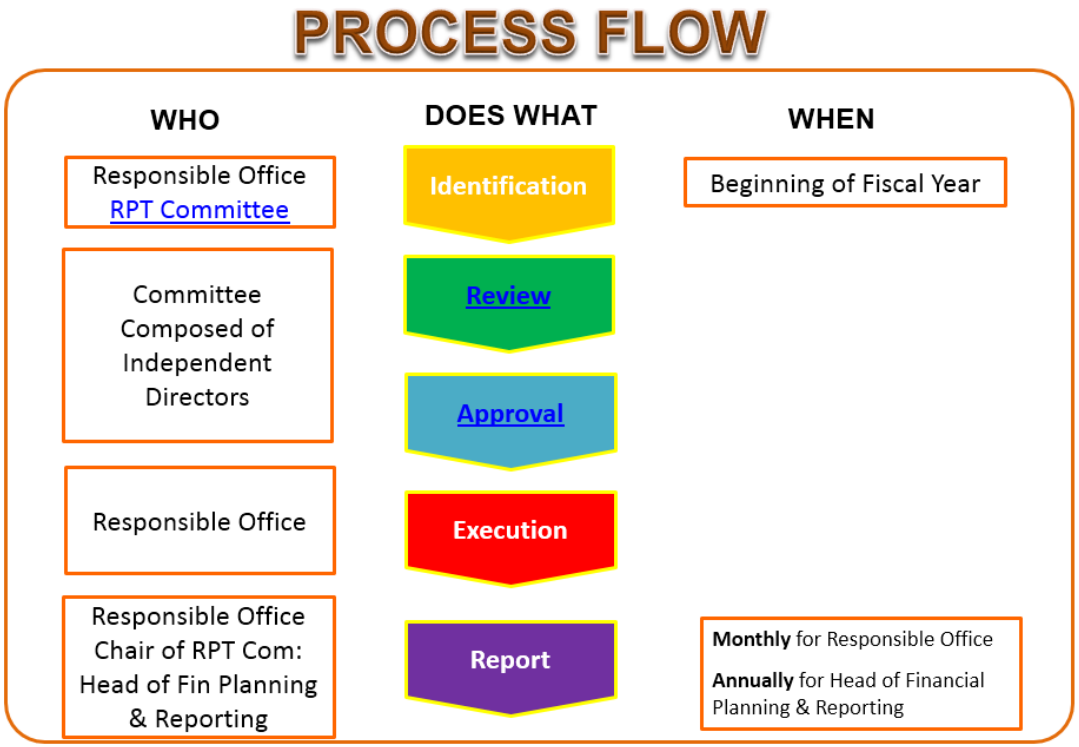
RPT	Relationship	Nature	Value
Philippine Long Distance Telephone Company	Related Party Shareholder Group	Pole Attachment Contract	PhP285,000,000

(PLDT)		MERALCO's Pole Attachment Contract with PLDT is similar to third party pole attachment contracts of MERALCO with other telecommunication companies. Under the Pole Attachment Contract, PLDT shall use the contacted cable position exclusively for its telecommunication cable network facilities.	
PLDT and respective subsidiaries and affiliates	Related Party Shareholder Group	Sale of electricity under various service contracts MERALCO sells electricity to related party shareholder groups such as PLDT, Metro Pacific, JG Summit and their respective subsidiaries, and affiliates for the latters' facilities within MERALCO's franchise area. The rates charged to related parties are the same ERC-mandated rates applicable to customers within the franchise area.	PhP1,438,000,000
Metro Pacific and respective subsidiaries and affiliates	Related Party Shareholder Group	Sale of electricity under various service contracts MERALCO sells electricity to related party shareholder groups such as PLDT, Metro Pacific, JG Summit and their respective subsidiaries, and affiliates for the latters' facilities within MERALCO's franchise area. The rates charged to related parties are the same ERC-mandated rates applicable to customers within the franchise area.	PhP157,000,000
JG Summit and respective subsidiaries and affiliates	Related Party Shareholder Group	Sale of electricity under various service contracts MERALCO sells electricity to related party shareholder groups such as PLDT, Metro Pacific, JG Summit and their respective subsidiaries, and affiliates for the latters' facilities within MERALCO's franchise area. The rates charged to related parties are the same ERC-mandated rates applicable to customers within the franchise area.	PhP4,064,000,000
PLDT and Subsidiaries	Related Party Shareholder Group	Purchase of Telecommunication Services from PLDT and Subsidiaries The MERALCO Group's primary telecommunications carriers are	PhP72,000,000

		PLDT for its wireline and SMART for its wireless services. MERALCO also purchases its wireline services from Digitel Mobile Philippines, Inc., which became a subsidiary of PLDT in 2011. Such services are covered by standard service contracts between the telecommunications carriers and each legal entity within the MERALCO Group.	
Indra Philippines	Affiliate	Purchase of IT Services	PhP786,000,000
GEPMICI	Affiliate	Purchase of meters and devices	PhP399,000,000
MPIC	Affiliate	Sale of shares of stock	PhP327,000,000
Indra Sistemas	Affiliate	Sale of shares of stock	PhP3,000,000
FPM Power	Affiliate	Advances to FPM POWER	On March 22, 2013, FPM Power availed a loan from MPG Asia amounting to US$110,000,000, which is payable on demand. The loan is outstanding as at December 31, 2015 and 2014.
MERALCO Retirement Benefits Fund ("Fund")	Fund	Transaction with MERALCO Retirement Benefits Fund	Meralco Group's Fund holds 6,000 common shares of RP Energy at PhP100 par value per share, with total carrying amount of PhP600,000 or an equivalent 3% equity interest in RP Energy (a subsidiary of MERALCO's 100%-owned subsidiary, MGEN). As at December 31, 2015 and 2014, the fair value of the total assets being managed by the Fund amounted to PhP 36.2

			billion and PhP 36.4 billion, respectively.
MERALCO Key Management Personnel	Key Management Personnel	Compensation of Key Management Personnel	PhP935,000,000 **Components:** Short-term employee benefits: PhP635,000,000 Long-term employee and retirement benefits: PhP300,000,000
MERALCO Board of Directors (BOD)	BOD	Compensation of BOD	Per diem of PhP120,000 – net of tax per BOD meeting attended PhP20,000 – net of tax per Board Committee (Audit, Risk Management, Remuneration and Leadership Development, Finance, Nomination and Governance) meeting attended.
MERALCO Employees	Employees	Benefits upon termination of employment or retirement	The provident plan, which is implemented on a voluntary basis, covers employees hired beginning January 1, 2004.
*** As at December 31, 2015, exclusive of VAT.** 2016 data will be available by the 2017 Annual Stockholders' Meeting.			

The Company's Related Party Transactions (RPT) Policy requires a committee composed of independent directors to review and approve material/significant RPTs to determine whether they are in the best interest of the Company and shareholders. All RPTs of the Company are conducted in fair and at arms' length terms.



When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

A Board Committee Composed of Independent Directors review and approve these material/significant RPTs, which are done above board and at arm's length terms.

J. RIGHTS OF STOCKHOLDERS

Updated based on 2016 Notice of AGM (http://www.meralco.com.ph/files/view/04252016_MERALCO_2016_DEFINITIVE_IS.pdf), **Voting Results**

(http://corporate-downloadables-highlights-and-minutes-of-agm-2014.s3.amazonaws.com/1464683875.83b3dfc8cccbb3f825535fae22d7810b.pdf) **and AGM Minutes** (http://www.meralco.com.ph/files/view/2016_Minutes.pdf).

1) RIGHT TO PARTICIPATE EFFECTIVELY IN AND VOTE IN ANNUAL/SPECIAL STOCKHOLDERS' MEETINGS

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of the outstanding capital stock. More than two-thirds or at least 83.91% of the BOD were present at every meeting for board decisions. The quorum adopted is in accordance with the Philippine Corporation Code and the Company's Amended By-Laws.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	An automated system, Stockholders' Meeting System (SMS), developed by the Company.
Description	The conduct of the registration, proxy handling, balloting and canvassing of shareholders votes during the AGM were facilitated by the use of an automated system, Stockholders' Meeting System (SMS), developed by the Company. All resolutions at the AGM are voted through ballots casted by the shareholders which were counted using SMS for accuracy and greater transparency. The poll voting results, in addition to the proxy voting results, were immediately used and reported to the shareholders during the AGM.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code (and Manual of Corporate Governance)	Stockholders' Rights not in The Corporation Code

1. Voting right 2. Pre-emptive right 3. Right of inspection 4. Right to information 5. Right to dividends (*Section 43 of the Corporation Code of the Philippines states that dividends may be declared out of unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them.*) 6. Appraisal right	Right to transparent and fair conduct of Stockholders' Meeting

Dividends

Declaration Date	Record Date	Payment Date
July 25, 2016	August 24, 2016	September 19, 2016
February 26, 2016	March 23, 2016	April 15, 2016
July 27, 2015	August 26, 2015	September 18, 2015
February 23, 2015	March 23, 2015	April 15, 2015
July 28, 2014	August 25, 2014	September 18, 2014
March 17, 2014	April 15, 2014	May 8, 2014

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
The Company facilitates the exercise of ownership rights by all shareholders, including institutional investors. It is the Company's policy to encourage shareholders including institutional investors to attend the general meetings/AGM of the Company. At the 2016 Annual Stockholders' Meeting, stockholders were given the opportunity to ask questions or raise issues, subject to the following procedure: 1. Only questions relevant to the particular item in the agenda being discussed shall be allowed. Hence, questions not relevant to the agenda shall be considered "out-of-order"; 2. A maximum of three (3) questions shall be entertained for each item on the agenda; 3. Questions about the Company and its operations will be entertained after report of the President and Chief Executive Officer; 4. To give equal chance to everyone, a stockholder can ask one (1) main question and, if needed, a follow-up question; and 5. If due to time constraints there are questions which could not be entertained on the floor, the Company officers will be available for consultation after the meeting. 6. All concerns should be raised by way of a question so these can be properly addressed; and 7. All questions raised by shareholders, and answers thereto, shall be recorded for inclusion in the minutes of the meeting.	On April 6, 2016, notices of the AGM with detailed agenda and the Definitive Information Statement were released to all shareholders and institutional investors to encourage their attendance to the May 31, 2016 AGM. These were communicated through the following: a. printed copies distributed to their registered addresses b. posted on the Company website c. public disclosure to the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Dealing and Exchange Corporation (PDEx) At the start of the 2016 Annual Stockholders' Meeting, the Corporate Secretary read the ground rules to be observed during the meeting to ensure the conduct of fair, orderly, and efficient proceedings and to protect the rights of all the shareholders.

State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution
b. Authorization of additional shares
c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders are encouraged to actively participate in the annual meetings to discuss and approve items a-c.

Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

YES. The Company actually observed 35 business days (55 calendar days) for giving out notices to the AGM. The notices to the 2016 AGM to be held on May 31, 2016 were released on April 6, 2016.

Date of sending out notices: April 6, 2016

Date of the Annual/Special Stockholders' Meeting: May 31, 2016

State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

Shareholders are given the opportunity to raise questions to the Board and propose resolutions, subject to reasonable limitations.

The Chairman opened the floor and gave the stockholders the opportunity to ask questions and/or raise issues. Stockholders with technical or customer service concerns were advised to approach the Customer Desk near the Registration Area.

In as much as there has been sufficient discussion on the report of the President/CEO, Mr. Karl William Louise L. Soriano moved to close the discussion and to proceed to the next item on the agenda. Mr. Teodorico L. Contreras seconded the motion.

Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Annual Meeting of Stockholders held on May 26, 2015	939,470,941	1,619	15,469
Approval of the 2015 Audited Financial Statements	939,461,631	6,800	17,504
Ratification of acts of the Board of Directors and Management	939,458,414	3,913	18,057
Election of Directors	1. Atty. Ray C. Espinosa 938,990,865 2. Mr. James L. Go 938,882,073	0	26,786

	3. Mr. John L. Gokongwei, Jr. 939,392,057 4. Mr. Lance Y. Gokongwei 939,434,155 5. Mr. Jose Ma. K. Lim 938,846,332 6. Ambassador Manuel M. Lopez 941,245,148 7. Ms. Anabelle L. Chua 938,916,885 8. (Ret.) Chief Justice Artemio V. Panganiban* 939,546,246 9. Mr. Manuel V. Pangilinan 940,136,735 10. Mr. Oscar S. Reyes 939,949,751 11. Mr. Pedro E. Roxas* 939,029,271		
Appointment of External Auditor: (SyCip Gorres Velayo & Co. or SGV & Co.)	939,391,770	17,397	13,926
* Independent Director			

2. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
May 31, 2016, same date as the AGM (May 31, 2016).

(a) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification

None	None

(b) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Prior to the 2016 AGM, all shareholders were given the opportunity to submit their views on any issue that they deemed fit for inclusion in the agenda, as well as to propose qualified candidates for directors. A "Call for Nomination" was posted in the Company website last January 25, 2016 calling for the submission of the proposed agenda and nomination of qualified candidates on or before March 11, 2016.

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person*	% of SH in Proxy*	Total % of SH attendance*
Annual	1. Mr. Manuel V. Pangilinan - Chairman 2. Mr. Oscar S. Reyes – President & CEO 3. (Ret.) Chief Justice Artemio V. Panganiban – Chairman of Audit Committee, Independent Director 4. Atty. Ray C. Espinosa 5. Mr. Napoleon L. Nazareno 6. Ambassador Manuel M. Lopez 7. Mr. Manuel V. Pangilinan 8. Mr. Lance Y. Gokongwei 9. Mr. John L. Gokongwei Jr. 10. Mr. Oscar S. Reyes 11. Mr. Pedro E. Roxas	31-May-16	Issues to be resolved by the shareholders are resolved through voting by poll. Ballots given to the shareholders during registration already reflect the issues to be voted upon. Ballot boxes are placed at the registration area where stockholders may drop their accomplished ballots. All votes received are tabulated by the Office of the Corporate Secretary and results thereof are validate d by an independent third	0.36%	83.07%	83.43%

			party. As each item in the agenda is taken up, the Corporate Secretary will report on the votes received and tabulated as of about 9:00 a.m. Each common stockholder shall be entitled to one vote for each share while a preferred stockholder is generally not entitled to vote. The items in the agenda require the affirmative vote of stockholders entitled to. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the Corporation Code of the Philippines. Voting and counting of votes shall be by balloting.			

			All votes received shall be tabulated by the Office of the Corporate Secretary and auditors. Inspectors from an independent third party appointed by the Board will also be present to canvass and inspect ballots. The Corporate Secretary shall report the results of voting during the meeting.			
Special	None	None	None	None	None	None
*These numbers were extracted from the Company's Stockholders Meeting System (SMS) information database for the May 31, 2016 AGM. The percentages are based on total expected shares of 1,127,098,705 as of record date. Out of all the expected, 940,373,351 attended the 2016 AGM in person and by proxy.						

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

YES. All votes received were tabulated by the Office of the Corporate Secretary and results thereof were validated by an independent third party: the auditing firm, Reyes and Tacandong, which was duly appointed to act as such for the 2016 Annual Stockholders' Meeting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

YES. The Company's common shares carry one vote for one share. Each common stockholder shall be entitled to one vote for each share while a preferred stockholder is generally not entitled to vote.

The items in the agenda require the affirmative vote of stockholders entitled to.

In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the Corporation Code of the Philippines.

Voting and counting of votes shall be by balloting.

All votes received shall be tabulated by the Office of the Corporate Secretary and auditors. Inspectors from an independent third party appointed by the Board will also be present to canvass and inspect ballots. The Corporate Secretary shall report the results of voting during the meeting.

(c) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Proxies shall be in writing and signed by the stockholder and submitted to the Office of the Corporate Secretary before the meeting. The By-laws of the Company require submission of proxies with the Office of the Corporate Secretary not later than twenty (20) business days prior to the scheduled stockholders meeting (Section 3, Article I)
Notary	Proxies need not be notarized.
Submission of Proxy	The By-laws of the Company require submission of proxies with the Office of the Corporate Secretary not later than twenty (20) business days prior to the scheduled stockholders meeting (Section 3, Article I, By-laws)
Several Proxies	The Rules for Validation of Proxies adopted by the Company in 2009 (Proxy Rules) provides: Where the same stockholder gives two (2) or more proxies, the latest one given is to be deemed to revoke all former proxies. Where the Company receives through the mails more than one (1) proxy from the same stockholder and they are all undated, the postmark dates shall be considered. If the proxies are mailed on the same date, the one bearing the latest time of day of postmark is counted. If the proxies are not mailed, then the time of their actual presentation is considered. That which is presented last will be recognized [SRC Rule 20(11)(b)(ix)]. The latest proxy shall be determined on the basis of the date and time the proxy is received

	at the Office of the Corporate Secretary, which shall be stamped on the face of the proxy and signed by the Corporate Secretary or his attorney-in-fact. Where the Company receives more than one (1) proxy designation different attorneys-in-fact of the same stockholder and the proxies are all of the same date and time, but indicate the specific number of shares to be represented by each, all the proxies shall be counted for purposes of attendance and voting. Where the Company receives more than one proxy designating different attorneys-in-fact of the same stockholder and the proxies are all of the same date and time but do not indicate the specific number of shares represented by each, the total shares shall be distributed equally among all the proxies.
Validity of Proxy	The Proxy Rules further provides: A proxy must be in writing, subscribed by any stockholder of record as of record date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy. No member of the Stock Exchange and no broker/dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer to a person other than the customer, without the express written authorization of such customer. The proxy executed by a broker shall be accompanied by a certification under oath stating that before the proxy was given to the broker, he had duly obtained the written consent of the persons in whose account the shares are held. No particular form or words are necessary to constitute a proxy. All that is necessary is that the writing shall show an intention to empower the person to whom it is given to act as an agent in voting the stock and to enable the election of officers to know that it is authorized.
Proxies executed abroad	Proxies executed abroad shall be duly authenticated by the Philippines Embassy or Consular Office.
Invalidated Proxy	Proxies invalidated by the Special Committee of Inspectors shall not be included for quorum and voting purposes.
Validation of Proxy	The Board shall schedule the validation of proxies. The scheduled is indicated in the Notice of Meeting and

	Information Statement.
Violation of Proxy	If the instruction of the stockholder as to manner is not followed, then the proxy vote shall not be honored.

(d) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Notices of Annual/Special Stockholders' Meeting, including proxy forms, detailed agenda and explanatory circulars, shall be released at least 28 business days before Annual Stockholders' Meeting or AGM.	Notices of AGM are sent through courier service, disclosed to SEC and PSE and posted on the Company website.

(e) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	44,710*
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 6, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 6, 2016
State whether CD format or hard copies were distributed	**YES**, requesting stockholders were provided with the Definitive Information Statement and Management Report and Other Materials in both CD format and hard copies.
If yes, indicate whether requesting stockholders were provided hard copies	**YES**, requesting stockholders were provided hard copies.
* Based on the disclosure of List of Stockholders' of Meralco as of March 17, 2016 to PSE and SEC: http://www.meralco.com.ph/files/view/03182016_List_of_Stockholders_March_11_%202016.pdf	

(f) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	**Yes**
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	**Yes**
The auditors to be appointed or re-appointed.	**Yes**
An explanation of the dividend policy, if any dividend is to be declared.	**Yes**
The amount payable for final dividends.	**Yes**
Documents required for proxy vote.	**Yes**

Should any of the foregoing information be not disclosed, please indicate the reason thereto.
All the foregoing information are disclosed.

2) TREATMENT OF MINORITY STOCKHOLDERS

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Company's shareholders, including those in the minority, are given the opportunity to exercise their basic rights with respect to the following: a) A director shall not be removed without cause if it will deny minority shareholders representation in the Board. b) Changes and/or amendments to the company's Articles of Incorporation and By-laws; c) Sale, purchase and/or transfer of a significant share of corporate assets, that may result in a change in the character of the Company; d) Authorization for the issuance of additional shares of the Company; e) Opportunity to nominate candidates for membership in the BOD. f) Opportunity to elect individually the members of the BOD. The Notice of AGM, being sent to all shareholders include the profiles of all nominees for seats in the Board of Directors such as age, qualifications and experience, date of first appointment to the Board of the company, and directorships in other publicly listed corporations (or subsidiaries, whether listed or non-listed, within our group of companies) Non-controlling shareholders are also encouraged to exercise their right to vote and elect the Company's BOD. g) Approval of the remuneration of all non-executive Directors (members of the Board).	Cumulative voting is used by the Company in the election of the Board of Directors. All information pertinent to shareholders in the exercise of their duties are made available in the website, in the disclosures to SEC, PSE and PDEx, and through other means of communication with them. The rights stated in the Company's Revised Manual of Corporate Governance are followed.

h) Appointment of the external auditor. The Notice of AGM clearly identifies the external auditor seeking appointment and the same were duly appointed by the shareholders. For the further protection of the rights of the minority shareholders, the following are also provided: i) Right to information j) Pre-emptive right k) Right of inspection l) Appraisal right m) Right to dividends	

(b) Do minority stockholders have a right to nominate candidates for board of directors?

YES. The Company provides minority shareholders a right to nominate candidates for board of directors/commissioners, since the Company has no single controlling shareholders. In preparation for the 2016 AGM, we posted in our Company website a notice of "Call for Nominations" last January 25, 2016, to encourage all shareholders, specially minority shareholders, to send their propose agenda items and submit nominations to the Board with a deadline of March 11, 2016. The notice also include date, time and place of the 2016 Annual Stockholders Meeting and downloadable copies of the Proxy forms. The issues/agenda requiring votes of stockholders are already reflected in the Proxy Form, giving an option to stockholder to vote in absentia.



K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Our Corporate Communications Office is in charge of managing, crafting and disseminating information about the Company, its directors, officers and employees. Two offices handle Meralco's external and internal communications.

External Communications Office handles media events and releases intended for our investors, shareholders, customers, suppliers, creditors and the public. Information is usually disseminated through press releases, newspaper prints, TV, radio and electronic media (Internet, Twitter, Facebook and other social networking media), and the Meralco website. News and information are released through these media as they happen.

Internal Communications Office handles communications and publications covering internal/employee communication, investor and customer communications. Employees are immediately informed of relevant Company events in print and digital/new media, including myMeralco Portal and eMeralco Bulletin; the Meralco SPARK (the Company's corporate newsletter); and, in special publications which may be released internally within Meralco or within the Metro Pacific Group. The Company also conceptualized a magazine for key officers and corporate clients known as "Power Club." The quarterly magazine, provides updates to customers on our latest products, services and relevant Company events.

Mr. Alfredo Panlilio is the Head of the Corporate Communications Office, who reviews and approves the releases of above information. He coordinates with concerned groups including the Board, the President and CEO and other Key Officers to get approval for the disclosure of the information pertaining to their group/offices.

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2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To communicate relevant and timely information about the company to both current and potential investors, analysts, fund managers, potential business partners and the general public.

(2) Principles	1) Excellence – to ensure that the information is relevant and communicated in a professional, clear and orderly manner 2) Integrity – to ensure that the acts of the company with regard to investor relations are performed within the rules and regulations of its governing bodies (company, SEC, PSE, Philippine government); and that the information communicated is accurate, relevant and timely
(3) Modes of Communications	1) Quarterly Results Briefing (Media and Analysts / Investors) 2) Annual Stockholders' Meeting 3) Regular Company Disclosures 4) Investor Relations Meetings 5) Conferences and road shows 6) Responding to calls and emails
(4) Investors Relations Officer	Investor Relations Team: 1) Investor Relations Management Team: a. Mr. Oscar S. Reyes, President and Chief Executive Officer b. Ms. Betty C. Siy-Yap, Senior Vice President and Chief Finance Officer c. Mr. Rafael L. Andrada, Assistant Vice President and Treasurer 2) Investor Relations Office: a. Ms. Ma. Teresita T. Bueno, Investor Relations Specialist b. Mr. Ronimar O. Rosaria, Investor Relations Specialist Contact Details: a. Email : investor.relations@meralco.com.ph b. Tel No. : (632) 1622-2950 c. Fax: (632) 631-5591

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

In acquisitions and mergers, the Company functions in an efficient and transparent manner. The Company appoints an independent third party to evaluate the fairness of the transaction price. The rules and procedures are clearly articulated and disclosed by the Company so that investors understand their rights and recourse. Transactions occur at transparent prices and under fair conditions that protect the rights of all shareholders and stakeholders.

Furthermore, a management committee composed of top corporate executives is tasked to study and endorse such cases to the Finance

Committee (Board Committee) for review. The Finance Committee after passing review, in turn endorses the matter for approval by the Board of Directors.

Independent directors present at the Finance Committee, Audit Committee and the Board provide the oversight as to the fairness of the transaction pricing.

The Audit Committee (as per SEC Memo Circular 4, Series of 2012, Audit Committees of Companies Listed on the Exchange) exercises oversight on financial reporting, disclosures and management of risks related to such transactions.

4) Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

In acquisitions and mergers, the Company appoints an independent third party to evaluate the fairness of the transaction price. No acquisition and merger transpired in 2016.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary	
Community Electrification Program	1. Villa Cuana Phase 3, Sandoval Avenue, Pinagbuhatan, Pasig City, MM (Pasig BC - Central)	120 Households
22 Communities	2. Gawad Kalinga Disiplina Village, Cuadra Street, Brgy. Ugong, Valenzuela City, MM (Valenzuela BC - North)	96 Households
3,079 Households	3. Block 22, Welfareville Compound, Brgy. Addition Hills, Mandaluyong City, MM (Mandaluyong BC, Central)	67 Households
22 Public Schools	4. Residents of ISG Village Phase 1,2 and 3, ISG Village, Pinagsama, Taguig City, MM (Makati BC, Central)	235 Households
5,330 Students	5. Residents of PANAM Village Phase 1, 2 and 3, PANAM Village, Pinagsama, Taguig City, MM (Makati BC, Central)	187 Households
171 Teachers	6. Stella Mariz, Mauban, Quezon (Lucena BC, South)	416 Households
36 Farming Families	7. Sitio Quezon City, Mauban, Quezon (Lucena BC, South)	89 Households
29 Households	8. Patamaba HOA, Brgy. San Vicente, Angono, Rizal (Angono	50 Households
Household		

Electrification (Provision of affordable, reliable and safe electric service to households in depressed communities.)	BC, Central) 9. Sambahayang Project A, B and C, 252 Moriones St., Tondo, MM (Tutuban BC, Central) 10. Residents of F. Carlos, F. Carlos St., Apolonio Samson, Quezon City, MM (Balintawak BC, North) 11. Isla Noah Residents, Isla Noah, Brgy. Damayang Lagi, Quezon City, MM (Kamuning BC, Central) 12. Residents of Dinalupihan St., 1268 Dinalupihan St., Manuguit, Tondo, MM (Tutuban BC, Central BC) 13. Residents of Old Capitol Site (Lirio St.), Lirio Sts., Brgy. Old Capitol Site, Quezon City, MM (Kamuning BC, Central) 14. Residents of Old Capitol Site (Dahlia St.), Dahlia Sts., Brgy. Old Capitol Site, Quezon City, MM (Kamuning BC, Central) 15. Brgy. Vasra A, Yakal Vasra, Bago Bantay, Quezon City, MM (Kamuning BC, Central) 16. Brgy. Vasra B, Cypress Vasra, Bago Bantay, Quezon City, MM (Kamuning BC, Central) 17. Brgy. Vasra C, Palanas Area, Brgy. Vasra, Quezon City, MM (Kamuning BC, Central) 18. Bistekville Phase 3 and 4, Quezon City, MM (Novaliches BC, North) 19. Kapit Kamay of Block 38, Block 38, Welfareville Compound, Brgy. Addition Hills, Mandaluyong City, MM (Mandaluyong BC, Central) 20. Katiyakan sa Pabahay Neigborhood Association, Dilang 2, Nagpayong, Pinagbuhatan, Pasig City (Pasig BC, Central) 21. Starville Home Owners Association, Sto. Tomas, Pinagbuhatan, Pasig City (Pasig BC, Central) 22. Pinagbuhatan Urban Poor Home Owners Association, Urbano Velasco, Pinagbuhatan, Pasig City (Pasig BC, Central)	139 Households 59 Households 45 Households 72 Households 31 Households 7 Households 40 Households 54 Households 19 Households 1,161 Households 37 Households 58 Households 70 Households 27 Households Total number of energized households: 3,079

School Electrification (Energization of schools to improve the learning experience of students.)		253 Students, 7 Teachers
	1. San Fernando National High School, El Nido, Palawan	218 Students, 4 Teachers
	2. Teneguiban National High School, El Nido, Palawan	150 Students, 6 Teachers
	3. Bulawit National High School, Linapacan Island, Palawan	281 Students, 13 Teachers
	4. Cagbalete National High School, Mauban, Quezon	81 Students 6, Teachers
	5. Cagsiay III National High School, Mauban, Quezon	187 Students, 8 Teachers
	6. Pandanon National High School, Jetafe, Bohol	327 Students, 13 Teachers
	7. Cabul-An National High School, Buenavista, Bohol	173 Students, 4 Teachers
	8. Rizal National High School, Basilisa, Dinagat Islands	109 Students, 6 Teachers
	9. Cab-Ilan National High School, Dinagat, Dinagat Islands	196 Students, 7 Teachers
	10. Cab-Ilan Elementary School, Dinagat, Dinagat Islands	147 Students, 6 Teachers
	11. Casili Elementary School, Casili, Rodriguez, Rizal	Total number of student beneficiaries: 2,122 students, 80 Teachers
	12. Macabud National High School, Rizal (456 students)	456 Students, 15 Teachers
	13. Macaingalan National High School, Rizal (120 students)	120 Students, 6 Teachers
	14. Macaingalan Elementary School, Rizal (251 students)	251 Students, 10 Teachers
	15. Cayabu Elementary School or National High School, Rizal (208 students)	208 Students, 4 Teachers
	16. San Andres Elementary School, Rizal (183 students)	183 Students, 4 Teachers
	17. Laiban Elementary School or National High School, Rizal (268 students)	268 Students, 6 Teachers
	18. Mamuyao Elementary School, Rizal (165 students)	165 Students, 4 Teachers
	19. Tinucan Elementary School, Rizal (170 students)	170 Students, 5 Teachers
	20. Pinagsabiran Elementary School, Rizal (268 students)	268 Students, 6 Teachers
	21. Tablon Elementary School, Rizal (373 students)	373 Students, 11 Teachers
	22. Doong Island National High School, Bantayan Island, Cebu (746 students)	746 Students, 20 Teachers Total number of student beneficiaries: 3,208 Students, 91 Teachers
Communal Infrastructure Electrification (Provision of electricity to various	Farm Electrification Green Earth Heritage Foundation MVP Housing Baganga, Davao Oriental	36 Farming Families 29 Households

<table>
<tr><td>communal infrastructures such as a farm irrigation system, rural health clinics, streetlights, youth centers, and the like.)</td><td></td><td></td></tr>
<tr><td>Energy Education 1,949 Public Schools (excluding non-winners)</td><td><u>Meralco Energy Leadership Awards under the DENR's National Search for Sustainable Schools</u>

Schools qualified for regional finals

<table>
<tr><th>Type of Schools</th><th>Entries</th><th>Winners</th><th rowspan="5">41 Winners (Schools) out of 213 Entrants.</th></tr>
<tr><td>Elementary Schools</td><td>83</td><td>15</td></tr>
<tr><td>High Schools</td><td>89</td><td>13</td></tr>
<tr><td>Colleges</td><td>41</td><td>13</td></tr>
<tr><td colspan="3">(Note: 25 of 213 schools are within the franchise area)</td></tr>
</table>

Winners (15 Elementary Schools):
1. Commonwealth Elementary School (Quezon City)
2. Lucban Elementary School (Baguio City)
3. Lubnac Elementary School (Ilocos Norte)
4. Victoria Elementary School (Isabela)
5. Limay Elementary School (Bataan)
6. Julian A. Pastor Memorial Elem. School (Batangas City)
7. Camilmil Central School (Oriental Mindoro)
8. Malindog Elementary School (Negros Occidental)
9. Simeon Ayuda Elementary School (Cebu)
10. Lomonon Elementary School (Leyte)
11. Sicayab Elementary School (Zamboanga del Norte)
12. Kibawe Central School (Bukidnon)
13. Luna Elementary School (Davao del Norte)</td><td></td></tr>
</table>

	14. Koronadal Central Elementary School II (South Cotabato) 15. Father Saturnino Urios University - Elementary School (Butuan City) **Winners (13 High Schools):** 1. Baguio City National High School (Baguio City) 2. Don Salustiano Aquino Memorial National High School (La Union) 3. Santiago City National High School (Isabela) 4. Doña Remedios Trinidad High School (Bulacan) 5. Balete National High School (Batangas City) 6. Cajidiocan National High School (Romblon) 7. Magallanes National Vocational High School (Sorsogon) 8. Tubungan National High School (Iloilo) 9. Sumoroy Agro-Industrial School (Northern Samar) 10. Dipolog City National High School (Zamboanga Del Norte) 11. Asuncion National High School (Davao del Norte) 12. Tulunan National High School (South Cotabato) 13. Matin-ao National High School (Surigao del Norte) **Winners (13 Tertiary-level Institutions):** 1. Miriam College (Quezon City) 2. St. Louis University (Baguio City) 3. University of Northern Philippines (Ilocos Sur) 4. University of La Salette (Isabela) 5. Pampanga Agricultural College (Pampanga) 6. Western Philippines University (Palawan) 7. Unibersidad De Sta. Isabel (Naga City) 8. La Consolacion College - Bacolod (Bacolod City) 9. Foundation University (Negros Oriental) 10. Visayas State University (Leyte) 11. Central Mindanao University (Bukidnon) 12. Davao Doctors' College (Davao City)	

	13. Notre Dame of Marbel University (South Cotabato) Safe ang School Ko! Project Painted pedestrian lanes in 21 Schools. Electrical Safety Assessment for Public Schools Public Elementary and High Schools assessed	 21 Schools 1,887 Schools
Grassroots Partnerships 2,798 Service Personnel	Project Kasambahay	Benefited 2,798 Service Personnel
2 Community Grants	Community Grants Youth Leadership Summit	Central Luzon Alliance (YLS-CLA) for the Takbo Para sa Kalikasan (donation of 100 reusable bags) Central Luzon Alliance (YLS-CLA) for the Summer Camp (donation of ten wooden poles)
26 BC/Network-based support	Support to Meralco's Business Centers, Sectors, Offices and Subsidiaries (Donations) 1. Batangas Business Center 2. Batangas Business Center 3. Tagaytay Auxiliary 4. Republic Surety and Insurance Company (Subsidiary) 5. Office of the President 6. Customer Retail Services and Corporate Communications 7. Legal 8. Safety and Environment Management 9. Employee Relations 10. Employee Relations 11. First Pacific Leadership Academy 12. Thomasian Leaders' Congress 13. Customer Solutions and Innovations 14. Customer Retail Services	 Batangas City Alay Lakad (Cash Donation) Alay Lakad Foundation, Inc. – Batangas Province Chapter (Cash Donation) Tagaytay City La Prairie Host Lions Club (Medicines benefiting 800 parishioners of the Tagaytay Lourdes Parish Church) May-It Elementary School, Lucban, Quezon (Construction of classroom and library) Isarog Medical Research Foundation, Inc. (Support to annual free medical and surgical mission) BLD Metro Manila Foundation, Inc. (Support to 6th Fr. Pascual Adorable Golf Tournament) San Nicolas de Tolentino Parish/ San Antonio de Padua in Tarlac (Construction of church) Meralco Rescue Team (30 pcs. T-shirt uniforms)

	15. Office of the Chairman 16. Office of the President 17. CSRO 18. Dasmariñas Business Center 19. Dasmariñas Business Center 20. Rosario Business Center 21. Balagtas Business Center 22. CSRO 23. Malolos Business Center 24. Malolos Business Center 25. Lucena Business Center 26. Networks Design	Ofelia C. Ongtenco (Educational support for child) Dimple P. Payas (Education support for child) Sponsorship to the 1st Philippine International Science Fair (Cost of books donated to the Thomasian Leaders' Congress) Philippine Science High School Foundation, Inc. (Rehabilitation of Biology Laboratory) Philippine Olympic Committee % Monico Fuentevella (To support the London Olympics) The Roman Catholic Archbishop (Construction of their Chancery Function Hall) Serving Humanity through Empowerment and Development, Inc. (Micro-Enterprise Development for the Poor) RP Energy (Computer donation – 6 units and 1 printer) Tabora Elementary School in Trece Martires, Cavite (Computer donation – 5 units) Panungyan Elementary School in Mendez, Cavite (Computer donation – 5 units) Bambang Elementary School in Bulacan, Bulacan (Computer donation – 15 units) DOH Treatment and Rehabilitation Center in Bicutan, Taguig (Computer donation – 5 units) Bintog Elementary School in Plaridel, Bulacan (Computer donation – 5 units) Lagundi Elementary School in Plaridel, Bulacan (Computer donation – 10 units) Hermana Fausta Elementary School in Lucena, Quezon (Computer donation – 5 units) Tahanan ng Pagmamahal - Children's Home in Pasig City, MM (Computer donation – 1 unit)
21 Special Projects/ Sponsorships	Special Projects and Sponsorships 1. Pilot of Home Maintenance Services Program 2. Davao Livelihood Recovery Program 3. Participation in the Embassy of Spain's Dia del Libro	Meralco Business Development Office and Gawad Kalinga (100 farming families) Benefiting 150 grantees from Caritas Manila with the PhP 1.389 M raised from this project

	celebration 4. Spread the Light Internal Fundraising Campaign 5. Spread the Light Outreach Activity in Boac, Marinduque 6. Libreng Charging Service Stations during: a. TV5's Aksyon Semana Santa b. TV5's Pagbabago 2013 c. TV5's T3 Public Service Day d. TV5's Project Undas 7. Sponsorship in MMDA's Children's Road Safety Program 8. Sponsorship of Katy! The Musical 9. Sponsorship in Igan Foundation's 12th Igan Cup 10. Sponsorship in 2013 ANCOP Global Walk 11. Participation in Shore It Up 12. Sponsorship in the Embassy of Spain's Flamenco Show 13. 1Day2Give Program 14. Sponsorship in the 2013 Patron of the Arts 15. San Nicolas de Tolentino Church, Ajuy, Iloilo 16. St. John the Baptist Parish, Sara, Iloilo 17. Kidlat with TV5 18. Donations of Supplies to San Vicente, Angono Rizal 19. T3 Public Service Day 20. Hospicio de San Jose 21. 10,000 Postcards for National Teachers' Month	Benefiting 853 students from five (5) public schools Anilao, Batangas, Subic, Zambales, Puerto Galera, Oriental Mindoro and Siargao Islands (donation of one unit computer) (donation of one unit computer)
Disaster Response and Emergency Preparedness ***24,808 Families*** ***1,094 Poles*** ***773 Spans*** ***41 GenSets*** ***11 Transformers***	Relief Operations Fire Marne and Vila Streets, Brgy. St. Joseph, San Juan City, MM Habagat Metro Manila, Laguna, Zambales, Cavite, Rizal, Bulacan, Bataan, Pampanga, Subic and Olongapo Earthquake	 350 Families 5,670 Families 6,250 Families

	Loon and Loboc (for soup kitchen) in Bohol Typhoon Yolanda Aklan, Capiz, Iloilo, Leyte and Samar Electrical Facilities Rehabilitation (Power Restoration) Typhoon Pablo Typhoon Santi Power Restoration (Cabanatuan) Typhoon Yolanda (Aklan, Capiz, Iloilo and Leyte)	 12,538 Families Total number of families benefitted 24,808 Families 250 Poles (corrected, replaced, etc.) 42 Poles (corrected, replaced, etc). 14 Spans of wiring restored 802 Poles (corrected, replaced, etc.) 759 Spans of stringing and wires 41 Generator sets donated 11 Distribution transformers installed
Maliwanag ang Pasko Christmas Activities ***9,500 individuals***	Mahayagon Nga Pasko Christmas Outreach in Capiz, Aklan, Iloilo, Leyte and Bohol	9,500 Individuals
Makabayan Volunteerism Program ***2,724 Employee-volunteers*** ***25,584 Volunteer-hours hours*** ***15 Volunteering Activities***	1. Typhoon Pablo Power Restoration 40 Employee Volunteers, 2,800 Volunteer-Hours 2. Brigada Eskwela 220 Employee Volunteers, 1,098 Volunteer-Hours 3. Gawad Kalinga Bayani Challenge in GK Southville, Trece Martirez, Cavite (with the participation of 25 GK youth volunteers) 14 Employee Volunteers, 56 Volunteer-Hours	

Youth and Sports Advocacy ***1,421 Students*** ***1,217 Youth*** Meralco Basketboys Program (A basketball clinic and values integration program which aims to improve and hone the basketball skills of disadvantaged youth, and for them to understand values such as leadership, teamwork, excellence and a winning attitude.)	4. MEFCI Gift-giving to Philippine Children's Medical Center, Diliman, Quezon City, MM 5 Employee Volunteers, 20 Volunteer-Hours 5. Meralco Basketboys Basketball Clinic Plaridel 18 Employee Volunteers, 72 Volunteer-Hours 6. Shore It Up (Underwater and Shoreline Clean-up, and Mangroves Planting) 4 Employee Volunteers, 48 Volunteer-Hours 7. MCEP Community Launches 41 Employee Volunteers, 123 Volunteer-Hours 8. Makabayan Day Activities – Community Feeding, Pedestrian Lane Painting, Coastal Clean-Up and Mangrove Planting 1,266 Employee Volunteers, 6,424 Volunteer-Hours 9. Habagat and Typhoon Maring Relief Efforts – Packing and distribution of relief goods 279 Employee Volunteers, 445 Volunteer-Hours 10. Typhoon Odette Relief Efforts – Distribution of relief goods (Zambales) 20 Employee Volunteers, 160 Volunteer-Hours 11. Makabayan Day – Tree Planting of North and Central Business Area in Norzagaray, Bulacan 99 Employee Volunteers, 297 Volunteer-Hours 12. Cabanatuan Power Restoration (Typhoon Santi) 69 Employee Volunteers, 3,161 Volunteer-Hours	100 Youth 117 Youth 120 Youth 110 Youth 125 Youth 572 Youth

	13. Typhoon Yolanda Relief Efforts – Packing and distribution of relief goods (with the participation of 80 non-Meralco volunteers) 416 Employee Volunteers, 1,584 Volunteer-Hours 14. Typhoon Yolanda Power Restoration Efforts in Capiz, Aklan, Iloilo and Leyte 141 Employee Volunteers, 7,896 Volunteer-Hours 15. Mahayagon Nga Pasko Christmas Outreach in Capiz, Aklan, Iloilo, Leyte and Bohol 92 1,400 Total number of employee volunteers: 2,724 Total number of man hours: 25,584 SOS Children's Village - Mariveles, Bataan Jubilee - Caritas Manila - Plaridel, Bulacan San Felipe Neri Parish – Caritas Manila – Brgy. Poblacion, Mandaluyong City, MM Marikina Youth (from 7 barangays) – Brgy. Marikina Heights, Marikina City, MM Naic Youth – Naic, Cavite Total number of youth trained under Basketboys:	
MVP Academic Assistance Awards (Provision of financial aid for deserving	MVP Academic Assistance Awards (MVPAAA) Elementary, High School and College Grantees Top Achievers of MVPAAA 2012 Recognized	 180 Students 84 Students Total number of employee dependents recognized: 264 Students

dependents of Meralco employees to support their educational expenses for the current school year.)		
Sparks Football Clinic	Sparks Football Clinic Football for Peace Clinic with Philippine Marine Corps, Loyola Meralco Sparks FC and Meralco Sparks FC Football Clinic with the Meralco Sparks FC & KAYA FC (iCanServe Foundation)	178 Conflict-affected kids from Mindanao and Palawan 20 (Neglected/Abandoned) Kids Total number of youth trained under Sparks Football: 198 Youth
Meralco Campus Tour Workshop (In partnership with the Meralco Chess Club, the workshop includes lectures and simultaneous chess exhibitions which build strategizing and problem-solving skills of the youth.)	Meralco Campus Tour Chess Tournament and Workshop (with Meralco Chess Club) Jr. Chess Masters Championship Jr. Chess Masters 1st Christmas Team Championship MVP Team Tournament Andres Bonifacio Team Tournament Campus Tour Chess Workshop (½ Day Workshop, Chess Mats, and Chess Pieces) 1. Philippine Mission Service – Balagtas, Bulacan 2. Meralco Chesskolars from various public schools 3. Students from various public schools – Aliaga, Nueva Ecija 4. Bagong Ilog Elementary School – Pasig City, MM 5. Polytechnic University of the Philippines – Sta. Mesa, MM 6. Bagong Silangan Elementary School and High School – Quezon City, MM 7. V. Mapa High School – Manila 8. Taytay National High School – Taytay, Rizal	 148 Students 20 Students 30 Students 30 Students Total number of youth who participated in the tour chess tournament and workshop 228 Students 14 Students 83 Students 149 Students 77 Students 48 Students 61 Students 65 Students 97 Students

	9. Ramon Magsaysay High School – Cubao, Quezon City, MM 10. Ramon Magsaysay High School – España, Manila City, MM 11. Paranaque National High School – Paranaque City, MM 12. Pamantasan ng Lungsod ng Muntinlupa – Muntinlupa, MM 13. Jose Diaz Memorial High School – San Mateo, Rizal	57 Students 66 Students 57 Students 104 Students 51 Students Total number of youth trained under chess clinics: 929 Students
Youth and Sports Advocacy Sponsorships	Youth and Sports Advocacy Sponsorships ● Akapela Open ● Shore It Up ○ Anilao, Batangas ○ Puerto Galera, Mindoro ○ Subic Bay, Zambales ○ Del Carmen, Siargao Island ● Fun run/sport fest sponsorship ○ AETAkbo: Takbo Para sa Katutubong Aeta ○ SOS Children Village: Run for a Child – Iloilo City ○ DSWD Nayon ng Kabataan: Summer Sportsfest ○ Run for the Mangroves (63 Volunteer Runners) ○ Football Clinic with the Meralco Sparks FC & KAYA FC ○ SunPiology Run Others: ● SOS CVP 25th Anniversary (Major sponsorship worth P15,000)	(9 finalists, 12 semi-finalists, 17 qualifiers) (4 Meralco volunteer divers) (4 Meralco volunteer divers) (Cash sponsorship) (4 Meralco volunteer divers) (5 Volunteer runners) (Cash Sponsorship) (20 Kids participated) (30 Volunteer runners)

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

The Board annually conducts a self-assessment of their performance individually, collectively and as members of the different Board Committees. The self-assessment results are key factors in the enhancement of directors' performance and effectiveness in their duties.

The Board conducted the performance assessment on February 26, 2016, through employment of the following assessment forms, with the following processes and criteria:

	Process	Criteria
Board of Directors	Self-Assessment	A. Board Structure B. Board Duties and Responsibilities C. Duties and Responsibilities as an Individual Director
Board Committees	General Assessment of all Committees by the Board, Self-Assessment of Committee members	General and Self-Assessment of the overall performance of the following committees, based on the provisions of the Board Committee Charters: A. Nomination and Governance Committee B. Audit Committee C. Risk Management Committee D. Remuneration and Leadership Development Committee E. Finance Committee
Individual Directors	Self-Assessment	A. Board Structure B. Board Duties and Responsibilities C. Duties and Responsibilities as an Individual Director
CEO/President	Board Assessment & Self-Assessment	Key Performance Indicators: • Leadership • Management • Operating and Financial Performance (Consolidated Core Net Income) • Working relations with the Board

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers,

management and employees

Violations	Sanctions
Violations of Corporate Governance Rules	The Revised Manual of Corporate Governance provides for the following disciplinary actions **for directors**: 1. Temporary disqualification – refusal to comply with Company's disclosure requirements, unexcused absences of more than 50% of all regular and special meetings of the Board, dismissal or termination for a cause as director in any corporation covered by Governance Code, among others. 2. Permanent Disqualification – if convicted or adjudged guilty of any offenses or crimes, decree or order issued by a judicial or administrative body or the SEC or BSP. Please refer to Section 6.0 Disqualification of a Director of the Company's Revised Manual of Corp. Governance for details.
Violations on the following prescribed behavior: 1. Attendance & Punctuality 2. Work Performance 3. Employee Behavior 4. Confidentiality of Work and Information 5. Conflict of Interest 6. Use of Company Property 7. Hiring and/or Assignment of Relatives 8. Voluntary Separation	**For Officers/Senior Management and Employees:** The Company's Code on Right Employee Conduct (COREC) prescribes the proper and correct conduct of employees and Senior Management of the Company. The policy includes a guide in imposing disciplinary actions to employees and Senior Management with sanctions and penalties ranging from verbal counseling, written reprimand, suspension or dismissal, depending on the gravity of the offense committed.

This Consolidated Changes in ACGR for 2016 is hereby compiled and published in the Company website, in compliance with the Securities and Exchange Commission (SEC) Advisory dated March 12, 2015 addressed to all Publicly-Listed Companies on the submission of the Annual Corporate Governance Report (ACGR) together with the Annual Report as well as with Memorandum No. 12, Series of 2014 released May 26, 2014 requiring all publicly listed companies to consolidate all the ACGR updates and changes for the year and label the consolidated changes as "Consolidated Changes in ACGR for (year)" for posting in the company website.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of PASIG on 18 JAN 2017, 20___.

SIGNATURES

MANUEL V. PANGILINAN
Chairman of the Board

OSCAR S. REYES
Chief Executive Officer

PEDRO E. ROXAS
Independent Director

RET. CHIEF JUSTICE ARTEMIO V. PANGANIBAN
Independent Director

ATTY. WILLIAM S. PAMINTUAN
Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of 18 JAN 2017 20__ , affiant(s) exhibiting to me their _____, as follows:

NAME	TAX IDENTIFICATION NO.
MANUEL V. PANGILINAN	914-481-801
OSCAR S. REYES	136-623-569
PEDRO E. ROXAS	104-738-165
ARTEMIO V. PANGANIBAN	106-197-693
WILLIAM S. PAMINTUAN	146-473-562

ATTY. CORNELIO MANUEL III C. DICCION
NOTARY PUBLIC
PASIG, SAN JUAN, TAGUIG AND PATEROS
ISSUED ON FEBRUARY 1, 2016 AT PASIG CITY
APPOINTMENT NO. 83 (2016-2017)
ROLL NO. 45053 / IBP NO. 1020812/01-05-16 RSM CHAPTER
PTR NO. 1473404/01-21-16 PASIG CITY
8TH FLOOR LOPEZ BLDG., ORTIGAS AVENUE, PASIG CITY

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Series of 2017

Annex A

Consolidated Changes in ACGR



MANILA ELECTRIC COMPANY

REVISED MANUAL OF CORPORATE GOVERNANCE

(July 2014)

REVISED MANUAL OF CORPORATE GOVERNANCE

The Board of Directors, officers, executives, and employees of MERALCO (or the "Company") hereby commit themselves to the fundamental principles of sound corporate governance provided in this Revised Manual of Corporate Governance (Revised Manual), and acknowledge that the same are necessary components of sound strategic business management that will enhance the value of the Company to all its stakeholders.

This Revised Manual is adopted pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 6, Series of 2009 (Revised Code of Corporate Governance) issued on July 15, 2009. It supersedes the Company's Manual of Corporate Governance adopted pursuant to SEC Memorandum Circular No. 2, Series of 2002 (Code of Corporate Governance) issued on April 5, 2002.

DECLARATION OF CORPORATE PRINCIPLES

The Company adheres to the principles of integrity, accountability, fairness, and transparency to develop and uphold an ethical culture that will protect and promote the best interest of the Company for the common benefit of the Company's stockholders and other stakeholders. The Company likewise adheres to the laws enfranchising its corporate existence and utility operations. As the Company progresses, this Revised Manual shall be kept under constant review and revision to meet the emerging standards of good corporate governance practices.

DEFINITION OF TERMS

a) ***Corporate Governance*** – the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates;

b) ***Board of Directors*** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties;

c) ***Exchange*** – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;

d) ***Management*** – the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;

e) ***Independent director*** – a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;

f) ***Executive director*** – a director who is also the head of a department or unit of the corporation or performs any work related to its operation;

g) ***Non-executive director*** – a director who is not the head of a department or unit of the corporation nor performs any work related to its operation;

h) ***Non-audit work*** – the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor;

i) ***Internal control*** – the system established by the Board of Directors and Management for the accomplishment of the corporation's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;

j) ***Internal control system*** – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;

k) ***Internal audit*** – an independent and objective assurance activity designed to add value to and improve the corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

l) ***Internal audit department*** – a department or unit of the corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation's operations;

m) ***Internal Auditor*** – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

CORPORATE GOVERNANCE RULES & PRINCIPLES

I. BOARD GOVERNANCE

Section 1.0 Composition of the Board

1.1 The Board consists of eleven (11) directors who shall be elected by the stockholders at a regular or special meeting in accordance with the Amended By-Laws of the Company.

1.2 The Board shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

Section 2.0 Independent Directors

2.1 Independent Director means a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of any independent judgment in carrying out his responsibilities as a director in the Company and includes, among others, any person who:

a. Is not a director or officer of the Company or of its related companies[1] or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

b. Does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders;

c. Is not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

d. Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

e. Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

f. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years;

g. Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and or through a firm of which he is a partner and/or a Company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial;

h. Is not the chairman emeritus or an ex-officio director/officer or a member of the advisory board of the Company, or otherwise appointed in a capacity to assist the Board of the Company in the performance of its duties and responsibilities within the last one (1) year;

i. Is not a director (other than an independent director) of the Company who resigned or whose term ended within the last two (2) years; and

j. Is not a securities broker-dealer or a person holding any office of trust and responsibility in a broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer.

[1] When used in relation to the Company, "related company" means another company which is : (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

2.2 Independent directors should, as much as possible, be in attendance during board meetings to promote transparency. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement.

Section 3.0 Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company.

Section 4.0 Duties and Responsibilities of the Board

4.1 General Responsibility

It is the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders.

a. The Board of Directors is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

b. The Board should establish the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance.

c. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness.

4.2 Specific Duties and Functions

To ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the Board shall:

a. Adopt a process of selection that encourages diversity and ensures a mix of competent directors and officers, without regard to gender, race, religion, or age;

b. Oversee the implementation of compensation plans and professional development programs for officers and succession planning for senior management;

c. Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance;

d. Ensure that the Company complies with all relevant laws, regulations and endeavor to adopt best business practices;

e. Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and oversee Management's formulation and implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs;

f. Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness;

g. Provide oversight with regard to enterprise risk management;

h. Identify key risk areas and key performance indicators and monitor these factors with due diligence;

i. Ensure that the Company establishes appropriate policies and procedures in accordance with this Revised Manual and applicable laws and regulations, including, but not limited to, conflict of interest and related party transactions;

j. Constitute Board Committees, including an Audit and Risk Management Committee, that it deems necessary to assist the Board in the performance of its duties and responsibilities;

k. Consider the creation and maintenance of an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its stockholders, if applicable;

l. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;

m. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing law, rules and regulation; and

n. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably, shall act as Compliance Officer.

4.3 Chairman of the Board

In addition to the duties provided in the By-Laws of the Company, the responsibilities of the Chairman in relation to the Board shall include the following:

a. To ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;

b. To supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the directors and Management; and

c. To maintain qualitative and timely lines of communication and information between the Board and Management.

If the positions of Chairman and Chief Executive Officer (CEO) are not separate and matters for resolution of the Board involve the accountability of Management and there is a perceived conflict of

interest in relation thereto, the Chairman must appoint a lead director from among the independent directors to temporarily preside in the meeting to ensure the independence of the Board.

4.4 Internal Controls Responsibilities of the Company

a. The control environment of the Company consists of:

i. The Board which ensures that the Company is properly managed and effectively supervised;

ii. The Management that actively manages and operates the Company in a sound and prudent manner;

iii. The organizational and procedural controls supported by effective management information and risk management reporting systems; and

iv. An independent audit mechanism to monitor the adequacy and effectiveness of the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, confidential information, and compliance with laws, rules, regulations and contracts.

b. The Board's internal control mechanisms for the Board's oversight responsibility may include:

i. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;

ii. Selection of a CEO who possesses the ability, integrity and expertise essential for the position;

iii. Establishment by the Company of an internal audit system that can reasonably assure the Board, Management, and stockholders that the Company's key organizational and operational controls are appropriate, adequate, effective, and complied with;

iv. Selection and appointment of proposed senior management officers; and

v. Review of the Company's personnel and human resource policies and sufficiency, conflict of interest situations, changes in the compensation plan for employees and succession plan for officers and management.

Section 5.0 Qualifications of Directors

5.1 Every director shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. He must have all the qualifications and none of the disqualifications of a director. The following are the qualifications:

a. Possesses college education or the skills needed to effectively carry out his functions as director;

b. Possesses integrity/probity; and

c. Has strong adherence to legal and moral principles.

A director must have a practical understanding of business in general and of the business of the Company, in particular.

5.2 The Nomination and Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.

Section 6.0 Disqualification of a Director

6.1 Permanent Disqualification

a. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC:

   i. an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

   ii. any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; or

   iii. having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP;

b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director, or officer of a bank, quasibank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above.

   The disqualification shall also apply if such person: (1) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; or (2) has otherwise been restrained to engage in any activity involving securities and banking or (3) is currently the subject or an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization.

c. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above;

d. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and

e. Any person judicially declared as insolvent.

6.2 Temporary Disqualification

The Nomination and Governance Committee may consider and recommend to the Board temporary disqualification of a director based on any of the following grounds:

a. Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists.

b. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

c. Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.

d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a director recommended by the Nomination and Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations.

A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

6.3 If an independent director becomes an officer or employee of the Company, his designation as independent director is automatically terminated and he shall be disqualified as an independent director.

6.4 The Nomination and Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.

Section 7.0 Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

7.1 To conduct fair business transactions with the Company and ensure that his personal interest does not conflict with the interest of the Company;

7.2 To devote time and attention necessary to properly discharge and effectively perform his duties and responsibilities;

7.3 To act judiciously;

7.4 To exercise independent judgment;

7.5 To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies;

7.6 To observe confidentiality of information; and

7.7 To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.

Section 8.0 Compensation of Directors

Directors, as such, shall not receive any compensation unless approved by the stockholders or provided in the By-Laws of the Company. No director should participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable *per diem* that a director may receive for attendance in Board and Board Committee meetings.

Section 9.0 Board Committees

The Board of Directors shall form Board Committees to aid in ensuring compliance with the principles of good corporate governance. The members of such Committees shall be appointed by the Board of Directors annually.

9.1 Executive Committee

a. The Board of Directors may, by a majority vote, designate five (5) of its members, including one (1) independent director, to constitute an Executive Committee.

b. The Committee may act, by majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated to it in the By-laws or on a majority vote of the Board, subject to the limitations provided by Section 35 of the Corporation Code.

c. The Corporate Secretary or a member of the Executive Committee shall keep the minutes of its proceedings; and all such proceedings shall be from time to time reported to the Board of Directors, and shall be subject to revision or alteration by the Board; provided that no rights of third persons shall be affected by such revision or alteration.

9.2 Nomination and Governance Committee

a. The Nomination and Governance Committee shall preferably have at least three (3) directors, one of whom must be an independent director.

b. The Nominations and Governance Committee shall have the following duties and responsibilities:

i. Review and evaluate the qualifications of all persons nominated to Board and other appointments that require Board approval in accordance with the qualifications prescribed by law, pertinent rules and regulations, the Company's By-Laws and this Revised Manual. The screening shall include the evaluation of the nominee's directorship, membership and officership in other corporations or organizations to ensure that he can perform his duties diligently and effectively;

ii. Provide a Final List of all qualified nominees to the Board;

iii. Review and endorse to the Board the Compliance Officer's recommendations in relation to violations of this Revised Manual, the Revised Code of Corporate Governance and such other circulars, rules and regulations issued in relation thereto;

iv. Recommend Committee membership appointments, including Committee chairmanships, to the Board for approval after receiving advice from the Chairman of the Board and CEO and with consideration of the desires of individual Board members;

v. Review annually the Charters of the Board Committees for the purpose of recommending any needed change(s) to the Board;

vi. Recommend processes and mechanisms for evaluating the performance of the Board, the Board Committees, and Management;

vii. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

viii. Review annually the prescribed Full Business Interest Disclosure of all incoming Directors and officers; and

ix. Such other responsibilities as may be provided in the Nomination and Governance Committee Charter.

9.3 Audit & Risk Management Committee

a. The Audit and Risk Management Committee shall be composed of five (5) directors, who shall preferably have accounting and finance backgrounds, two (2) of whom shall be Independent Directors and another with audit experience. The Chairman shall be an Independent Director. Each member shall have adequate understanding at least or competence at most of the Company's financial management systems and environment.

b. The Audit and Risk Management Committee shall have the following duties and responsibilities:

i. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring compliance with applicable laws, rules, and regulations;

ii. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;

iii. Perform oversight functions over the Company's internal and external auditors. It should ensure that internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions;

iv. Review and approve the annual internal audit plan to support the attainment of the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;

v. Prior to commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; .

vi. Organize an internal audit department and consider the appointment of an independent internal auditor as well as consider an independent external auditor, and the terms and conditions of their engagement and removal;

vii. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

viii. Review the reports submitted by the internal and external auditors;

ix. Review the completeness, accuracy, and fairness of the quarterly, half-year, and annual financial statements before their submission to the Board or regulators with particular focus on the following matters:

ix.i Any change/s in accounting principles and practices
ix.ii Major judgmental areas
ix.iii Significant adjustments resulting from audit
ix.iv Going concern assumptions
ix.v Compliance with accounting standards
ix.vi Compliance with tax, legal, and regulatory requirements.

x. Coordinate, monitor, and facilitate compliance with laws, rules, and regulations;

xi. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the

total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit and Risk Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;

xii. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. The Audit and Risk Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;

xiii. Elevate to international standards the accounting and auditing processes, practices and methodologies; and

xiv. Such other duties and responsibilities as may be provided in the Audit and Risk Management Committee Charter.

xv. The Audit and Risk Management Committee shall meet quarterly and as often as may be necessary.

9.4 Remuneration and Leadership Development Committee

a. The Remuneration and Leadership Development Committee preferably shall be composed of at least three (3) directors, one of whom shall be an independent director.

b. The Remuneration and Leadership Development Committee shall have the following duties and responsibilities:

i. Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy, and the business environment in which it operates;

ii. Oversee the formulation of the compensation and retirement philosophy as well as study and evaluate the appropriate compensation, retention, and retirement policies and programs for the officers of the Company as appointed in accordance with the Company's By-Laws, as well as managers or executives with the rank of assistant vice president and up;

iii. Review management succession plan; and

iv. Such other duties and responsibilities as may be provided in the Remuneration and Leadership Development Committee Charter.

9.5 Finance Committee

a. The Finance Committee shall be composed of at least three (3) directors with the Chief Finance Officer as ex-officio member, one (1) of whom shall be an independent director.

b. The Finance Committee is in charge of reviewing the financial operations of the Company and matters regarding the acquisitions of or investments in companies, business or projects. It endorses

recommendations to the Board as deemed appropriate or approved actions within its delegated authority.

c. The Finance Committee shall review, advise and recommend approval, decision or action on financial matters, including but not limited to the following:

   i. Establishment of and changes to financial, accounting and treasury policies;

   ii. All major financing transactions of the Company;

   iii. Issuance of shares and shares repurchases, valuation of shares, and other such activities involving existing shares;

   iv. The Company's corporate plans and budgets;

   v. Major contracts and variations;

   vi. Proposals for dividends and transfers to reserve;

   vii. Financing guarantees and indemnities and mortgaging of the Company's assets;

   viii. Any actual, or potential, major exception or occurrence which has, or may have, a major financial impact on the Company;

   ix. Guarantees, financial support, undertakings and indemnities concerning investments or liabilities of subsidiary or associated companies, other than those which are the subject of an existing general or specific Board or Committee approval;

   x. Capitalization of subsidiaries or associated companies, other than that which is subject of an existing general or specific Board or Committee approval;

   xi. Proposed principal agreements with Government, Joint Venture and Shareholders' Agreements, Major Acquisitions, Divestment and Property Redevelopment; and

   xii. Such other duties and responsibilities as may be provided in the Finance Committee Charter.

Section 10.0 The Management

The Management is represented by a Management Committee (Mancom) composed of corporate officers and executives formed and headed by the CEO, or, in his absence, the President. All principal policies and directions governing the organization, management and operation of the Company as well as its subsidiaries shall be formulated and implemented by this Committee, subject to Board approval when required by existing laws. The Committee shall regularly report to the Board at its regular Board meeting, or during special meeting whenever necessary or requested by the Board, through the CEO and/or the President, on all matters concerning the Company's operation as well as significant events or occurrences affecting the Company.

Section 11.0 Duties and Responsibilities of the CEO

The CEO shall be in charge of the management and administration of the business operations, affairs and properties of the Company. He shall ensure that all resolutions of the Board are carried into effect and see that the business and affairs of the Company are managed in a sound and prudent manner. He shall ensure the reliability and integrity of financial and operational information and effectiveness, as well as, the efficiency of operations.

The CEO shall report to the Board, from time to time, all matters within his knowledge in which the Company has material interest.

Section 12.0 The Corporate Secretary and Assistant Corporate Secretary

The Corporate Secretary and the Assistant Corporate Secretary are officers of the Company and are expected to observe the highest degree of professionalism, integrity, and diligence.

12.1 Qualifications of the Corporate Secretary and Assistant Corporate Secretary

a. The Corporate Secretary and the Assistant Corporate Secretary shall be resident Filipino citizens of good moral character.

b. They shall have adequate legal, administrative, and interpersonal skills.

12.2 Duties and responsibilities of the Corporate Secretary and the Assistant Corporate Secretary

a. Work and deal fairly and objectively with all the constituencies of the Company, namely, the Board, Management, stockholders and other stakeholders.

b. Be fully informed and be part of scheduling the Board activities.

c. Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.

d. Schedule meetings at least for the current year and duly notify the Board before every meeting.

e. Advise directors on matters pertaining to their legal responsibilities and obligations and ensure that appropriate Board procedures are being followed and that applicable rules and regulations are complied with.

f. Conduct orientation for new directors on the Company's organizational structures and business operation.

g. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.

h. Attend all Board meetings and maintain record of the same.

i. Submit to the SEC, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

j. Report to the SEC and the Philippine Stock Exchange (PSE) matters involving the Company, which are required to be disclosed under applicable laws and regulations.

k. Safekeep and preserve the integrity of minutes and other official records of the Company.

l. Be loyal to the mission, vision, and objectives of the Company.

m. Have working knowledge of the operations of the Company. n. Ensure that all Board procedures, rules and regulations are faithfully followed by its members.

Section 13.0 Compliance Officer

13.1 The Board shall appoint a Compliance Officer who shall report to the Chairman. The Compliance Officer shall perform the following duties:

a. Monitor compliance with the provisions and requirements of this Revised Manual;

b. Appear before the SEC when summoned in relation to compliance with the Revised Code of Corporate Governance or such other circulars, rules and regulations issued in relation thereto;

c. Determine violation/s of this Revised Manual and recommend action for violation thereof to be reviewed and approved by the Board;

d. Issue a certification within the prescribed deadline set by the regulators on the extent of the Company's compliance with this Revised Manual for the completed year, explaining the reason for any deviation from the same, if any; and

e. Identify, monitor and report compliance risks.

13.2 The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence related to his functions as such shall be addressed to said Officer.

Section 14.0 External Auditor

14.1 The Board, after consultations with the Audit and Risk Committee, shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

14.2 The external auditor of the Company should not at the same time provide the services of an internal auditor.

14.3 The Company's external auditor should be rotated or the handling partner should be changed every five (5) years or earlier.

14.4 The reason(s) for the resignation, dismissal or cessation from service of an external auditor and the date thereof shall be reported in the Company's annual and current reports. Said report should include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

14.5 If an external auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

Section 15.0 Internal Auditor

15.1 The Company shall have in place an independent internal audit function which shall be performed by an Internal Auditor or an internal audit organization, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

15.2 The Internal Auditor should certify that the conduct of internal audit activities is in accordance with the International Standards for Professional Practice of Internal Auditing.

15.3 The Internal Auditor shall functionally report directly to the Audit and Risk Management Committee.

15.4 The Internal Auditor should submit to the Audit and Committee and Management an annual report on department's activities, responsibilities, and performance plans and strategies as approved by the Audit and Committee. Risk Management the internal audit relative to the audit Risk Management

II. SUPPLY OF INFORMATION

All directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties.

A. Management is responsible for providing the Board with appropriate and timely information. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

B. The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board.

C. A full agenda and comprehensive Board papers are be circulated to all directors well in advance of each Board meeting.

D. Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.

III. DISCLOSURE AND TRANSPARENCY

A. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders. All material information may include: earnings results, acquisition or disposition of assets, board changes, related party transactions, shareholdings of directors, changes in ownership, remuneration

(including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

B. All disclosed information may be released via the approved stock exchange procedure for Company announcements as well as through the annual report. The Company shall cause the filing of all required information for the interest of the stakeholders.

IV. ACCOUNTABILITY AND AUDIT

A. The Board shall ensure that stockholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

B. Management should formulate the rules, procedures on internal controls, and financial operations for presentation to the Audit & Risk Management Committee in accordance with the following guidelines:

i. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;

ii. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained for the benefit of all stockholders and other stakeholders;

iii. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations; and

iv. The Company should consistently comply with the financial reporting requirements of the SEC.

V. INVESTORS' RIGHTS AND PROTECTION

The Board shall commit to respect the following rights of the stockholders:

Section 1.0 Voting Right

1.1 Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

1.2 Cumulative voting shall be used in the election of directors.

Section 2.0 Pre-emptive Right

Unless otherwise stated in the Articles of the Incorporation or the Corporation Code of the Philippines, all stockholders shall enjoy pre-emptive right to subscribe to all issues or disposition of shares in proportion to their respective shareholdings.

Section 3.0 Right of Inspection

Any stockholder who desires to exercise his right to inspect corporate books and records of the Company must make a written request addressed to the Corporate Secretary, and stating the specific reason(s) or purpose(s) for the inspection. The exercise of such right may be denied if: (i) the requesting stockholder improperly used information obtained from prior examination; or, (ii) is not acting in good faith; or, (iii) there is a reasonable ground to safeguard the interests of the Company, such as when the subject of inspection contains confidential or proprietary information or covered by a confidentiality or non-disclosure obligation which will be violated by the Company if inspection were allowed. In no case shall the stockholder be allowed to take corporate books and other records out of the principal office of the Company for the purpose of inspecting them. The Corporate Secretary may elevate the request for inspection for the information, approval, or other appropriate action by the Board.

This Revised Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

Section 4.0 Right to Information

Stockholders shall be provided, upon request, with periodic reports filed by the Company with the SEC (e.g., proxy statement/information statement and annual report) which disclose personal or professional information about the Directors and Officers such as their educational and business background, holdings of the Company's shares, material transactions with the Company, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.

Section 5.0 Right to Dividends

5.1 Stockholders shall have the right to receive declared dividends subject to the procedures prescribed by the Board.

5.2 The Company shall be compelled to declare dividends when its retained earnings exceeds 100% of its paid-in capital stock, except:

a. when justified by definite corporate expansion projects or programs approved by the Board; or

b. when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or

c. when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

Section 6.0 Appraisal Right

The stockholders shall have appraisal right under any of the following circumstances:

a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any aspect superior to those of outstanding shares of any class, or of extending or reducing the term of corporate existence;

b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Company;

c. In case of merger or consolidation; and

d. Investment of funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized.

Section 7.0 Right to Transparent and Fair Conduct of Stockholders' Meeting

The Board shall adopt appropriate measure to ensure that stockholders' meetings are conducted in a fair and transparent manner. The stockholders should be encouraged to personally attend such meetings, and if unable to do so, they should be advised ahead of time of their right to appoint a proxy on their behalf. Subject to the requirements of law, rules and regulations, the By-Laws of the Company and the rules approved by the Board, the validity of a proxy should be resolved in favor of the stockholder.

It shall be the duty of the directors to promote stockholder rights, remove impediments to the exercise of stockholders' rights and allow possibilities to seek redress for violation of their rights. The directors shall envisage the exercise of stockholders' voting rights and the solution of problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person.

VI. COMPLIANCE AND MONITORING SYSTEM

Section 1.0 Communication and Training Process

1.1 All Company directors and executives are tasked to ensure the thorough dissemination of this Revised Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

1.2 An adequate number of printed copies of this Revised Manual must be reproduced and distributed to each department of the Company.

1.3 Funds will be allocated by the Company for the purpose of conducting an orientation program or workshop to operationalize this Revised Manual.

1.4 A director shall, before his assumption of duty, be required to attend a seminar on corporate governance which shall be conducted by a recognized and reputable training provider.

Section 2.0 Governance Rating System

The Board shall develop a rating system to measure the performance of the Board and Management in accordance with the criteria provided in this Revised Manual and other rules and regulations on good corporate governance.

Section 3.0 Penalties for Non-Compliance with the Revised Manual

3.1 The Compliance Officer shall be specifically tasked with the responsibility of ensuring compliance with this Revised Manual.

3.2 The Compliance Officer shall, after proper investigation, notice and hearing, determine and recommend to the Board, the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent repetition of the violation.

VII. APPLICABILITY TO SUBSIDIARIES

Subsidiaries of the Company are encouraged to adopt their own Manual of Corporate Governance.

VIII. SEPARABILITY CLAUSE

The Board endeavors to comply at all times with the principles set out in this Revised Manual. In case of conflict between the Code of Corporate Governance issued by the SEC and this Revised Manual, the Code shall prevail. If the conflict is such that the affected provision of this Revised Manual is rendered invalid, the rest of the provisions of this Revised Manual shall remain valid.

IX. EFFECTIVITY

This Revised Manual was approved on July 28, 2014 by the Board of Directors. It shall be published in the Website of the Company and shall take effect immediately. It supersedes the previous Manual on Corporate Governance that was approved and adopted by the Company on January 1, 2003 and amended on August 25, 2003, June 7, 2004, June 25, 2007, May 1, 2010 and March 28, 2011.

Signed:

MANUEL V. PANGILINAN
Chairman

OSCAR S. REYES
President & CEO

Annex B

Consolidated Changes in ACGR



CONFLICT OF INTEREST POLICY

(Revised: July 2012)

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I. DECLARATION OF POLICY

The Company strongly adheres to the observance of honesty, justice and good faith in its obligations, dealings or relationships with its various stakeholders as specified in its existing Company Codes namely, The Code of Ethics, Code on Employee Discipline and Information Security Policy, among others. In the pursuit of this time-honored commitment, its Directors, Officers and Employees are required to observe at all times the highest degree of fairness, accountability, transparency and integrity in the performance of their duties and responsibilities to the Company, free from any form of conflict or contradiction with their own personal interest.

II. DEFINITION OF TERMS

A. **Affiliated Party** refers to any person, natural or juridical, other than the Company, with which a Director, Employee, or Officer of the Company has a financial, professional or personal relationship or interest. This includes, among others:

1. Relatives as defined in this Policy;
2. Corporations or firms other than the Company where a Director, Officer, Employee and/or his relative holds a position as Director, Officer, executive, Employee or consultant; or
3. Corporations, other than the Company, owned by the Directors, Officers, Employees of the Company, or their relatives, which holds, either singly or collectively, more than ten percent (10%) of the subscribed capital or equity of such corporations.
4. Partnerships in which a Director/ Officer/ Employee or an Affiliated Party is a partner;
5. Co-ownership wherein a Director, Officer, Employee, or his Affiliated Party is a part owner of the property sold, assigned or leased to the Company; and
6. Relationship by reason of wedding, baptismal or sponsorship (i.e. the godparents; goddaughter; godson; or "*kumpare*/*kumare*") of the Employee or of his spouse or children.

Business dealings or transactions of an Officer or Employee in behalf of the Affiliates or Subsidiaries of the Company are excluded from the definition of Affiliated Party.

B. **Board** refers to the Board of Directors of the Company.

C. **CGO** refers to the Corporate Governance Office of the Company.

D. **Clearance Authority** refers to the individual or office who/which exercises the duties and responsibilities enumerated under Section (VI) *Compliance and Enforcement.* This includes the Group Head, Organization/BRU Head of the employee, President or

CEO or his representative, and the Nomination and Governance Committee (Nom & Gov), as the case may be.

E. **Company** refers to the Manila Electric Company (MERALCO).

F. **Confidential or Proprietary Information** shall include, but shall not be limited to, any and all trade secrets and any other information, methods, processes, formulae, systems, business, technical, marketing, computer and administrative records, including customer lists, plans, software and other data developed, created, acquired or maintained by the Company.

G. **Conflict of Interest Situation** refers to a situation where financial or business interest, professional, or other personal considerations or interests may influence, jeopardize or compromise, or have the appearance, tendency or propensity of influencing, jeopardizing or compromising, the ability of Directors, Officers or Employees to effectively and impartially or objectively exercise independent judgment in the performance of their duties, responsibilities or professional activities in the Company.

H. **Consultancy** refers to the act of providing professional or expert advice, for a consideration, in a particular field like management, energy services and technology.

I. **Director** refers to a member of the Board of Directors of the Company.

J. **Employees** refer to all persons under the employ and in the active payroll of the Company.

K. **Gifts** may be a right, privilege, or a thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel and any other form of benefit.

L. **Nom & Gov** refers to the Nomination and Governance Committee of the Company.

M. **Officer** refers to an officer of the Company as defined in its By-laws.

N. **Relatives** refer to persons related up to the third degree, by consanguinity, affinity or legal adoption, including the spouse, parents, children (and their spouses) siblings, (and their spouses), nieces and nephews (limited to children of brothers or sisters) [and their spouses], grandparents, and aunts and uncles (limited to sisters or brothers of parents); and the common-law spouse and/or his relatives of up to the third degree, by consanguinity, affinity or legal adoption. For purposes hereof, Relatives shall include first cousins (Please see illustration in "**Annex A**").

O. **Third Party** refers to any person, natural or juridical, that has existing and/or expected business dealings with the Company, including, but not limited to, prospective or existing suppliers, contractors, buyers, customers, government agencies, or all other business partners who are or may be similarly situated.

III. COVERAGE

This Policy covers all possible conflicts of interest between the financial, professional or personal interests or activities of i) Directors, Officers, or Employees; or ii) Affiliated Party, and the business interest of the Company.

IV. CONFLICT OF INTEREST SITUATIONS

The following are situations or events which may give rise to or result in a Conflict of Interest Situation. Other situations not described herein shall be evaluated on a case to case basis by the Clearance Authority within the context of this Policy.

A. Corporate Opportunity and Outside Investment

1. Having a part in recommending, decision-making or approving; or in influencing decisions in the granting of awards or in the provision of electric services; or in selling or leasing Company property; or in establishing prices, customer deposits, and discounts; or in disseminating information about the availability of electric service and Company property, with respect to, or in favor any of his Affiliated Parties.
2. Soliciting personal business from customers/ suppliers of the Company.
3. Using the Company's resources for personal or non-Company activities or for purposes outside of the Company's corporate mission/vision.
4. Using the Company's non-public, confidential or proprietary information for his or another person's gain or advantage, including the purchase or sale of securities of the Company and/or in a business the Company is interested in acquiring, selling, establishing or terminating business relations with.
5. Using the Company's name, trademark and other intellectual properties or data, facilities and resources in connection with, among others, the following instances:
    a. Sponsoring, recommending or promoting any commercial service or product, unless such is at the request of the Company or is part of the Director, Officer, or Employee's Company duties or responsibilities;
    b. Granting Third Parties access to Company facilities or services for purposes outside of the Company's mission, or offering favors to said Third Parties to gain favors for one's self or for any of his Affiliated Party;

c. Granting unauthorized access of confidential or proprietary information to others; and

d. Providing preferential access to the Company's resources and facilities, or giving preferential treatment or advantage, to Third Parties for personal gain or in exchange for a Gift in favor of any of a Director's, Officer's or Employee's Affiliated Party.

B. Relationships

Additional instances or events that may give rise to a Conflict of Interest Situation under this Section are as follows:

1. When Directors, Officers or Employees take part in decisions to transact business with an Affiliated Party. These include, but shall not be limited to:

   a. The execution of any contract between the Affiliated Party and the Company for the procurement of supplies or services, and lease or sale of property.

   b. The valuation, recommendation and/or approval of business, project proposals, or transactions of the Company with an Affiliated Party.

2. Exerting pressure/influence with respect to the hiring by the Company of an Affiliated Party.

3. Personal relationships at work, when such can influence or compromise a Director's, Officer's, or Employee's decisions or actions involving his subordinate, or which could affect hiring, job responsibilities, work duties, promotions, performance evaluations, and/or compensation.

C. Gifts

Soliciting or accepting gifts, in any form, from a Third Party with existing or intended business dealings with the Company, in consideration of any act or omission affecting, or transaction involving the Company.

D. Outside Employment and Other Services

A Director, Officer, or Employee shall avoid accepting a position or employment, or carrying out work outside of the Company and/or its subsidiaries where a Conflict of Interest or loyalty may arise and which may significantly affect the Director's, Officer's, or Employee's efficiency in the performance of duties and obligations or otherwise adversely affects one's work.

V. DISCLOSURE AND APPROVAL

Directors, Officers and Employees of the Company are expected to conduct themselves at all times with the highest ethical standards. They must seek guidance from the Clearance Authority before embarking on activities where potential Conflict of Interest Situations may be present. Actual or potential Conflict of Interest Situations must be avoided and should be disclosed immediately.

A. DUTY TO DISCLOSE AND SEEK CLEARANCE OF ACTUAL OR POTENTIAL CONFLICT OF INTEREST SITUATIONS

1. As soon as a Director, Officer, or Employee becomes aware of an actual or potential conflict of interest situation where he is involved in, he must disclose this in writing to the appropriate Clearance Authority to seek clearance or advice. (*Please refer to **Annex B** for the template when requesting Clearance on Potential Conflict of Interest.)*

   He shall likewise inhibit from being involved at any stage of the transaction and cannot sign any document related to the transaction.

2. All Directors, Officers and Employees shall annually sign and submit a Conflict of Interest Disclosure Statement not later than January 31 of each year. (*Please refer to **Annex C** for the Annual Conflict of Interest Disclosure for Employees below AVP level and **Annex D** for AVP and up level.)*

3. It shall be the responsibility of every Director, Officer, and Employee to take immediate and appropriate action when they become aware of any violations or potential violations of other Directors, Officers or Employees, and to disclose the same to the Clearance Authority for appropriate action.

B. DISCLOSURE/APPROVAL GUIDE

Conflict of Interest Situations shall be approved or cleared by the Clearance Authority in the levels provided below:

REPORTING PERSON	CLEARANCE AUTHORITY
Employee	Organization Head /BRU Head
Organization Head/ BRU Head	Group Head
Officer (except President/CEO)	President/CEO
Director/ President/CEO	Nomination and Governance Committee

The Clearance Authority shall provide HR and CGO with a copy of all its rendered decisions.

VI. COMPLIANCE AND ENFORCEMENT

A. The Nom & Gov shall oversee compliance of this Policy through the CGO. The Nom & Gov for the Directors, President or CEO, or the CGO for Officers and Employees, shall take appropriate actions on Conflict of Interest Situations that are not specified in Article IV of this Policy.

B. The Clearance Authority shall have the following duties and responsibilities:

1. Evaluate Conflict of Interest Situations disclosed to them and determine if the same is permissible.
2. Issue opinion or advice to concerned Directors, Officers, or Employees on potential or actual Conflict of Interest Situations. Ensure that mitigation measures are in-place for authorized conflict of interest situation and this must be clearly stated as part of the approval.

The decision of the first level Clearance Authority may be elevated to the next level Clearance Authority for appropriate action.

C. Any Conflict of Interest Situation that has not been disclosed in violation of this Policy shall be dealt with administratively in accordance with the provisions of the Revised Manual of Corporate Governance, By-Laws, Code of Ethics or the Code on Employee Discipline, or other Company policy or guidelines, whichever is applicable.

VII. EFFECTIVITY

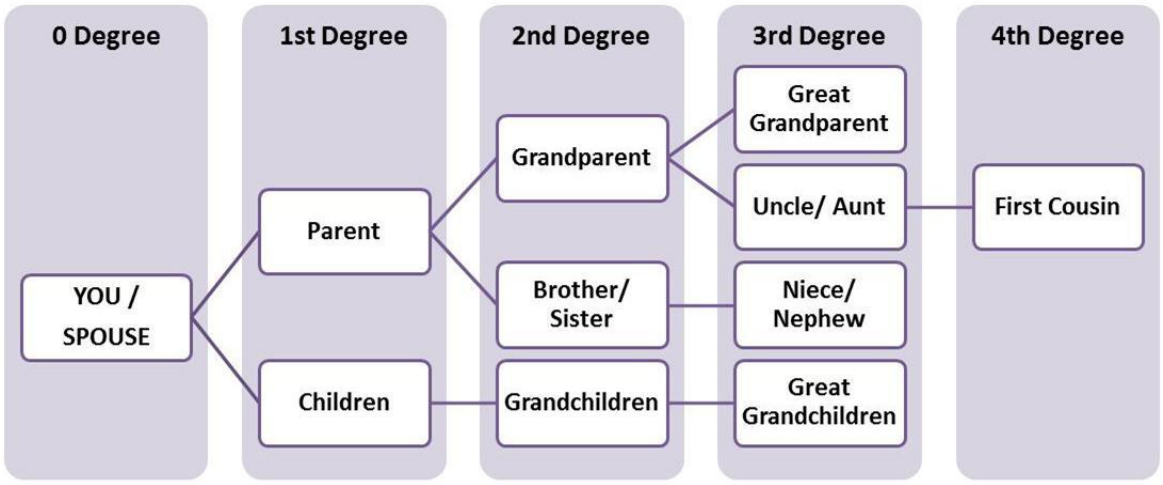
This Policy was approved by the Board of Directors on **July 30, 2012**. It shall be published in the Website of the Company and shall take effect on **August 15, 2012**. It supersedes the previous Conflict of Interest Policy that was approved and adopted by the Company on August 23, 2004. In the event of inconsistencies of this Policy with other existing Company policies, this Policy shall prevail.

Signed:

Oscar S. Reyes
President and CEO

Manuel V. Pangilinan
Chairman of the Board

Annex A: Chart of Affinity and Consanguinity Relations



For purposes of this Policy:

1. A spouse is related by marriage (affinity) to his/her partner's relatives in the same way that he/she is related to them by blood (consanguinity).
2. Half-blood relationship is the same as a full-blood relationship.
3. Step relationship is the same as a blood relationship.
4. Relationship through legal adoption shall constitute relation by consanguinity.

Annex B: CLEARANCE ON POTENTIAL CONFLICT OF INTEREST SITUATION

MERALCO

MEMORANDUM

TO : _____
(The Clearance Authority)[1]

CC : The Corporate Governance Office

FROM : _____
(The Employee)

DATE : _____

SUBJECT : **CLEARANCE ON POTENTIAL CONFLICT OF INTEREST SITUATION**

☐ Information ☐ Review ☐ Action ☐ Approval

I hereby disclose and secure the approval of the following situations or events that may give rise to a potential Conflict of Interest (COI) under MERALCO's COI Policy.

Please state the affected portion of the submitted COI Disclosure and provide the updated/corrected entries.

Please state situation or event details *(include additional sheet if necessary)*.

ASSESSMENT and DISPOSITION
(To be filled-up by Clearance Authority)

Assessment: ☐ Conflict of Interest ☐ Not a Conflict of Interest
☐ No need to Disclose ☐ No need for Approval

Disposition if there is Conflict of Interest *(include additional sheet if necessary)*:

☐ Disapproved (state reason)

☐ Approved (state reason and mitigating measures to manage the conflict)

By: _____ Date: _____
Signature over Printed Name of Clearance Authority

[1] Please refer to the COI Policy (page 7) for the appropriate Clearance Authority

Annex C: ANNUAL CONFLICT OF INTEREST DISCLOSURE (FOR EMPLOYEES BELOW AVP LEVEL)

MERALCO
Ang liwanag ng bukas

Annual Conflict of Interest Disclosure
(For Employee below AVP Level)
For the Year _____

Employee Name (Last, First, Middle)	Man No.:
Title/Position:	Organizational Unit:

In compliance with MERALCO's Conflict of Interest Policy, I hereby submit the following information:

1. I am part of a team or office that: (i) approves or recommends provision of electric service to customer; requires customer deposits and recommends or approves, discounts and refunds; (ii) recommends sale or lease of MERALCO properties; (iii) determines prices, (iv) disseminates information about the availability of electric service.

   ☐ No

   ☐ Yes *(Pls. state nature of involvement)*_____

   _____

   _____

2. I am part of a team or office that has access to the Company's non-public, confidential or proprietary information, trademark or other intellectual properties or data, facilities and resources.

   ☐ No

   ☐ Yes *(Pls. state nature of involvement)*_____

   _____

   _____

3. I am part of a team or office that refers, evaluates, recommends, and approves purchase or supply of materials, equipment, facilities and other products or supply of services to MERALCO.

☐ No

☐ Yes *(Pls. state nature of involvement)*_____

4. I have personal dealings (other than the Company's business transactions) with the following Suppliers.

☐ None

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Name of Supplier (Name, Address and Contact No.)	Personal Business Transaction	Inclusive date of transaction

5. I/my legal or common-law spouse personally has/have the following active business dealings with MERALCO.

☐ None

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Name of Involved Individual (Name, Address and Contact No.)	Business Transaction (ex. Supplier/ Lessor/ Service Applicant)	MERALCO Office (involved in the transaction)

6. My Affiliated Party(ies)[1] below has/have an active business dealings[2] with MERALCO:

   a. Relatives[3] and first (1st) cousins.

   ☐ None

   ☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Relative (Name, Address and Contact No.)	Degree of Relation	Business Transaction (ex. Supplier/ Lessor/ Service Applicant)	MERALCO Office (involved in the transaction)

   b. Corporations or firms, other than the Company, where I and/or my relative hold(s) a position of a director, officer, executive, employee or consultant.

   ☐ None

   ☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Corporation (Name, Address and Contact No.)	Name and Position of involved individual (if Relative, indicate relationship)	Business Transaction (ex. Supplier/ Lessor/ Service Applicant)	MERALCO Office (involved in the transaction)

[1] Please refer to Affiliated Party definition in *Annex A: Definition of Terms.*
[2] Dealings other than the regular standard transactions.
[3] Please refer to Relatives definition in *Annex A: Definition of Terms.*

c. Corporations, other than the Company, where I and/or my relatives, hold(s), either singly or collectively, more than ten percent (10%) of the subscribed capital or equity of such corporations or firms.

☐ None

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Corporation (Name, Address and Contact No.)	Name and No. of shares and % of ownership held by you/ relative (if Relative, indicate relationship)	Business Transaction (ex. Supplier/ Lessor/ Service Applicant)	MERALCO Office (involved in the transaction)

d. Partnerships in which I and/or my Affiliated Party(ies) is a partner or are partners; or properties sold, assigned or leased to MERALCO, in which I and/or my Affiliated Party(ies) is a part owner or part owners.

☐ None

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Business Name/ Property (Name, Address and Contact No.)	Name of Partner/ Co-owner (if Relative, indicate relationship)	Business Transaction (ex. Supplier/ Lessor/ Service Applicant)	MERALCO Office (involved in the transaction)

e. I have a relationship (by reason of wedding, baptismal or sponsorship) with a third party who has existing or prospective business dealings with MERALCO.

☐ None

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Name of Related Individual (Name, Address and Contact No.)	Relationship	Business Transaction (ex. Supplier/ Lessor/ Service Applicant)	MERALCO Office (involved in the transaction)

7. My Affiliated Party(ies)[4] below is/are employed or compensated, as director, officer, consultant or employee, by a MERALCO Supplier or Competitor:

☐ No

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Affiliated Party (Name, Address and Contact No.)	Affiliation (for Relatives state degree of relationships)	Title/Position	Business Entity	
			(Name, Address and Contact No.)	Relation[5] with MERALCO

[4] Please refer to Affiliated Party definition in *Annex A: Definition of Terms*

[5] Please specify if 1-Supplier or 2-Competitor

8. I am currently a director, officer, consultant or employee of the following business entity:

☐ No

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Business Entity (Name, Address and Contact No.)	Title/Position	Duration of Engagement/ Employment	Business Entity relation[6] with MERALCO	Salary/ Compensation for the entire duration

9. My present position and/or responsibilities in MERALCO involves or allows me to be involved in recruitment, selection, promotion, staff development, performance review, determination of benefits, remuneration or disciplinary sanctions to directors, officers, or employees of MERALCO.

☐ None

☐ Yes *(Pls. state nature of involvement)*_____

10. My Affiliated Party(ies) below is/are assigned to an office under my direction, control or supervision;

☐ None

☐ Yes *(Pls. specify below. Include additional sheet if necessary)*

Affiliated Party (Name and Contact No.)	Affiliation (for personal relations, state degree[7] or nature[8])	MERALCO Employment		
		Office Assigned to	Title/Position	Term of Office

I hereby certify that the above disclosure of information and affirmation are true and correct, to the best of my knowledge, information and belief. I acknowledge the authority of MERALCO to verify the accuracy and completeness of the above information and impose the appropriate disciplinary action for proven malicious or false information.

Reviewed by:

_____
Name and Signature of Clearance Authority
Reviewed Date: _____

_____
Employee Name and Signature
Man No.: _____
BRU: _____
Date Signed: _____

[7] Degree refers to 1st, 2nd, etc. of consanguinity or affinity.
[8] Nature refers to Baptismal Sponsor, Wedding Sponsor, etc. (e.g. Baptismal Sponsor of your Child, your Wedding Sponsor)

Annex D: ANNUAL CONFLICT OF INTEREST DISCLOSURE (FOR EMPLOYEES WITH LEVEL AVP & UP)

MANILA ELECTRIC COMPANY
Full Business Interest Disclosure Form
(Board of Directors and Officers)

For the Year **2012**

PERSONAL INFORMATION				
1. Name (Last Name, First Name, Middle Name)				
2. Home Address			3. Tel. No.	4. Fax No.
5. E-mail Address			6. Cellphone No.	
7. Sex ☐Male ☐Female	8. Date of Birth	9. Age	10. Place of Birth	11. Citizenship
12. Civil Status ☐Single ☐Married ☐Widow/Widower ☐Divorced/Separated				
13. Present Principal Occupation	14. Name and Business Address of the Company			

15. EDUCATIONAL BACKGROUND			
Name of Institution	Degree/Level Completed	Year Graduated	Honors/ Distinctions Received

(Continue on separate sheet, if necessary)

16. HONORS/AWARDS AND CITATIONS RECEIVED		
BUSINESS/PROFESSIONAL		
Honor/Award/Citation	Date Awarded/ Conferred	Sponsoring Institution/Organization

(Continue on separate sheet, if necessary)

GOVERNMENT/POLITICAL AND CIVIC		
Honor/Award/Citation	Date Awarded/ Conferred	Sponsoring Institution/ Organization

17. CORPORATE GOVERNANCE RELATED TRAININGS ATTENDED during the LAST TWO YEARS		
Name of Institutional Training Provider & Address	Date of Completion	Certifier
(Continue on separate sheet, if necessary)		
BUSINESS INTERESTS/AFFILIATIONS		
SHAREHOLDINGS in any Company (Own or control 10% or More of Total Company Outstanding Shares) during the LAST TWO YEARS		
Company	Nature of Business	% of Ownership
(Continue on separate sheet, if necessary)		
SHAREHOLDINGS in Electric Power Industry Participants (even if less than 10% of Total Company Outstanding Shares) during the LAST TWO YEARS		
Company	Electric Industry Sector (Generation/Transmission/ Distribution/Supply)	% Ownership and No. of Shares
(Continue on separate sheet, if necessary)		
DIRECTOR (Chairman, Vice-Chairman or Member of the Board)		
Name of Company/Institution	Position	Period
(Continue on separate sheet, if necessary)		
CORPORATE OFFICER		
Name of Company/Institution	Position	Period
(Continue on separate sheet, if necessary)		

CONSULTANT		
Name of Company/Institution	**Nature of Work/ Focus Area**	**Period**
(Continue on separate sheet, if necessary)		
PARTNER		
Name of Partnership/Joint Venture	**Nature of Work/ Focus Area**	**Period**
(Continue on separate sheet, if necessary)		
OTHER BUSINESS INTERESTS/ AFFILIATIONS		
Name of Company/Institution	**Nature of Work/Business Engagement**	**Period**
(Continue on separate sheet, if necessary)		

19. Are you a stockholder, director, officer or employee of a generation company, distribution utility or other entity engaged in the generation, distribution and supply of electricity? ____ Yes ____ No

a. If yes, please specify the company/institution and the sector of the electric power industry it is involved in.

Company/Institution Please specify if affiliate or subsidiary	Sector (Generation/Transmission/Distribution/Supply)
(Continue on separate sheet, if necessary)	

20. Do you hold any other interest, whether directly or indirectly, in National Transmission Corporation, its concessionaire National Grid Corporation of the Philippines, or in any generation company or distribution utility?[1] ____ Yes ____ No

[1] Section 45 of Republic Act No. 9136 provides that no generation company, distribution utility, or its respective subsidiary or affiliate or stockholder or official of a generation company or distribution utility, or other entity engaged in generating and supplying electricity specified by ERC within the fourth civil degree of consanguinity or affinity, shall be allowed to hold any interest, directly or indirectly, in TRANSCO or its concessionaire. Likewise, the TRANSCO, or its concessionaire or any of its stockholders or officials or any of their relatives within the fourth civil degree of consanguinity or affinity, shall not hold any interest, whether directly or indirectly, in any generation company or distribution utility. Except for *ex officio* government-appointed representatives, no person who is an officer or director of the TRANSCO or its concessionaire shall be an officer or director of any generation company, distribution utility or supplier.

21. Are you related within the fourth degree of consanguinity (blood relationship) or affinity (in-law relationship) to any stockholder, director, officer or employee of a generation company, distribution utility, or other entity engaged in generating, distributing and supplying electricity or National Transmission Corporation or its concessionaire National Grid Corporation of the Philippines?

a. within the fourth degree of consanguinity (i.e. mother/father, son/daughter, brother/sister, nephew/niece, uncle/aunt, cousin) [ ]Yes [ ] No
If "Yes", give the name/s of relative/s and relationship/s _____
_____

b. within the fourth degree of affinity (i.e. mother-in-law/father-in-law, son-in-law/daughter-in-law, brother-in-law/sister-in-law) [ ] Yes [ ] No
if "Yes", give the name/s of relative/s and relationships/s _____
_____

22. EXISTING MERALCO SECURITIES HELD/OWNED (whether as Owner of Record or Beneficial Owner)

Class	Aggregate No. of Securities	Amount of Securities	Price per Share/Unit of Security	Date of Acquisition

(Continue on separate sheet, if necessary)

23. PERSONAL DEALINGS during the LAST TWO YEARS with MERALCO or its SUBSIDIARIES & AFFILIATES OR OTHER RELATED PARTIES*

Nature of Transaction	Date of Transaction	Amount

(Continue on separate sheet, if necessary)

24. DEALINGS during the LAST TWO YEARS of COMPANIES/INSTITUTION/ORGANIZATION (where with Personal Business Interests or Affiliations) with MERALCO or its SUBSIDIARIES & AFFILIATES OR OTHER RELATED PARTIES*

Name of Company/Institution/ Organization	Nature of Transaction	Date of Transaction	Amount

(Continue on separate sheet, if necessary)

***NOTE :** A party is related to MERALCO or its SUBSIDIARIES & AFFILIATES if :

(a) directly or indirectly through one or more intermediaries, the party :
  (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the entity that gives it significant influence over the entity; or
  (iii) has joint control over the entity;
(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer;
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (b);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

25. CLOSE FAMILY MEMBERS and their BUSINESS INTERESTS or AFFILIATIONS during the LAST TWO YEARS**

Name of Family Member	Relationship	Name of Company/Institution/Organization	Type of Interest or Affiliation (like Directorship, Officership, % Ownership)	Period

(Continue on separate sheet, if necessary)

**NOTE : CLOSE FAMILY MEMBERS shall refer to an individual's family members who may be expected to influence, or be influenced by, that individual in their dealings with the Company. The term includes the individual's domestic partner and children, children of the individual's domestic partner, dependents of the individual or the individual's domestic partner, the individual's relatives within the second degree of consanguinity or affinity including relationship by legal adoption.

26. DEALINGS during the LAST TWO YEARS of CLOSE FAMILY MEMBERS and their OWNED/AFFILIATED COMPANY/INSTITUTION/ORGANIZATION with MERALCO or its SUBSIDIARIES & AFFILIATES

Name of Company/Institution/ Organization	Nature of Transaction	Date of Transaction	Amount

(Continue on separate sheet, if necessary)

27. GOVERNMENT POSTINGS & POLITICAL/CIVIC AFFILIATIONS

Name of Institution/Organization	Position	Period

(Continue on separate sheet, if necessary)

28. STATEMENT ON CRIMINAL & CIVIL PROCEEDINGS during the PAST FIVE YEARS

State whether you have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give the dates, nature of conviction, name and location of court, any penalty imposed, or other disposition of the case.

_____

_____

_____

_____

State whether you have been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, domestic or foreign, and as a result of such proceeding was or is subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking. _____

_____

_____

CERTIFICATION AND UNDERTAKING

I have read and understood the Manual of Corporate Governance of the Company and relevant provisions of existing laws such as Republic Act No. 9136 concerning the qualifications, duties, and responsibilities of the members of the Board of Directors and officers. I possess all the qualifications and none of the disqualifications for my position. I commit myself to the fulfillment of my duties and responsibilities to the best of my ability and with the highest degree of ethical standards.

I will hold and protect the confidentiality of all information that I have acquired from the Company and undertake not to disclose any material information to any person or entity, even after my term of office has expired, without authority from the Company or court order.

I undertake to promptly disclose any situation which comes to my knowledge that is a potential source of **conflict of interest***** involving myself or any member of my family.

I hereby certify that the foregoing disclosure of information and affirmation are true and correct, to the best of my knowledge.

_____ _____

DATE **PRINTED NAME & SIGNATURE**

*** **Conflict of Interest** is a situation where financial or other personal considerations of the directors or officers may influence or compromise or have the tendency to influence and compromise the ability of such director or officer to effectively and impartially exercise judgment in the performance of his duties and responsibilities as director or officer of the Company. These situations shall include but are not limited to the following: a) the director or officer or any close member of his family enters into any business transaction with Meralco or any of its affiliates and subsidiaries; b) the company or institution where the concerned director or officer has business interest or professional affiliations enters into any transaction with Meralco or any of its affiliates and subsidiaries; c) the director or officer concerned acquires for himself a business opportunity which should pertain to Meralco without first disclosing such opportunity to the latter; d) acquisition of securities from Meralco whether as beneficial owner or as record holder as a result of which he would be in control of more than 10% of any of its class of security; e) participation in board meetings which involve business transactions of Meralco with another company or entity where any member of his close family is employed or has substantial interest.

SUBSCRIBED AND SWORN TO BEFORE ME, this _____ day of _____, 2012 at _____, Philippines, affiant exhibiting to me his/her _____ issued at _____ on _____.

Doc. No. _____
Page No. _____
Book No. _____
Series of 2012

Annex C

Consolidated Changes in ACGR



The Revised CODE OF ETHICS

"Standards of Business Conduct and Ethics"

Revision Date: September 2010

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FOREWORD

Sound business ethics plays an integral part in fostering the success of a company. To ensure that the ethical values are preserved and promoted to all directors, officers and employees, our Company's Board of Directors approved the adoption of this Code of Ethics (the "Code"). This Code serves as the embodiment of our Company's unwavering dedication to uphold the fundamental corporate principles of fairness, accountability, integrity and transparency. It serves as a guide to our Company, its directors, officers and employees on how to conduct themselves in their decisions, transactions and interactions in alignment with these corporate principles when performing their respective duties and responsibilities.

The principles contained in this Code are not new or unfamiliar. In fact, they have been part of the life, tradition, heritage and culture of our Company during its more than 100 years of existence. They flow in the blood of every employee – "bahagi ng ating buhay … sa araw at gabi, baha man o bagyo". The spirit of it all remains the same as ever - - *service excellence with integrity beyond business*! Hence, this Code serves as a renewal of our commitment to these principles as our Company moves forward and faces new challenges.

This Code is not intended to address all present or future ethical situations. Similarly, other matters or concerns which are not directly covered by this Code may have already been addressed in other existing company policies, standards, guidelines, procedures and codes.

Ultimately, everyone is enjoined to exercise sound judgment and to adhere to the letter and spirit behind this Code in their relationships among themselves, with our Company's customers, suppliers, business partners, competitors, government, regulators, creditors, stockholders and the general public.

We therefore commit to live and abide by the following ethical standards of behavior in our various business dealings:

STANDARDS OF BUSINESS CONDUCT AND ETHICS

I. Compliance

1. We shall comply with all laws, rules and regulations governing the business operations of our Company and enfranchising its corporate existence, listing in the stock exchange, and utility operations.

2. In the performance of our duties, we shall, at all times, be aware of and adhere to the requirements and restrictions imposed by laws, rules and regulations and our Company's standards, policies, rules and procedures.

II. Fair Dealing

1. We commit to render adequate, reliable and efficient service at fair and reasonable cost to all customers within our Company's franchise area ever mindful of our Company's mandate as a public utility.

2. We treat our employees and applicants for employment fairly and will not discriminate on account of gender, religion, age, nationality, family status, or any other reasons prohibited by law. We hire, develop, and compensate employees, officers, based on qualification, merit and performance.

3. We select, engage and compensate consultants, contractors and other service providers based on qualification and labor and performance standards.

4. Our Company shall foster harmonious relations among its employees based on mutual understanding, trust and respect.

5. We avoid taking undue advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other form of deceptive practice.

6. We treat everyone with respect and shall be guided by professionalism, integrity, and good faith in transactions with and obligations to our Company's customers, suppliers, business partners, government, regulators, creditors, competitors and employees.

III. Confidentiality of Information and Proper Use of Property

1. In the course of service or employment in our Company, directors, officers and employees, in varying degrees, will have access to confidential information. We recognize that such confidential information is a valuable Company asset which must be safeguarded.

2. We maintain and safeguard the confidentiality of information entrusted to the directors, officers, and employees by our Company, except when disclosure is authorized or legally mandated. Confidential information includes any non-public information that might be of use to competitors, or harmful to our Company if disclosed.

3. This confidentiality obligation shall survive our separation from our Company due to retirement, resignation, termination, expiration of term of office, or expiration or termination of contract, or any other cause.

4. We shall not take undue advantage of material non-public information by dealing in the securities of our Company while in possession of such information. Material non-public information refers to any information that is likely to affect the market price of our Company's securities and is not yet publicly disclosed.

5. We respect and uphold the confidential and proprietary information of other companies. We shall not knowingly appropriate, infringe or make an unauthorized use of a valid trademark, patent, trade secret or proprietary technology belonging to our Company or to another person or entity.

6. We maintain the integrity of all information, data, books, records, files and other documents entrusted by our Company to us by reason of our office and protect them against unauthorized or improper alteration, forgery, falsification, tampering, concealment, or destruction.

7. We observe standards for the proper use and care of our Company's property, systems, time, and resources at all times. We shall undertake to protect the property of our Company against loss, damage, misuse, abuse or theft.

IV. Conflict of Interest

1. We act in the best interest of our Company and avoid activities, situations or associations which could impair our ability to perform our work in our Company's interest or where even the appearance of a conflict of interest may arise. A conflict of interest occurs:

   a. When the private interest of a director, officer or employee interferes or appears to interfere in any way with the interests of our Company as a whole; or

   b. When a director, officer or employee takes actions or has interests that make or appear to make it difficult to perform his or her Company work objectively and effectively.

2. The possible conflict of interest situations include, but are not limited to, the following:

   a. Corporate Opportunity

   We do not take for ourselves opportunities acquired through the use of corporate property, information or position/influence for personal gain, to compete with our Company, or act against the best interest of our Company.

   b. Relationships

   We avoid any actual or apparent conflict of interest and any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest. Our business decisions are not motivated by personal considerations and/or relationships, which may interfere with the exercise of independent judgment that affects the interest of our Company in the performance of our duties to the Company.

   c. Gifts

   We restrict the solicitation or acceptance of gifts in any form from a third person or entity, directly or indirectly in consideration of any act, omission, or transaction of our Company favorable to such third person or entity with existing or intended business dealings with our Company.

   A "gift" may be a right or thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel and benefits.

The restriction shall not apply to: a) a gift of nominal value voluntarily given by a third person or entity to a director, officer, or employee of our Company as a souvenir or out of courtesy; or (b) a gift given for charitable projects for the benefit of the poor or the general public.

d. Outside Investments

We avoid taking part in (or influencing) decisions of our Company involving business transactions with entities in which we have a personal relationship or substantial financial interest.

e. Outside Employment

We avoid activities and interests that could significantly affect the objective or effective performance of our duties and responsibilities in our Company or which presents a situation that could compete or go against the interests of our Company, including business interests or unauthorized employment outside our Company.

Rendering outside professional work which presents potential conflict of interest, include, but are not limited to:

- When a director, officer or employee is employed by, or have a consultancy agreement with an entity which is a competitor of our Company

- When a director, officer, or employee serves as a director, manager, or member of the board of directors of an entity which is a competitor of our Company.

Within one (1) year after separation from service, any officer of the Company holding the position of Chief Executive Officer, Chief Operating Officer, Treasurer, Chief Financial Officer, Comptroller, Chief Engineer, Senior Account Officer, and any other key officer or employee who had regular access to confidential, classified or restricted information shall not enter into or accept any employment, consultancy, management or any form of service contract with any person, corporation or entity that directly competes with the business of the Company.

3. We promptly disclose any actual or apparent conflict of interest, and any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest for appropriate resolution and disposition.

4. Directors should immediately disclose any potential or actual conflicts of interest and should abstain from participating in any discussions or decisions on said matters when elevated to the Board.

V. Communication and Disclosure

1. We ensure that the contents of, and the disclosures in, reports and documents that our Company files with, or submits to the Securities and Exchange Commission (the "SEC"), Energy Regulatory Commission (ERC), other government agencies or regulators and all other Company's public communications shall be complete, fair, accurate, timely and understandable in accordance with applicable disclosure statutes, listing rules, and standards of materiality.

2. We shall: (a) ensure compliance with our Company's disclosure requirements and (b) not knowingly misrepresent, or cause others to misrepresent facts or information about our Company to others, whether inside or outside our Company, including our Company's independent auditors, government regulators and self-regulatory organizations.

3. We establish open communication links and make the appropriate disclosures regarding our corporate goals, objectives, rules, financial positions, material transactions with related parties, and prospects to all our stakeholders.

4. We actively encourage employees to actively participate in discussions and raise any legitimate work-related concern or issue.

VI. Risk Management and Internal Control

1. We recognize that risk management and internal control processes act as enablers for the effective governance of our Company. Organizations, processes and application systems in our Company are structured to ensure checks and balances are in place.

2. We track and manage risk in the delivery of our Company's commitments to the stakeholders. Monitoring and reporting of risk is embedded as part of performance reporting in all levels of our Company.

3. We designate process owners to assess the risks of respective processes, design and implement necessary controls and procedures to mitigate the risks.

4. We ensure that internal organizational and procedural controls are embedded to support the operations of the different organizations within our Company.

VII. Shareholders and Investors Relations

1. We respect and protect the rights of our shareholders, including their right to a fair return on their investment. In this regard, we restrict or minimize the undertaking of risk so as not to jeopardize shareholder value. We fully assess and manage risks involved in undertaking strategies, acquisitions, activities, products, services and other business endeavors of our Company and adopt strategies, actions, decisions and transactions based on increasing shareholder value.

2. We shall ensure an independent audit of our Company's financial statements by external auditors.

3. We maintain complete and accurate books of accounts and records in accordance with the applicable provisions of law and generally accepted accounting principles and standards.

4. We shall monitor the adequacy and effectiveness of our financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations.

VIII. Government and Regulatory Relations

1. We avoid the commission of any act that may be construed as direct or indirect bribery and corruption, as defined by law, of government officials to facilitate any transaction or gain any perceived or actual favor or advantage.

2. We maintain our right to any and all legal rights afforded to us and to invoke all administrative, judicial or other remedies.

3. We cooperate with our regulators and advocate for change and reform within the bounds of law.

IX. Community Relations

1. We support socio-economic projects that improve the lives of the people we serve, especially projects within our competence for our franchise area.

2. We conduct our business and maintain our workplace in accordance with applicable health, safety and environmental laws.

3. We consider the impact of our operations, projects and transactions on the environment and the communities we serve and ensure compliance with environmental, safety and health regulations and standards.

4. We render immediate assistance in times of natural calamities and accidents to ensure that any danger to life or property is minimized and our operations, installations or facilities are restored as soon as possible.

5. We provide timely and adequate information on matters that affect the general public.

X. Implementation and Monitoring

1. Our Company's Corporate Governance Office has the specific task of implementing and monitoring corporate governance policies throughout the organization and the definition of the process by which such policies are implemented and monitored.

2. Each director, officer or employee is encouraged to consult with the Corporate Governance Office or with the appropriate offices with the authority to enforce specific Code guidelines issued pursuant to this Code when in doubt about the best course of action in a particular situation relating to a subject matter of this Code.

3. Organization Heads have the responsibility for the monitoring, ensuring, and enforcing compliance with this Code within their area of jurisdiction. The Organization Heads shall also be responsible for reporting non-compliance with this Code to their hierarchy or the Corporate Governance Office whenever appropriate, including taking or implementing disciplinary actions after proper exercise of due process.

4. Our Company's directors, officers and employees have the duty to report any observed violations of this Code and to communicate the same to our supervisors and immediate Heads, or the Corporate Governance Office, when appropriate. Our Company shall take steps to ensure the protection of those who report violations in good faith. On the other hand, our Company shall impose sanctions on those who attempt to conceal or hamper the investigation of any violation of this Code.

   Our Company shall take all reports of potential violations of this Code seriously and are committed to confidentiality and exercise of due process for the investigation of allegations. Employees who are under investigation for potential violation of this Code will have an opportunity to be heard prior to any final decision of our Company.

5. Any administrative investigation or penalty imposed under the provisions of this Code shall be independent of, and without prejudice to, any other legal action that may be instituted against the party concerned under existing laws and regulations.

6. All employees have the responsibility to have full knowledge of the provisions of this Code, and must agree to abide by its provisions. All employees must sign an acknowledgement form confirming that they have read this Code and agree to comply with the behavioral standards and norms set forth therein. Failure to read and confirm knowledge of this Code will not be an excuse for non-compliance.

7. Our Company shall promulgate appropriate policies and guidelines for the effective implementation of this Code.

Effectivity

This Revised Code of Ethics was approved by the Board of Directors on September 27, 2010. It shall be published in the Website of the Company and shall take effect on October 1, 2010. It supersedes the previous Code of Ethics that was approved and adopted by the Company on March 15, 2003.

Signed:

(Original Signed)
MANUEL V. PANGILINAN
President and CEO

(Original Signed)
MANUEL M. LOPEZ
Chairman of the Board

Annex D

Consolidated Changes in ACGR



Amended Policy on Solicitation and Acceptance of Gifts

(July 2014)

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I. Background

Pursuant to MERALCO's adherence to the corporate governance principles of fairness, accountability, integrity, and transparency, this policy is issued to define the Company's standing policy on Gifts, as aligned with MERALCO's Revised Manual of Corporate Governance and Revised Code of Ethics.

MERALCO's Revised Code of Ethics restricts the solicitation or acceptance of gifts in any form from a third person or entity, directly or indirectly in consideration of any act, omission, or transaction of our Company favorable to such third person or entity with existing or intended business dealings with our Company.

II. Rationale

Gift-giving is part of the Filipino culture of doing business to enhance good business relationships. However, Directors, Officers, and Employees must be aware that other parties may use this custom of gift-giving as means to gain favors or influence the objectivity of said Directors, Officers, and Employees. Thus, there is a need to properly regulate the receiving of gifts consistent with the abovementioned policies without prejudice to maintaining efficient, friendly, and cordial relations with Third Party entities. This serves as a guide for handling gifts offered and given by third parties.

III. General Statement of the Policy

Directors, Officers, and Employees shall refrain from putting themselves in situations or acting in a manner that could significantly affect the fair, objective, independent, and/or effective performance of their duties and responsibilities in the Company while transacting with third parties. As such, we do not solicit and accept gifts from Third Party entities.

In cases when solicitation and acceptance of gifts cannot be avoided, handling of such cases should conform to the rules and procedures prescribed in this document, which is also in accordance with the corporate governance principles of fairness, accountability, integrity, and transparency.

IV. Scope and Applicability

This Policy applies to and shall be implemented by, all members of the Board of Directors (each a "Director" and collectively, the "Directors"), Officers (each, an "Officer" and collectively, the "Officers"), and Employees (each, an

"Employee" and collectively, the "Employees") of Manila Electric Company ("MERALCO" or the "Company").

The scope of this policy covers only solicitation or acceptance of gifts from Third Party. Personal gifts are not covered by this policy.

V. Definitions – For purposes of this policy

1) **Bribe** – includes any money, fee, commission, credit, gift, gratuity, thing of value, compensation, personal business and the like, benefits or advantage of any kind that is, directly or indirectly, provided to or received by anyone in his personal capacity for the purpose of obtaining favorable treatment in connection with a business transaction.

2) **Consultants** – includes professional consultants, advisors, firms, partnerships, counsels, or such other professional entities or individuals rendering professional or specialized expert services to MERALCO as well as advisors of the Company who may be appointed by the Board of Directors or management.

3) **Customers** – individuals or entities with existing contracts (active, disconnected, or terminated) with and avail or intending to avail of services from MERALCO.

4) **Employee** – all persons other than Officers, under the employ and in active payroll of MERALCO, including temporary, consultants and probationary employees.

5) **Gifts** – may be a right or thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel and benefits.

   Following are examples of gifts referred to on this document:

   a) **Entertainment** – refers to any form of hospitality such as meals for Directors, Officers, and Employees given by Third Parties. It also covers spectator and participative activities (i.e., parties, shows, concert, golf, fishing, and other similar activities).

b) **Expensive Gifts** – gifts with equivalent money value or market price above the nominal value.

c) **Perishable Gift** – refers to items such as food, flowers or other similar items subject to decay, spoilage and expiration within a month.

d) **Non-perishable Gift** – this includes non-food or non-beverage item, as well as any food or beverage that does not fall under the scope of perishable gifts, such as, but not limited to, gift baskets with bottled/preserved food, packed biscuits/cookies, canned goods or liquor.

e) **Personal Gift** – refers to gifts solicited or received from friends, relatives, co-employees and entities with no existing or expected transactions with the receiver.

f) **Sponsored Travel** – any travel, accommodation and/or attendance/ participation in conferences/ conventions/ seminars/ trainings, international or domestic, whether for personal or business purposes, the costs of which are fully or partially paid for by Third Parties.

g) **Token Gifts** – gifts of nominal value (regardless of whether it is perishable or non-perishable).

6) **Giver –** a person or entity (Third party) giving the gift.

7) **Nominal Value** – it is the equivalent money value or market price of a gift when purchased. It is the price limit set by management for a gift to be considered acceptable.

8) **Officers** – employees with the rank of Vice President and up who are recognized by the Board of Directors of MERALCO.

9) **Receiver** – a MERALCO director, officer or employee who receives the gift.

10) **Relatives** – relatives of up to fourth degree, by consanguinity, affinity or legal adoption, including, the Directors' and Employee's spouse,

parents, children (and their spouses), siblings (and their spouses), nieces and nephews (limited to children of a brother or sister) [and their spouses], grandparents, and aunts and uncles (limited to brothers or sisters of a parent); and a domestic partner and his relatives of up to the third degree, by consanguinity or affinity or legal adoption.

11) **Third Party –** an individual, entity, organization and/or its representatives that has existing and/or expected business dealings with the Company. This includes but shall not be limited to prospective or existing suppliers, contractors, buyers, customers, government agencies, or all other business partners who are or may be similarly situated.

VI. Detailed Policy Statements

Gifts being offered should be politely refused and the Giver should be informed of the company's "No Gift" policy. The "No Gift" policy includes, but is not limited to, the following:

1) Cash, check, gift certificates, other cash equivalents or items that can be easily converted to cash of any amount, regardless of the occasion or situation.

2) Receipt of Gifts as part of any purchases made by the Company.

3) Gifts solicited or received from Third Party.

A. EXCEPTION CASES

Solicitation and acceptance of Gifts from Third Parties shall be avoided unless it falls under the exception cases below (Note: In no case shall cash or cash equivalent gifts be treated as exceptions.):

1. GIFTS FOR PERSONAL USE

a) Gifts received from unknown giver.

b) Gifts offered out of courtesy and when giver is insistent.

c) Token gifts given during seminars, conventions, or on occasions of rejoicing or celebrations like Christmas or birthdays may be accepted and kept by the receiver.

d) Whenever a Director, Officer, or Employee is invited to participate as speaker, facilitator, or reactors in conferences or seminars sponsored or organized by Third Parties, Gifts/tokens of appreciation offered to or received may be kept by the receiver; Provided that the other speakers, facilitators and/or reactors are also given similar gifts/tokens of appreciation by said Third Parties.

e) Courtesy discounts given to Directors, Officers, and Employees by Third Parties due to personal purchases of products and services from Third Parties, are allowed; Provided, that such discounted purchases are made openly and the same terms are made available to all Directors, Officers, and Employees.

f) Raffle tickets (or prizes won from such raffle tickets) and other promotional items given to the Company, its Directors, Officers, and Employees for their attendance to certain events (including but shall not be limited to athletic or social events, or Christmas parties and the like), conferences, seminars, or product presentations of Third Parties may be accepted and kept by the receiver/winner regardless of the value; Provided, however, that the other participants are likewise entitled to such raffle tickets and given equal opportunity to win prizes.

Due regard to the frequency of gifts received, the accumulated value which should not exceed the nominal value, and benefit for the Company shall be considered at all times.

2. GIFTS FOR COMPANY USE

a) It is acceptable for the Company to solicit or accept Gifts or donations for Corporate Social Responsibility (CSR) programs or initiatives, including outreach or charitable works of the Company's officially recognized employee organizations, such as medicines for medical missions, food and supplies for calamities, and materials for community development, provided that the

solicitation or acceptance shall be through the Corporate Social Responsibility Office.

b) However, in the event that the Company will only accept or solicit donations from selected Third Parties, the conditions for such selection shall be disclosed to all (including other relevant Third Parties).

c) Solicitations for company use other than CSR programs must be justified and approved by the President or his authorized representative.

B. ENTERTAINMENT

A Director, Officer, or Employee shall use his best judgment in determining the propriety and frequency of accepting various forms of Entertainment offered by Third Parties.

1. Business meetings in locations that do not conform to accepted standards of propriety and are not conducive for business purposes shall be avoided.

2. Directors, Officers, and Employees shall not use property belonging to Third Parties, their employees, agents and/or representatives such as, but not limited to, vehicles, beach houses, resorts, and vacation houses whether for their personal benefit or as Company representative(s) for entertainment purposes.

3. Directors, Officers, and Employees shall refrain from requesting for or soliciting any form of Entertainment from a Third party including sponsorship for Company activities, non-Company supported charitable works, and/or personal events such as birthdays, weddings, baptisms, etc., or from accepting such Entertainment where such acceptance could impair their objectivity in the performance of their duties and obligations to the Company.

Allowed exceptions are the following:

a) Meals during business meetings are acceptable.

b) Acceptance of invitations to theater, concerts or social/sporting events are permissible; Provided, however, that such invitations are generally available to others in the same community, category or industry.

C. SPONSORED TRAVEL

It is the Company that sponsors its Director, Officer, or Employee's attendance in conferences, conventions, and exhibits, which may include travel, accommodation and/or registration expenses.

The Director, Officer, or Employee is obliged to refuse offers of free travel and/or accommodation to conferences, conventions, exhibits, product presentations or other similar events from Third Parties.

The following exceptions are allowed:

a) Travels sponsored by industry/professional organizations not associated with any Third Party are acceptable.

b) Complimentary travel and accommodation for trainings from Third Parties may be permitted if these are part of an approved/existing contract and are deemed to benefit the Company.

c) There are instances when Third Parties provide Sponsored Travel to Directors, Officers, or Employees to local and/or international business/industrial site to demonstrate actual performance of their products/systems. Acceptance of such sponsored invitation should be justified by the following:

i. The purpose of the travel should be business in nature and has a direct benefit to the future performance and business of the Company.

ii. Knowledge of Directors, Officers, and Employees assigned/chosen for the travel would be valuable to the evaluation of the system and directly related to his job function.

d) Other exceptional and justified cases as may be approved by the Chairman of the Board (for Directors) or the President and CEO (for Officers and Employees), allowing Directors, Officers, or Employees to accept Sponsored travel to conferences, conventions, and such events from Third Parties. CGO should be provided with a copy of the approved documents for reference purposes.

VII. Responsibilities

1) **Nomination and Governance Committee** reviews and approves the implementation of this policy.

2) The **Organization Heads and Superiors** are tasked to monitor, ensure, and enforce compliance to this policy within their area of jurisdiction. They are also responsible for classifying or categorizing, and recording the gifts received.

3) **All Directors, Officers, and Employees** of the Company are responsible to have full knowledge of and must agree to abide by the provisions of this policy. They must also report any observed violations of this policy to their respective superior.

4) **Corporate Social Responsibility Office (CSRO)** - shall take custody of all gifts turned-over by the organizations/offices. They shall also handle the receipt and disposition of these gifts in accordance with their charter or the rules approved by Management.

5) **Corporate Audits** shall perform a random/surprise audit on compliance of offices, directors, officers and employees of the company to this policy and recommend appropriate measures to further improve the policy.

6) The **Corporate Governance Office (CGO)** monitors the implementation and compliance of organizations, and recommends appropriate improvements to this policy.

VIII. Implementing Rules and Regulations

A. Classification and Categorization of Gifts

1. It is the duty of a Director, Officer, or Employee who is offered or receives a Gift to **immediately disclose** the offer or receipt thereof to

his BRU or Superior for appropriate direction/instruction and proper handling. (Refer to Disclosure Guide)

2. The nominal amount will be defined and approved by the Nominations and Governance Committee of the Board and will be reviewed whenever appropriate.
3. The BRU head or superior will classify or categorize the gifts received by their office as follows:

   i. Gift Classification (Token, Perishable, Non-Perishable, Entertainment, Sponsored Travel)

   ii. Gift Value – assess the gift value based on prevailing market price and determine if it is nominal or expensive.

B. Gift Registry

Gifts received must be disclosed in the Online Gift Registry Facility in HR Express to be submitted to and approved by the BRU Head.

The table below shows the required timing of disclosure within the year.

Gifts disclosed to the BRU Head must be recorded in the Gift Registry of the Office immediately upon disclosure. The Gift Registry must be made available for audit at any time. (Please refer to Appendix A for the Gift Registry Form)

Status	Date of Disclosure
With Gifts Received	Within 15 calendar days upon receipt of the gift/s.
No Gifts Received	No disclosure needed. Record of employees with no gifts disclosed will be automatically tagged by the System as “No Gifts Received,” by January 15th of succeeding year.

C. Disclosure Guide

RECEIVER:	DISCLOSE TO:
Employee	BRU Head
BRU Head	Next Level Superior

Officer	President/CEO or CGO
Director	Chairman of the Board

D. Gift Disposition

The following rules shall be applied in disposing the received gifts:

Gift	Disposition	Responsible
1. Cash or Cash Equivalent	**From <u>Customer:</u>**	
	a) Disclose b) Turn-over to BRU Head	Receiver of Gift
	c) Turn-over to Business Center Head handling Customer account.	BRU Head of Receiver of Gift
	d) Credit to Customer's Electric Bill e) Write Customer to inform her/him of the policy and the credit to his bill	Business Center Head
	From <u>Unknown Identity or Other Third Party :</u>	
	a) Disclose b) Turn-over to BRU Head	Receiver of Gift
	c) Turn-over to CSR Office.	BRU Head of Receiver of Gift
2. Token	a) Disclose b) Can be kept by Receiver	Employee, Officer or Director
3. Expensive Gifts	**Perishable Item:**	
	a) Disclose b) Turn-over to BRU Head	Receiver of Gift
	c) Share to all employees within the organization	BRU Head of Receiver of Gift
	Non-Perishable Item:	
	a) Disclose b) Turn-over to BRU Head	Receiver of Gift
	c) Turn-over to CSR Office.	BRU Head of Receiver of Gift

4. Gifts turned-over to CSRO will be used as donation to recipients of the company's outreach programs. Receipt and acknowledgement of donations should follow the existing policy and procedures implemented by the CSRO. Solicitation of donations for this purpose should be coursed and approved by the CSRO Head.

IX. Consequences of Violations

Any Director, Officer, or Employee who fails to comply with this policy shall be, upon due process, subjected to applicable penalties and sanctions as stated in the Company Code on Employee Discipline.

In cases where consultants fail to comply with this policy, upon due process, they shall be subjected to applicable penalties and sanctions as stated in their contract with the Company or termination of said contract.

X. Effectivity

This amended Company policy on Solicitation and Acceptance of Gifts was released and took effect on July 10, 2014. It supersedes the previous on Solicitation and Acceptance of Gifts that was approved and adopted by the Company on December 15, 2010.

All existing policies, systems, practices, and related implementing guidelines concerning the same matters covered by this Policy are deemed superseded by this Policy. In the event of any inconsistency between the policy and guidelines contained in this Policy and the terms of other existing policies, systems, practices, and related implementing guidelines, this Policy shall prevail.

Signed:

Manuel V. Pangilinan
Chairman of the Board

Oscar S. Reyes
President and CEO

Appendix A: ONLINE GIFT REGISTRY FORM

MERALCO **GIFT REGISTRY**

Office: _____ **For the month of :** _____

Date Received	Received by: Name	Received by: Empl. No.	Name of Giver	Giver Office & Designation	Relation to MERALCO or the Recipient	Item	Qty.	Est. Value	Gift Disposition

Note:
a) Relation: (1-Customer or representative; 2-Supplier or Contractor or Representative; 3-Government or Regulatory Agency; 4-Subsidiary or Affiliates)
b) Gift Disposition: 1-Kept by Recipient; 2-Shared to employees; 3-Turned-over to CGRO

This is to certify the accuracy of the above data on gifts recived by our office for the month.

Signed by:

_____
Office Head Printed Name and Signature

Date: _____

Annex E

Consolidated Changes in ACGR



Code on Right Employee Conduct

August 1, 2012

MERALCO
Ang liwanag ng bukas

MESSAGE



Dear Fellow Employees,

This is the first time after 36 years that a revision was undertaken to shift the paradigm of discipline to a positive mechanism applicable to today's work and regulatory environment. The original Code was issued on January 13, 1973 and was reissued on January 1, 1976. I have the privilege of presenting to you the updated version of our Company Code on Employee Discipline, which we will now call our Code on Right Employee Conduct (COREC).

Our Company considers correct and proper employee conduct as the basic thrust in achieving our corporate objectives and as a means in the furtherance of good corporate governance and personal development. It likewise encourages adherence to our corporate values, namely:

1. *Customer Service*
2. *Performance*
3. *Accountability and Empowerment*
4. *Integrity and Transparency*
5. *Teamwork and Collegiality*
6. *Malasakit*
7. *Makabayan*

Innovation and safety, although unwritten, remains as core values that should be inherent in our culture.

Know this book by heart and let it be our guide to proper employee behavior as we continue to move forward for the success of our Company.

OSCAR S. REYES
President & CEO

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GUIDING PRINCIPLES

This Code shall apply to all employees in the active payroll of the Manila Electric Company.

While we have endeavored to make this Code comprehensive, it cannot cover every situation related to employee conduct. In some cases, we must use our judgment in the appropriateness of its application. You may also consult your Supervisor/Office Manager or the responsible HR office if there are uncertainties.

Our Company is a public utility responsible for vital public interests; therefore, we must observe honesty and good faith in the performance of our duties and in our dealings with the stakeholders of the Company.

This Code basically contains the corrective aspect of an employee’s conduct, which is derived from our Corporate Governance Manual and Code of Ethics. It also subsumes and, is in effect, correlated with the Safety Code and the Information Security Code.

The Code on Right Employee Conduct further stresses that our company safeguards confidential information and we are under serious obligation at all times to maintain its sanctity**.**

In the course of our employment, conflict situations and/or associations should be avoided because the same might impair our ability to perform work in the Company’s best interest.

Lastly, but equally important, it shall be the responsibility of Office Managers and Supervisors to disseminate Company policies, procedures, rules and regulations to employees under their supervision.

RULE 1. ATTENDANCE AND PUNCTUALITY:

SCHEDULE OF PENALTIES
VIOLATIONS WITHIN A 12-MONTH PERIOD

	First	Second	Third	Fourth
A. Tardiness for five (5) times, or an accumulated tardiness of one-hundred (100) minutes, whichever comes first, within any thirty (30)-day period shall constitute excessive tardiness[1] and shall be considered as a single and separate violation. Five (5) minutes at most is allowed as a grace period for latecomers.	Reprimand	3-day suspension	5-day suspension	10-day suspension
B. Unauthorized and unexcused absence from work for one-half (1/2) day or at most two (2) days shall be considered as simple absence.	Reprimand	5-day suspension	10-day suspension	15 calendar days suspension
C. In cases where the unauthorized and unexcused absence from work extends for more than two (2) but not more than five (5) consecutive working days, these shall be considered as multiple absences.	5-day suspension	10-day suspension	15 calendar days suspension	Dismissal
D. Unauthorized and unexcused absences from work that exceed five (5) consecutive working days shall constitute excessive absences.	Dismissal			
E. Failure to time-in and time-out in the assigned time capture device two (2) times within a 30-day period.	Reprimand	3-day suspension	5-day suspension	10-day suspension
F. Non-conformity with the company's sick leave policy, including unjustified refusal to undergo physical examination or diagnostic procedures as required.	Reprimand	1-day suspension	3-day suspension	5-day suspension

[1] Counted from first tardiness falling within any 30-day period.

RULE 2. WORK PERFORMANCE AND STANDARDS.

	SCHEDULE OF PENALTIES			
	First	**Second**	**Third**	**Fourth**
A. Acts or omissions constituting negligence or carelessness causing loss, damage or prejudice to the Company or resulting in death or injury to persons.	Reprimand to dismissal, depending upon the gravity of the offense. (For damage to property or injury to persons, refer to ANNEX "B".)			
B. Leaving work area, loafing, loitering, sleeping or performing personal matters while on duty.	Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
C. Failure to wear prescribed uniform and/or to properly display/present company I.D. while on duty or within company premises.	Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
D. Failure to disclose or update company required information[2] within the prescribed period or within thirty (30) days from effective date of such change or status.	Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
E. Failure on the part of an employee who has knowledge of any violation of this Code and of other Company work rules to take steps to prevent and/or report the same or erroneous/improper application of company rules or policies.	Reprimand to dismissal, depending upon the prejudice caused to the company.			
F. Gross and habitual neglect by the employee of his duties.	Dismissal			

RULE 3. EMPLOYEE BEHAVIOR

A. Engaging another employee or other persons in a fight or prodding or goading another employee or person to engage in a fight during working time and/or within company premises	5-day Suspension	10-day Suspension	15 calendar days Suspension	Dismissal
B. Using abusive, threatening or profane language or showing gross disrespect to any person during working time and/or within company premises.	Reprimand	1-day Suspension	3-day Suspension	5-day Suspension
C. Planting evidence or imputing a false offense or discreditable act against another employee.	30 calendar days Suspension or Dismissal depending upon the prejudice caused.			

[2] Address, civil status, dependents, etc.

	First	Second	Third	Fourth
D. Harassing or retaliating against an employee (e.g. a whistle blower, witness and the like).	30 calendar days Suspension	Dismissal		
E. Sexual harassment; immoral conduct during working time and/or within company premises, including exhibition or distribution of pornographic materials.	Suspension or dismissal, depending upon the gravity of the offense.			
F. Vandalism, deliberate destruction[3] or damage to Company property regardless of place or time.	Refer to Annex "B"			
G. Assaulting or intentionally causing, physical injuries to another person over matters related to work**.**	30 calendar days Suspension to Dismissal, depending upon the gravity of the offense.			
H. Possession or use of firearms, deadly weapons, or hazardous materials within Company premises or during working time, unless authorized in writing by the company.	30 calendar days Suspension	Dismissal		
I. Drinking of alcoholic beverages during working time or on Company premises, except on Company-authorized occasions or areas.	10-day suspension	15 calendar days suspension	Dismissal	
J. Participating in any illegal narcotic or drug transaction such as pushing**,** possessing, using, or causing to be brought or used, narcotic drugs into Company premises, except when such drugs take the form of medicine prescribed by a physician.	Dismissal			
K. Smoking in non-designated areas.	Reprimand	1-day Suspension	3-day Suspension	5 calendar days Suspension
L. Refusal to submit to reasonable inspection conducted within Company premises by authorized Company personnel.	3-day Suspension	5-day Suspension	15 calendar days Suspension	30 calendar days Suspension

[3] Includes the intentional introduction of computer viruses and unauthorized deletion/alteration of application systems/programs.

	First	Second	Third	Fourth
M. Entering company premises or performing work while under the influence of liquor or narcotics.	Reprimand	1-day suspension	3-day suspension	5-day suspension
N. Violation of the company's Gift Policy.	Reprimand to dismissal, depending upon the gravity of the offense			
O. Willful disobedience by the employee of the lawful orders of his superior in connection with his work.	Dismissal			
P. Misappropriating, or withholding, Company funds.	Dismissal			
Q. Directly or indirectly tampering with electric meters or metering installations of the Company or the installation of any device and other means of pilfering electricity.	Dismissal			
R. Theft of property belonging to another person committed during working time or on company premises, or of company property regardless of place or time.	Dismissal			
S. Knowingly giving false or misleading information/documents or concealing material facts which cause or tend to cause prejudice to the company such as disclosure requirements of the company, application for employment, benefits and the like.	Dismissal			
T. Falsifying timesheets or time records/data; making or allowing erroneous entries of time data; swiping/scanning the identification card (ID) of another. The employee who induced, allowed or benefited from the foregoing act shall suffer the same penalty.	Dismissal			
U. Soliciting or receiving money, gift, share, benefits or favor from any person, or through the mediation of another as a condition for the performance of one's duty or to perform an act prejudicial to the Company	Dismissal			
V. Commission of a crime or offense by the employee against the person of his employer or his duly authorized representatives.	Dismissal			
W. Any improper act, omission, conduct or behavior analogous to the provisions of this rule and prejudicial to the interests of the Company.	Reprimand to dismissal, depending upon the gravity of the offense			

	First	Second	Third	Fourth
RULE 4. CONFIDENTIALITY OF WORK AND INFORMATION. –				
A. Hacking or cracking, or unauthorized access, use, removal, publication, concealment, importation, deletion, alteration, copying, reproduction, modification, storage, uploading or downloading documents, information and/or programs which may be prejudicial to the company or otherwise infringes upon intellectual property rights.	Suspension to dismissal, depending upon the gravity of the offense.			
B. Without proper authority, revealing, releasing, transferring or divulging confidential information or data to individuals other than authorized persons[4].	Suspension to dismissal, depending upon the gravity of the offense.			
C. Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;	Dismissal			
RULE 5. CONFLICT OF INTEREST. –				
A. Violation of the company's Conflict of Interest Policy.	Reprimand to dismissal, depending upon the gravity of the offense.			
B. Trading of stocks covered by the Black Out Policy. (for applicable employees only)	Reprimand to dismissal, depending upon the gravity of the offense.			
RULE **6.** USE OF COMPANY PROPERTY. –				
A. Hitchhiking in Company trucks, pick-ups, vans, jeeps and similar operating vehicles except with the previous authority of the Office Manager to which the vehicle is assigned. In such cases, the employee who allowed such hitchhiking without authority, the employee driver/user and the employee hitchhiker shall all be liable.	1-day Suspension	3-day Suspension	5-day Suspension	15 calendar days Suspension
B. Loading and transporting personal effects/cargo in company vehicles without any authority.	Reprimand	1-day Suspension	3-day Suspension	5-day Suspension

[4] "Authorized persons" are those who by virtue of their positions must know of confidential matters, like the officers of the Company, Internal Auditors, and Lawyers of the Company.

	First	Second	Third	Fourth
C. Operating, without previous authority, or tinkering with, Company properties such as motor vehicles, operating machines, computer hardware, communication equipment and special tools or equipment the operation or use of which require specialized skills or training.	3-day Suspension	10-day Suspension	15 calendar days Suspension	Dismissal
D. Failure by the operator, driver or user to report immediately any damage to or defects of Company properties.	Reprimand	3-day Suspension	5-day Suspension	15 calendar days Suspension
E. Sharing of access privileges (e.g. System log-on, log-on user I.D., and the like)	Reprimand to dismissal, depending upon the gravity of the offense.			
F. Unauthorized use, lending or improper care of Company property**.**	Reprimand to dismissal, depending upon the gravity of the offense			

RULE 7. HIRING AND/OR ASSIGNMENT OF RELATIVES[5]**.** –

A. It shall be the responsibility of the Office Manager to ensure that no employee shall be hired or assigned under the direct line of supervision of a relative[6] or relationship by reason of wedding, baptismal or sponsorship (i.e. the godparents; goddaughter; godson; or "*kumpare*/*kumare*") of the Employee or of his spouse or children.	Reprimand	1-day suspension	3-day suspension	5-day suspension
B. No person shall be hired if he/she already has a total of two (2) relatives in the company within the 3rd civil degree of consanguinity or affinity, including first cousins.	Reprimand	1-day suspension	3-day suspension	5-day suspension

RULE 8. VOLUNTARY SEPARATION. –

Failure on the part of an employee voluntarily separating from the company to serve a 30-day advance written notice and to continue working during the said period.	Dismissal

[5] For purposes of these rules, relationships of the full or half blood are considered the same. Exceptions to these rules may be authorized by top management **(G1 AND G0)** on a case-to-case basis.

[6] Up to the 3rd degree of consanguinity or affinity and first cousins.

RULE 9. GENERAL PROVISIONS

1) The penalties for repeated violations of the same provision of this Code shall be higher than the penalty for the latest violation. The 12-month limitation period for repeat violations shall only apply to Attendance and Punctuality.

2) If at the time of the commission of the latest offense, the employee has been previously penalized for at least two (2) other different provisions of this Code or of other Company policies, the latest offense shall be punishable by the next higher penalty for the said offense.

3) Where the fourth violation of the same provision is punishable by a penalty less than dismissal, the fifth and subsequent violations shall be meted out a more drastic penalty including that of dismissal.

4) When a single act constitutes two or more offenses under this Code, or when an offense is a necessary means for committing the other, the penalty for the more/most serious offense shall be imposed.

5) The proper penalty provided for in this Code shall be implemented as follows:

   A. Penalties below dismissal shall be recommended by the immediate superior (at least Team Leader level) and approved by the next level Head, with the concurrence of the Area and Group Head.

   B. The penalty of dismissal shall be recommended by the office manager concerned and elevated up to the Management Disciplinary Committee (MDC).

6) All disciplinary actions shall be recorded in the employee's 201 file.

7) All Supervisors and Office Managers shall ensure that the due process is given to employees charged with an offense.

8) A verbal warning may be made first before a penalty is imposed for light offenses[7] and shall not be considered a penalty nor become part of the employee's 201 record.

9) The Office Manager may place the employee under preventive suspension pending the result of the investigation if the penalty provided for the offense involves possible dismissal and the employee's continued presence at work poses a serious and imminent threat to the company or to his co-employees.

10) The imposable penalty in a particular case may be reduced or increased upon the recommendation of the Office Manager concerned, with the approval of the Group Head.

11) An employee under suspension or preventive suspension shall not be allowed to enter company premises and use company facilities during the period covered by the suspension, which includes his rest/off days. The employee may only be allowed to do so for official or business purposes but he shall be escorted by Security.

12) Suspension penalties shall be counted as working days unless otherwise specified as calendar days.

13) Violation of safety rules, regulations and general safety practices promulgated by the company is basically covered by the Safety Code.

[7] Light offenses are those that start with a graduated penalty of reprimand.

COMPLIANCE AND ENFORCEMENT

A. Employee and Labor Relations Office shall be responsible for the review and/or amendment of this Code, if necessary

B. All questions regarding the enforcement and application of this Code shall be submitted to Employee and Labor Relations Office for appropriate action.

C. All penalties imposed, including warning, shall be in writing. Copies thereof shall be furnished Employee & Labor Relations.

D. Team Leaders and Office Managers shall have the responsibility of ensuring compliance and enforcement of this Code.

EFFECTIVITY

This code shall take effect **AUGUST 1, 2012 and** supersedes the Company Code on Employee Discipline dated January 1, 1976 and all other previously promulgated Company rules and regulations inconsistent with the provisions of this Code.

This Code shall be reviewed every five (5) years or whenever necessary.

NOTES

ANNEX "A"

GLOSSARY

GLOSSARY

Definitions. - The following words and phrases, as used in this Code, shall have the meaning indicated unless a different one is plainly denoted in the text.

A. COMPANY means the Manila Electric Company.

B. COMPANY PREMISES mean all landholdings and buildings, including sub-stations and all other properties **USED**, owned or rented by the Manila Electric Company. It also covers the working area occupied by employees assigned on the field including Company vehicles and places where official company events are being held.

C. COMPANY PROPERTY - means all things which are used, owned or rented by, or licensed to, the Manila Electric Company, including documents, information, programs or intellectual creations of its employees created during the course of employment as a result of the performance of their assigned duties.

D. DEADLY WEAPON - Any firearm, whether loaded or unloaded, or any device designed as a weapon and capable of producing death or serious bodily injury, or any other instrument which, in the manner in which it is used or intended to be used, is calculated or likely to produce death or serious bodily injury.

E. EMPLOYEE means all persons under the employ and in the active payroll of the Manila Electric Company.

F. FIREARM - includes rifles, muskets, carbines, shotguns, revolvers, pistols and all other deadly weapons from which a bullet, ball, shot, shell or other missile may be discharged by means of gunpowder or other explosives. The term also includes air rifles and air pistols not classified as toys under the provisions of existing laws, rules and regulations.

G. NARCOTICS - mean drugs that produce a condition of insensibility and melancholy dullness of mind with delusions and may be habit forming. Included in this definition are marijuana, shabu, ecstacy, hashish, codeine, barbiturates, benzodiazepines and their derivatives, and all preparations made from them or any of them. Also included are those classified as "dangerous drugs" which are either "prohibited" or "regulated" within the meaning of prevailing laws.

H. PORNOGRAPHIC MATERIALS - mean any obscene or licentious film, drawing, cut-out, writing, picture, computer image, graphic, video and audio clips and the like, showing the private parts of the human anatomy.

I. PROFANE LANGUAGE - means words, phrases, or signs uttered or done with malice, irreverence, or contempt.

ANNEX "B"

Cost of Damage or Injury	1st Offense	2nd Offense	3rd Offense	4th Offense	5th Offense
Below P10,000	Reprimand	3-day Suspension	5-day Suspension	10-day Suspension	20-calendar day Suspension
P10,000 to P50,000	3-day Suspension	5-day Suspension	10-day Suspension	20-calendar day Suspension	Dismissal
Above P50,000 to P100,000	5-day Suspension	10-day Suspension	20-calendar day Suspension	Dismissal	
Above P100,000 to P250,000	10-day Suspension	20-calendar day Suspension	Dismissal		
Above P250,000 to P500,000	20-calendar day suspension	Dismissal			
Above P500,000 or Death	Dismissal				

NOTE: In addition to the penalty herein provided, the employee may be made to pay for the cost incurred in the damaged/lost item or injury, as the case may be.

UNDERTAKING

I have received a copy of the new Code on Right Employee Conduct (COREC) and it is my responsibility as an employee to read and understand its provisions.

___ Day of _____, 2012

_____
PRINTED NAME & SIGNATURE

THE NEW MERALCO CORPORATE VALUES

CUSTOMER SERVICE

Passion in knowing and understanding our customers and responding to their needs, with the objective of ensuring total customer satisfaction and loyalty because we believe that our customers are our reason for being.

PERFORMANCE

Creating and enhancing value for all our stakeholders (customers, employees, investors and the communities we serve). Proactively seeking and implementing opportunities that drive and sustain higher levels of organizational performance and growth, cost-effectiveness and efficient delivery of services. Organizational agility, a sense of urgency and creativity are key to achieving these.

ACCOUNTABILITY / EMPOWERMENT

Accepting responsibility, assuming ownership and taking full accountability for all our actions, whether decisions or behaviors in the delivery of services and management of resources, in our public and private spheres in whatever level we are in the organization.

INTEGRITY / TRANSPARENCY

Faithfully and fully living up to all responsibilities and obligations as employees of a power and energy company; behaving at all times in accordance with ethical and corporate governance standards.

TEAMWORK / COLLEGIALITY

Harmonious collaboration, synergy and motivation among our people at all levels and across all activities; moving with a greater sense of purpose and sharing responsibility for the Company's success towards "One Meralco".

MALASAKIT

Identifying ourselves with the Company; giving total dedication and commitment to Meralco as exemplified by performing our very best in every endeavor; with great concern for the Company, its resources and its stakeholders – customers, employees, investors and the communities we serve.

MAKABAYAN

Commitment to making a positive impact in the lives of the Filipino people by doing our share in the interest of nation-building and undertaking high-impact initiatives that support and contribute to the economic and social development of the Country.

Annex F

Consolidated Changes in ACGR

MERALCO	COMMITTEE CHARTER EXECUTIVE COMMITTEE	Rev. Code:	Page 1 of 1
CORPORATE COMMITTEES	Section:	Effectivity Date:	
	Sub-Section:	Sensitivity Classification: COMPANY USE	

GENERAL OBJECTIVE:

The Executive Committee shall between sessions of the Board of Directors have all the powers of the board of Directors in the management of the business and affairs of the Company and shall have power to authorize the seal of the Company to be affixed to all papers which may require it, subject to the limitations provided by Section 35 of the Corporation Code. The taking of any action by the Executive Committee shall be conclusive evidence that the Board of Directors was not at the time of such action in session.

COMPOSITION

The Executive Committee shall be composed of five (5) Board members, one of whom shall be an independent director or his alternate to hold office for one year and/or until respective successors shall be designated.

Prepared By:	Reviewed By:		Approved By:
Organization Planning & Dev't	A. S. Atanacio Head, Org Planning & Development	L. C. De La Llana Head, Human Resources	M.M. Lopez Chairman & CEO

Annex G

Consolidated Changes in ACGR

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. 102

CERTIFICATE OF FILING OF AMENDED BY-LAWS

KNOW ALL MEN BY THESE PRESENTS:

This is to certify that the Amended By-Laws of

MANILA ELECTRIC COMPANY

copy annexed, adopted on March 22, 2013 by the Board of Directors pursuant to the power conferred and ratified by the stockholders on May 28, 2002 owning at least two-thirds of the outstanding capital stock, certified by a majority of the Board of Directors and countersigned by the Assistant Corporate Secretary of the Corporation, was approved by the Commission on this date, pursuant to the provisions of Section 48 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and attached to the other papers pertaining to said corporation.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 7th the day of August, Twenty Thirteen.

FERDINAND B. SALES
Acting Director
Company Registration and Monitoring Department

BUWIS
RENTAS INTERNAS
DSJ2012
08127737
8-7-2013

COVER SHEET

P	W	-	1	0	2				

S.E.C. Registration Number

M	A	N	I	L	A		E	L	E	C	T	R	I	C		C	O	M	P	A	N	Y	

(Company's Full Name)

L	O	P	E	Z		B	U	I	L	D	I	N	G	,		O	R	T	I	G	A	S	

A	V	E	N	U	E	,		P	A	S	I	G		C	I	T	Y						

(Business Address: No. Street City / Town / Province)

Contact Person

Company Telephone Number

1	2		3	1

Month *Day*
Fiscal Year

FORM TYPE

Month *Day*

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

7-17-13

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

Republic of the Philippines)
City of Pasig) S.S.

SECRETARY'S CERTIFICATE

I, **WILLIAM S. PAMINTUAN**, Filipino, of legal age, with office address at 8th Floor, Lopez Building, Meralco, Ortigas Avenue, Pasig City, after having been sworn, in accordance with law, depose and state that:

1. I am the duly elected and qualified Assistant Corporate Secretary of Manila Electric Company, a corporation duly organized and existing under and by virtue of the Republic of the Philippines, with principal office at Lopez Building, Ortigas Avenue, Pasig City.

2. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving an intra-corporate dispute and/or claim by any person or group against the Board of Directors, individual directors and/or major corporate officers of the Corporation as its duly elected and/or appointed directors or officers or vice versa.[1]

Pasig City, 8th day of July, 2013

WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me on this JUL 09 2013 day of _____ 2013, in PASIG CITY, affiant exhibiting his TIN No. 146473562000 issued on _____ at _____.

Notary Public

ATTY. FREEDOM ANNE M. NAVIDAD
NOTARY PUBLIC
PASIG, PATEROS, TAGUIG, AND SAN JUAN
ISSUED ON FEBRUARY 20, 2012 AT PASIG CITY
APPOINTMENT NO. 77 (2012-2013)
ROLL NO. 53655 / IBP NO. 913518 / 01/08/13 RSM CHAPTER
PTR NO. 8457659 / 01/15/13 PASIG CITY
4TH FLOOR LOPEZ BLDG. ORTIGAS AVENUE, PASIG CITY

Doc No. 113
Page No. 23
Book No. V
Series of 2013.

[1] There are cases, other than those involving intra-corporate dispute and/or claim, that have been filed or are pending against the Board of Directors, individual directors and/or major corporate officers of the Corporation as its duly elected and/or appointed directors or officers or vice versa (see "Annex A" for details).

Annex A

a. Civil Cases

SUBTYPE	CASE TITLE	CASE NO.
Damages	MAGGIE SUELTO, ET. AL. (PABAHAY 2000) VS. MERALCO, HEREIN REPRESENTED BY MANOLO M. LOPEZ AND/OR JOSE DE JESUS	CIVIL CASE NO. 461-M-2009
Damages	EMMA LARDIZABAL, ET. AL. (PABAHAY 2000), REPRESENTED BY THE BOARD OF DIRECTORS OF PABAHAY CONSUMERS AFFAIR LEGAL CENTER, INC. VS. MERALCO, HEREIN REPRESENTED BY MANOLO M. LOPEZ &/OR JOSE DE JESUS	CA-G.R. CV NO. 96303
Service Irregularity	GLORIA CO VS. MERALCO REPRESENTED BY ITS PRESIDENT AND/OR THE BRANCH MANAGER, ROOSEVELT BRANCH	Q-03-50948
Billing Adjustment	G. G. SPORTSWEAR MFG. CORP., REPRESENTED BY ITS PRESIDENT NARI K. GIDWANI VS. MERALCO, REPRESENTED BY ITS PRESIDENT MANUEL M. LOPEZ, MANUEL L. TUASON, BRANCH MANAGER, MERALCO MAKATI CITY	01-424
Service Irregularity	JOHNNY CATAYONG VS. MERALCO AND MANUEL TUASON	01-1727
Damages	LITO ROSAL, ET. AL. (PABAHAY 2000), REPRESENTED BY THE BOARD OF DIRECTORS OF PABAHAY CONSUMERS AFFAIR LEGAL CENTER, INC. VS. MERALCO, HEREIN REPRESENTED BY MANOLO M.LOPEZ &/OR JOSE DE JESUS	CIVIL CASE NO. 417-M-2010
Damages	QUINTIN CANAYA VS. MERALCO, HEREIN REPRESENTED BY MANOLO M.LOPEZ &/OR JOSE DE JESUS	CIVIL CASE NO. 416-M-2010
Service Irregularity	IVY CORONADO, NONATO RODILLADO, AND ANTONIO VARGAS REPRESENTED BY HIS WIFE, ANNIE VARGAS VS. MERALCO, MS. M. P. DERPO, HEAD, COMMONWEALTH AVE. BRANCH, QUEZON CITY, A CERTAIN MR. CACHO, BR. INSPECTOR, JOGI AND LEO, BOTH BR. FIELD REPRESENTATIVES	Q-0247581

Service Irregularity	MARIE ANN R. ZAFRA VS. MERALCO, THE PRESIDENT/CEO, THE CHAIRMAN & MEMBERS OF THE BOARD OF DIRECTORS, NELLO AMURAO, RUBEN KALAW, GINO CRUZ, RONALD RAMOS, NEIL RODEL, DINDO VALDERAMA, JOHN DOE, PETER DOE & JAMES DOE	CIVIL CASE NO.422-M-2008

b. Labor Cases

SUBTYPE	CASE TITLE	CASE NO.
Illegal Dismissal	VICENTE VILLANUEVA VS. NATIONAL LABOR RELATIONS COMMISSION, MERALCO AND/OR MANUEL M. LOPEZ	G.R. NO. 176893
Illegal Dismissal	CELESTINO G. SANTOS VS. NATIONAL LABOR RELATIONS COMMISSION, MERALCO AND MANUEL M. LOPEZ	G.R. NO. 193266
Illegal Dismissal	(FILE NO: LABOR-ID-11-0001) PASTOR P. SAJORDA, JR. VS. MERALCO MANAGEMENT & LEADERSHIP CTR./ NINO SUAREZ/ VIVIEN ARNOVIT/ MANNY PANGILINAN/ AGNES FIDELINO	NLRC NCR 10-14725-10
Illegal Dismissal	ARNOLD M. ROMEN VS. MERALCO &/OR MANUEL M. LOPEZ/ JESUS FRANCISCO, AND CALAPAR SERVICES, INC., AND MR. VIRGILIO P. TAMAYO	NLRC NCR NO. LAC 01-000235-08
Illegal Dismissal	CARLOS S. ORDENA VS. MERALCO AND MANUEL M. LOPEZ	NLRC NCR CASE NO. 10-11415-07
Illegal Dismissal	HARLITO CARBONELL VS. MERALCO AND MANUEL LOPEZ	NLRC NCR CASE NO. 00-04-03498-06
Illegal Dismissal	VIRGILIO ESPIRITU VS. NLRC, MERALCO AND MANUEL M. LOPEZ	CA-G.R. SP NO. 108139
Illegal Dismissal	LEONARDO S. ANGELO, JR. VS. MERALCO AND MANOLO LOPEZ	G.R. NO. 189768
Illegal Dismissal	(FILE NO: LABOR-ID-10-0003) MERALCO/ MANUEL M. LOPEZ VS. NLRC, EDDIE R. DUNGO, ET. AL.	CA-G.R. SP No. 124534

Illegal Dismissal	(FILE NO: LABOR-ID-10-0008) THE LATE ROGER F. NOCEJA, REP. BY HIS HEIRS LOLITA, RYAN, ROBERT, ROGER, RONNIE AND LORIZZA, ALL SURNAMED NOCEJA VS. MERALCO, RUBEN SAPITULA, & MANUEL PANGILINAN	NLRC LAC NO. 05-001322-11
Illegal Dismissal	(FILE NO: LABOR-ID-10-0009) MERALCO VS. JOSELITO L. DE LUNA, ET. AL.	CA-G.R. SP NO. 124664
Illegal Dismissal	(FILE NO: LABOR-ID-11-0002) RANDY A. DAYO VS. MERALCO, MANUEL V. PANGILINAN, PRESIDENT/ E.V. CARASIG, HEAD HUMAN RESOURCE OPERATION	NLRC LAC No. 03-0010883-12
Regularization	(FILE NO: LABOR-REG-11-0002) ROGELIO G. REYES VS. MERALCO/ MERALCO INDUSTRIAL ENG'G. SERVICE CORP. &/OR MANNY PANGILINAN/ JESUS FRANCISCO	CA G.R. SP No. 126766
Illegal Dismissal	(FILE NO: LABOR-ID-11-0010) JETHRO FAJARDO VS. MERALCO & MANNY PANGILINAN	NLRC NCR Case No. 07-10774-11
Underpayment & Illegal Deduction	(FILE NO: LABOR-OTH-UP-11-0004) BERNARD L. ANONUEVO VS. MERALCO/ 3RD LANTING SECURITY & WATCHMAN AGENCY &/OR MANNY PANGILINAN & ATTY. LANTING	NLRC LAC No. 01-000517-12
Illegal Dismissal	(FILE NO: LABOR-ID-11-0011) PROCESO FEBRERO, JR. VS. MERALCO, MANNY PANGILINAN/ AIRBORNE MAINTENANCE & ALLIED SERVICES INC., ENRIQUE PELEGRIN	NLRC LAC Case No. 07-002072-12
Illegal Dismissal	(FILE NO: LABOR-ID-11-0017) WILFREDO S. TAN & PABLO R. BAUTISTA VS. MERALCO, MANNY PANGILINAN/ RETRIEVERS, INC., NATHANIEL G. CRUZ	NLRG LAC Case No. 09-002487-12
Illegal Dismissal	(FILE NO: LABOR-ID-11-0018) REI A. CAGUAY VS. LATING SECURITY & WATCHMAN AGENCY, ATTY. THOMAS LANTING & MS. NIMFA LANTING/ MERALCO, THE PRESIDENT	NLRC LAC Case No. 07-002060-12
Illegal Dismissal	(FILE NO: LABOR-ID-12-0002) JONALIE B. ANOS VS. J. G. TECHNICAL SERVICES, INC. &/OR JORGE P. GUSILATAR, JR./ MERALCO &/OR MANNY PANGILINAN	NLRC NCR Case No. 03-04388-12
Illegal Dismissal	(FILE NO: LABOR-ID-12-0005) BERNARDO L. ANONUEVO VS. 3RD LANTING SECURITY & WATCHMAN AGENCY/ LANTING SECURITY AGENCY/ MERALCO/ LIBRADA A. LANTING/ ALBERTO S. LANTING/ MANNY PANGILINAN	NLRC NCR 06-06-09075-12

Illegal Dismissal	NARCISO MATIS, NEMENCIO HIPOLITO, JR., RAYMUNDO ZUNIGA AND GERARDO DE GUIA VS. NLRC, MERALCO AND/OR MANUEL M. LOPEZ	CA-G.R. SP NO. 113273
Illegal Dismissal	RICARDO R. IGNACIO VS. MERALCO AND MANUEL M. LOPEZ	NLRC NCR CASE NO. 0-07-05757-2006
Regularization	MARIZER B, MIRANDA VS. MERALCO/ MR. RAMON B. SEGISMUNDO/ DR. EFREN VICALDO/ MR. OSCAR REYES	CA-G.R. SP No. 125292
Illegal Dismissal	JOVEN L. MALUBAY, ET. AL. VS. MERALCO / MANOLO M. LOPEZ / JESUS P. FRANCISCO	CA-G.R. SP NO. 108884
Illegal Dismissal	SENEN S. SENA, FRANCISCO M. VIDAL & ELDEFONSO V. SAMBAJON VS. MERALCO, MANNY V. PANGILINAN/ JOLLYE ALLIED SPORTS SVCS. INC., JOSE B. ALDANES	NLRC NCR Case No. 08-12717-11

c. Criminal Cases

SUBTYPE	CASE TITLE	CASE NO.
RPC	PELITA CATIMON VS. MERALCO, REP. BY ITS PRESIDENT MANUEL M. LOPEZ, AND ALL OTHER OFFICERS RESPONSIBLE THEREIN, AND MR. REYNALDO JURIAL	
RPC	NONINO, INC. VS. MANUEL M. LOPEZ AND MANUEL MACATANGAY	I.S. NO. 07-593
RPC	FERDINAND P. LOPEZ VS. MANILA ELECTRIC COMPANY, MANUEL M. LOPEZ CEO, JESUS P. FRANCISCO CHIEF EXECUTIVE, DANTE NATHANIEL L. CACHOLA, JOHN DOE	I.S. NO. 07-7286
Plunder and Violation of Sec. 3 © of RA 3019	LAND BANK OF THE PHILIPPINES VS. CONCHITA MINAS, ET. AL.	OMB-C-C-09-0113-D

AMENDED BY-LAWS

OF THE

MANILA ELECTRIC COMPANY

(Latest amendment approved by the SEC on September 6, 2010)

ARTICLE I

MEETINGS OF STOCKHOLDERS

SECTION 1. **ANNUAL MEETING.** - The annual meeting of the stockholders shall be held on the last Tuesday of May in each year at the principal office of the Company, or at such other places in Metro Manila as may be fixed by the Board of Directors or the Chairman of the Board and specified in the notice, at such day and hour as the Board or the Chairman shall direct.

SECTION 2. **SPECIAL MEETINGS.** - Special meetings of the stockholders may be called by the Chairman of the Board or by order of the Board of Directors whenever he or they may deem it necessary, and shall be so called whenever persons holding of record at least one-fourth of -outstanding stock of the Company entitled to vote shall in writing request the same. Special meetings shall be held at the principal office of the Company or at such other place in Metro Manila as may be specified in the call.

SECTION 3. **VOTING.** - At all meetings of the stockholders, each stockholder entitled to vote thereat shall be entitled to one vote for each share held of record by

him, which vote may be given personally or by attorney or proxy authorized in writing. The instrument authorizing an attorney or proxy to act shall be filed with the Office of the Corporate Secretary of the Company not later than twenty (20) business days prior to the scheduled stockholders meeting. In the election of directors each stockholder entitled to vote for directors may accumulate and distribute his votes in accordance with provisions of law applicable in such case.

SECTION 4. **QUORUM.** - The holders of record for the time being of a majority of the stock issued and outstanding and entitled to vote represented in person or by attorney or proxy shall constitute a quorum for the transaction of business, but in the absence of a quorum the stockholders entitled to vote who are present or represented at the time and place for which a meeting shall have been called may adjourn the meeting for any period.

SECTION 5. **NOTICE OF MEETING.** - Written notice of the annual and of any special meeting of stockholders shall be given to each stockholder entitled to vote thereat by posting the same in a postage prepaid letter, addressed to each such stockholder at his last known address or at the address last left by him with the Secretary of the Company, or by delivering the same to him personally, at least twenty eight (28) working days before the meeting. A copy of the notice of meeting shall likewise be made available for download at the Company website. If any stockholder shall have filed with the secretary his letter of appointment of any attorney or proxy, whose address is registered with the Secretary, the notices may be sent to such attorney or proxy instead of to such stockholder. The notice of a

special meeting shall state briefly the object of the meeting and, except as herein otherwise specifically provided, no other business shall be transacted at such meeting. Nevertheless, if all the stockholders entitled to vote at any meeting, either annual or special, shall, in person or by attorney or proxy in writing, waive notice of such meeting, no notice of such meeting shall be required, and such meeting shall be valid, and any corporate action may then be taken. No notice of any meeting need be published in any newspaper. (As amended on 22 March 2013)

The Board of Directors shall fix the record date which will determine the stockholders entitled to notice and attend a scheduled stockholders meeting.

SECTION 6. **AUDITORS AND INSPECTORS OF ELECTION.** - The Board of Directors shall appoint auditors and inspectors to canvass and inspect ballots at all stockholders meeting.

ARTICLE II

BOARD OF DIRECTORS

SECTION 1. **ELECTION.** - There shall be a Board of Directors of such number, within the limits at the time provided by law, as may from time to time be determined by the formal assent of the stockholders of the corporation entitled to elect directors, at a regular or special meeting of such stockholders, at which a quorum shall be present. All directors shall be stockholders in their own right. The directors may be elected by ballot at the annual meeting.

SECTION 2. **NOMINATIONS.** - The Nomination Committee shall prepare a Final List of Candidates which shall be made available to the Securities and Exchange Commission (SEC) and to all stockholders through the filing and distribution of the Information Statement. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as Independent Directors. No further nomination shall be allowed on the floor during the actual annual stockholders meeting.

The Company adopts the procedure for the nomination and election of independent directors prescribed under Rule 38 of the Implementing Rules and Regulation Code, as amended.

SECTION 3. **QUORUM.** - The directors shall act only as a board, and the individual directors shall have no power as such. A majority of the whole number of directors shall constitute a quorum for the transaction of business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act; but one or more directors present at the time and place for which a meeting shall have been called may adjourn any meeting from time to time until a quorum shall be present.

SECTION 4. **MEETINGS.** - There shall be a first meeting of the Board of Directors, for organization, immediately after their election, of which meeting no notice shall be required. Thereafter regular meetings may be held at such time and

in such places, and upon such notice, if any, as the Board of Directors may by resolution prescribed. Special meetings of the Board may be called by the Chairman or by written request of any two directors, upon at least one day's notice of the time and place of holding the same, given personally or by letter, telegram or telephone. Meetings may be held at any time and place without notice if all the directors are present or of those not present waive notice in writing before or after the meeting.

SECTION 5. **QUALIFICATION.** - All directors must possess the following minimum qualifications and such additional qualifications under any amendments to the Corporation Code, Securities and Regulation Code, the Code of Corporate Governance issued by the Securities and Exchange Commission and other relevant laws, rules and regulations in effect at the relevant time:

(a) must own at least one (1) share of stock of the Company of which he is a director, standing in his name in the books of the Company;

(b) must possess integrity and probity;

(c) as much as possible, must have a practical understanding of business in general and of the business of the Company, in particular; and

(d) must have attended a seminar in corporate governance conducted by a duly recognized private institution or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

(As amended on 22 March 2013)

SECTION 6. **VACANCIES.** - If any vacancy shall occur among the directors by death, disqualification or otherwise by removal, such vacancy may be filled, pending action by the stockholders, at any regular or special meeting of the Board of Directors, by vote of a majority of all the remaining directors. Any such vacancy may be filled by stockholders entitled to elect directors, by ballot, at any meeting or adjourned meeting, whether the meeting shall have been called to fill such vacancy or not. The stockholders at any such meeting entitled to elect directors may also receive the resignation of any director and fill the vacancy thereby caused for the remainder of the year. Directors may be disqualified or removed and the vacancies so caused filled as prescribed by law, rules or regulation.

SECTION 7. **COMPENSATION.** - All Directors may receive reasonable per diems for their attendance at each regular or special meeting of the Board of Directors and Board Committees and additional compensation, as such, whether in the form of a fixed retainer, bonus or stock grant, or a combination thereof, as may be approved by the majority vote of the outstanding capital stock and the majority vote of the Board of Directors; Provided, That the total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the net income before tax of the Company during the preceding year; but nothing herein contained shall be construed to preclude any director from serving the Company in any other capacity and receiving compensation therefor. (As amended on 22 March 2013)

SECTION 8. **EXECUTIVE COMMITTEE.** – The Board of Directors may, by a majority vote of the whole Board, designate five (5) of their number to constitute an Executive Committee, one of whom shall be an independent director with an alternate who will also be an independent director, to hold office for one year and/or until respective successors shall be designated, which committee shall between sessions of the Board of Directors have all the powers of the Board of Directors in the management of the business and affairs of the Corporation and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it. The taking of any action by the Executive Committee shall be conclusive evidence that the Board of Directors was not at the time of such action in session. The Secretary or a member of the Executive Committee shall keep the minutes of its proceedings; and all such proceedings shall be from time to time reported to the Board of Directors, and shall be subject to revision or alteration by the Board; provided that no rights of third persons shall be affected by such revision or alteration. A majority of the Executive Committee shall constitute a quorum at any meeting. The Executive Committee may take action without a meeting on the written approval of such action by a majority of the committee. A majority of the directors may fill vacancies in the Executive Committee. The executive committee may from time to time, subject to the approval of the Board of Directors prescribe rules and regulations for the calling and conduct of meetings of the committee, and other matters relating to its procedure and the exercise of its powers.

ARTICLE III

OFFICERS

SECTION 1. **DESIGNATIONS.** - The Board of Directors shall annually, at its first meeting after the election of directors by the stockholders, appoint a Chairman and Vice Chairman of the Board of Directors, a President, one or more Vice-Presidents, a Treasurer and a Secretary, and may also from time to time appoint Assistant Treasurers, Assistant Secretaries, and such other officers and agents as they deem proper. The Chairman of the Board of Directors and the President shall each be a director; other officers need not be stockholders. The Treasurer may also be a Vice President. The Secretary shall be a resident and a citizen of the Republic of the Philippines. Every officer shall hold office only during the pleasure of the Board of Directors, and all vacancies among such officers, however arising, shall be filled by the Board of Directors.

SECTION 2. **COMPENSATION.** - The salary or compensation of all officers and agents elected or appointed by the directors shall be fixed by the Board.

SECTION 3. **DUTIES.** - Subject to the direction and control of the stockholders, the Board of Directors shall have charge of all the business of the Company and the administration of its affairs; and all officers, agents and employees of the company shall be subject to immediate removal by the Board of Directors with or without cause.

SECTION 4(A). **THE CHAIRMAN OF THE BOARD.** - The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and stockholders and shall exercise such other powers as may be conferred upon by the Board of Directors.

SECTION 4(B). **THE VICE CHAIRMAN.** - The Vice Chairman of the Board of Directors shall perform the duties of the Chairman of the Board of Directors in the latter's absence or temporary incapacity. He shall preside over the meetings of the Board of Directors and stockholders in the absence of the Chairman of the Board and the President. He shall perform such other duties as the Board of Directors may designate from time to time.

SECTION 5(A). **THE PRESIDENT.** - The President shall be the Chief Executive Officer of the Company. He shall have general supervision, direction and control of the business and affairs of the Company. He shall sign all certificates of stock and all instruments required to be executed on the part of the Company, except as otherwise provided by the by-laws or by the Board of Directors, or the Executive Committee. He shall preside at the meetings of the stockholders and the Board of Directors in the absence of the Chairman of the Board. He shall perform such other duties as the Board of Directors may designate from time to time.

SECTION 5(B). **THE VICE PRESIDENTS.** - The Vice Presidents shall respectively perform such duties as the Chairman of the Board, President or the Board of Directors shall from time to time designate or require. In the absence of the President from Metro Manila, they shall in the order of their appointment perform the duties of the latter.

SECTION 6(A). **THE TREASURER.** - The Treasurer shall deposit all moneys and other valuable effects of the Company in such trust companies, banks or depositories as the Board of Directors shall from time to time designate or in the absence of such designation as he shall determine. He shall have authority to receive .and give receipts for all moneys paid to the Company from any source whatsoever and to endorse checks, drafts and warrants in its name and on its behalf. Proper accounts shall be kept in his office of all receipts and disbursements made by him for the Company, with the vouchers in support thereof, which shall be submitted to any auditor or auditors appointed by the stockholders or directors for inspection as and when required. Except as may from time to time be otherwise ordered by the Board of Directors, the Treasurer shall keep all business and corporate records not required to be kept by the Secretary. He shall at all times be subject to the control of the Board: of Directors, and shall perform such other duties as the Chairman of the Board, Vice Chairman or Board of Directors may from to time direct. He may be required by the Board of Directors to give bond, to the satisfaction of the Board of whomsoever it may designate, for the faithful performance of his duties.

SECTION 6(B). **THE ASSISTANT TREASURERS.** - The Assistant Treasurer(s), if and when appointed by the Board of Directors, shall have power, with such limitation or conditions as the Board may fix, to sign checks and drafts upon banks and depositories of the Company, and to endorse checks and drafts for deposit with such banks or depositories to the credit of the Company. The Assistant Treasurers shall perform such other duties as may from time to time be prescribed by the Board of Directors or Chairman of the Board. They shall, if the Board of Directors so require, give a bond in such an amount as the Board may direct, for the faithful performance of their duties.

SECTION 7(A). **THE SECRETARY.** - The Secretary shall record all the votes and proceedings of the stockholders and of the directors in a book for that purpose. He shall have charge of the corporate seal of the Company, and attest the same when affixed to any document. He shall countersign all certificates of stock. He shall keep at the principal office of the Company the stock and transfer books and therein keep record of all stock showing the names of stockholders (and registered attorneys or proxies) alphabetically arranged, with the addresses to which notices may be sent, the installments paid and unpaid on all stock for which subscription has been made and the date of payment of any installment, and a record of every transfer of stock with the date thereof and by and to whom made. He shall perform such duties as pertain to his office or as the Chairman of the Board, Vice Chairman or Board of Directors may require.

SECTION 7(B). **THE ASSISTANT SECRETARIES.** - The Board may delegate to the assistant secretaries all or any part of the duties of the secretary.

ARTICLE IV

CONTRACT AND OBLIGATIONS

SECTION 1. - No agreement, contract or obligations involving the payment of money or the credit or liability of the Company, shall be made without the approval of the board of directors, except by an officer or agent thereunto generally or specifically authorized by the Board of Directors.

ARTICLE V

SHARES AND THEIR TRANSFERS

SECTION 1. - Subscribers for shares of stock shall not be required to pay any interest upon their unpaid subscription except after the same shall have been called for payment and become delinquent.

SECTION 2. **CERTIFICATES.** - Each holder of stock shall be entitled to a stock certificate signed by the President and Secretary or Assistant Secretary of the Company certifying the class and number of shares owned by him. All such certificates representing shares of a particular class shall be numbered and registered in the order in which they are issued, and on the records of the Company there shall be entered the name of the person owning the shares represented by

such certificate when issued, with the number of shares and the date thereof, and the amount paid in on account of the par value thereof, and in case of cancellation the date of cancellation. Every certificate returned to the Company for the exchange or transfer of shares shall be cancelled, and no new certificate shall be issued upon the exchange or transfer of shares until the old certificate has been thus returned and cancelled.

The signatures of the President and Secretary or Assistant Secretary of the Company on all certificates of stock may be imprinted mechanically by the use of plate signature machine.

The corporate seal of the Company shall be printed on all certificates of stock.

SECTION 3. **TRANSFERS.** - Transfers of shares shall be made only on the books of the Company on the surrender of the certificate or certificates for such shares properly endorsed. The transfer books may be closed by the board for such period as may be deemed advisable previous to and on the day of any meeting of the stockholders, and for dividend purposes.

No transfer of share shall be made nor allowed to be recorded in books of the corporation and no corresponding stock certificate shall be issued, if such transfer of shares and issuance of stock certificate shall be in violation of and contrary to the provisions of Article Seventh of the ARTICLES OF INCORPORATION.

SECTION 4. **ADDRESSES.** - Every stockholder and transferee, and every attorney or proxy for any stockholder, shall furnish the Secretary with an address at which notice of meetings and all other notices from any officer of the Company may be served upon or mailed to him, and in default thereof notice may be addressed to him either at his last known address or at the office of the Company in Metro Manila.

SECTION 5. **LOST CERTIFICATE.** - The Board of Directors, subject to such rules and regulation as they may from time to time adopt, may order a new certificate or certificates of stock to be issued in the place of any certificate or certificates of the Company alleged to have been lost or destroyed; but in every such case the owner of the lost certificate or certificates shall first cause to be given to the Company a bond, with sufficient surety, satisfactory to the Board of Directors, in such sum, not less than the par or any then higher market value of such lost or destroyed certificate or certificates of stock, as the Board may in their discretion require, as indemnity against any loss or claim that the Company may incur by reason of such issuance of such new stock certificates; but the directors may, in their discretion, refuse to replace any lost certificates, save upon the order of some court having jurisdiction in such matter.

ARTICLE VI

DIVIDENDS, SURPLUS AND FINANCE

Section 1. - The Board of Directors shall have the power and authority to fix and determine, and from time to time vary, the amount to be reserved, over and above its capital stock paid in, as working capital, to meet contingencies, to provide for the equalization of dividends and/or for other purposes; to direct and determine the use and disposition of the working capital and of any amounts so reserved; to use and apply the surplus or any part thereof in acquiring the bonds or other obligations or shares of capital stock of the Company, to such extent, in such manner and upon such terms as the Directors shall deem expedient (and shares of capital stock so, purchased or acquired may be resold, and shall not be deemed to have been retired, unless such shares shall have been retired for the purpose of reducing the capital of the Company in the manner provided by law); to determine whether any, and if any, what part, of the net profits or surplus shall be declared and paid as dividends; to fix the times for the declaration and payment of dividends; and generally to fix and determine the use and disposition of any net profits or surplus.

Against any reserve or surplus so established, there may be charged losses at any time incurred by the Company, also dividends or other distribution upon stock. Such reserve or surplus may be reduced from time to time by the Board of Directors for the purposes above specified, or by transfer from such reserve or surplus to capital account or otherwise.

SECTION 2. - The Board of Directors shall also have power and authority to create a surplus, to be known as the "Capital Surplus" of the Company, and at any time, and from time to time, to transfer and credit to such capital surplus all or any part of the surplus or net profits of the Company available for dividends. In case any amount shall be so transferred and credited to capital surplus, the same shall not thereafter, without affirmative vote or written consent of the holders of a majority of the voting stock of the Company, be declared or paid, or made the basis of the declaration of payment, of dividends (other than stock dividends) on any class of stock of the Company from time to time outstanding, it being the intent of this provision that all amounts transferred and credited to capital surplus shall thereafter have the same status as if the same had been paid to the Company in payment for shares of its capital stock.

SECTION 3. - Anything herein to the contrary notwithstanding, the powers of the Board of Directors, as set forth in this. ARTICLE VI, are subject in all respects to, and are governed by, the provisions of the Articles of Incorporation of the Company, as amended.

SECTION 4. - The fiscal year of the Company shall begin on the first day of January and end on the 31st day of December in each calendar year.

ARTICLE VII

SEAL

The corporate seal, unless otherwise ordered by the Board of Directors, shall consist of a circular design on which is inscribed the words and numbers:

Manila Electric Company

MERALCO

Metro Manila, Philippines

1919

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Each director and officer of the Company, whether or not then in office, and in the event of his death, his legal representatives, shall be indemnified by the Company with respect to any acts or omissions alleged to have occurred subsequent to the adoption of this By-Law provision, against (1) all costs and expenses reasonably incurred by or imposed upon him in connection with or resulting from any action, suit or proceeding prosecuted to final determination on the merits to which he or his personal representative may be made a party by reason of his being or having been a director or officer of the Company or of any other company which he serves as a director or officer at the request of the Company, except any costs or expenses incurred by or imposed upon him in relation to matters as to which he shall

be finally adjudged: to be liable, and (2) all costs and expenses incurred or imposed upon him in connection with or resulting from any such action, suit or proceeding which is settled with the approval of the court having jurisdiction thereof but only in such amount (which shall not include any sum ordered to be paid to the Company by him) as such court shall determine and find to be reasonable in the circumstances.

No present or future director or officer of the Company (or his legal representative) shall be liable for any act, omission, step or conduct taken or had in good faith after December 24, 1957, which (whether by condition or otherwise) is required, authorized, or approved, or is otherwise in compliance with or in reliance u on a regulation, rule, order or determination issued or made by a department, agency, board, commission or authority pursuant to any statute of the Republic of the Philippines, any Province, or any other political subdivision thereof, whether or not such regulation, rule, order or determination shall have been subsequently amended, rescinded or determined by judicial or administrative authority to be invalid or illegal, or which is taken in contesting in good faith the validity or legality of any such regulation, rule, order or determination. In any action, suit or proceeding based on any act, omission, step or conduct, as in this paragraph described, the provision hereof shall brought to the attention of court. In the event that any of the foregoing, provisions of this paragraph is found by the court not to constitute a valid defense on the ground that such provision is not applicable to the particular class of plaintiff, each such director or officer (or his legal representatives) shall be reimbursed for, or indemnified against all expenses and liabilities reasonably incurred by him or imposed on him, in connection with or resulting from any such

action, suit or proceeding (other than for any sum ordered to be paid to the Company by him). Such expenses and liabilities shall include, but shall not be limited to, judgments, court costs and attorneys fees.

The foregoing rights of indemnification shall not be exclusive of any other rights to which any director or officer (or his legal representatives) may be entitled as a matter of law nor of any rights of indemnification to which any director or officer (or his legal representatives) may be entitled under any By-Law of the Company heretofore in effect.

ARTICLE IX

AMENDMENTS

These By-Laws may be added to, altered, amended or repealed, or new By-Laws may be adopted by the Board of Directors of the Company at any regular or special meeting duly called for the purpose.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 5th day of May, 1919.

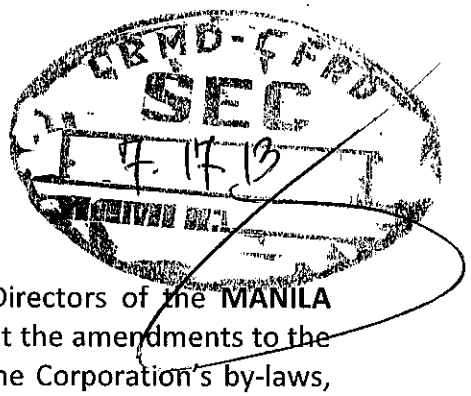
(SGD.) J. C. ROCKWELL (SEAL)

(SGD.) R. W. SPOFFORD (SEAL)

(SGD.) D. M. SHAW (SEAL)

(SGD.) JAMES ROSS (SEAL)

(SGD.) J. G. LAWRENCE (SEAL)



DIRECTORS' CERTIFICATE

WE, the undersigned members of the Board of Directors of the **MANILA ELECTRIC COMPANY** (the "Corporation"), hereby certify that the amendments to the Section 5, Article I, Section 5 and Section 7, Article II of the Corporation's by-laws, are true and correct, and that the same were approved by the unanimous vote of the Board of Directors at its Meeting held on 22 March 2013 at 13th Floor, Lopez Building, Ortigas Avenue, Pasig City and the vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock at the Annual Stockholders' Meeting held on 28 May 2013 at Meralco Theatre, Ortigas Avenue, Pasig City. The power of the Board of Directors to add, alter, amend, repeal, or adopt new By-Laws under Article IX was conferred and ratified by the Stockholders at their Annual Meeting on 28 May 2002.

The amended provisions of the attached Amended By-Laws are quoted hereunder:

Article I
Meetings of Stockholders

"SECTION 5. NOTICE OF MEETING. - Written notice of the annual and of any special meeting of stockholders shall be given to each stockholder entitled to vote thereat by posting the same in a postage prepaid letter, addressed to each such stockholder at his last known address or at the address last left by him with the Secretary of the Company, or by delivering the same to him personally, at least twenty eight (28) working days before the meeting. A copy of the notice of meeting shall likewise be made available for download at the Company website. xxx"

Article II
Board of Directors

SECTION 5. QUALIFICATIONS. - All directors must possess the following minimum qualifications and such additional qualifications under any amendments to the Corporation Code, Securities and Regulation Code, the Code of Corporate Governance issued by the Securities and Exchange Commission and other relevant laws, rules and regulations in effect at the relevant time:

(a) must own at least one (1) share of stock of the Company of which he is a director, standing in his name in the books of the Company;
(b) must possess integrity and probity;
(c) as much as possible, must have a practical understanding of business in general and of the business of the Company, in particular; and
(d) must have attended a seminar in corporate governance conducted by a duly recognized private institution or government entity or must have issued an undertaking to attend such a seminar as soon as practicable."

xxx

"SECTION 7. COMPENSATION. - All Directors may receive reasonable per diems for their attendance at each regular or special meeting of the Board of Directors and Board Committees and additional compensation, as such, whether in the form of a fixed retainer, bonus or stock grant, or a combination thereof, as may be approved by ~~majority vote of the outstanding capital stock~~ and the majority vote of the ///
the Board of Directors; Provided, That the total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the net income before tax of the Company during the preceding year; but nothing herein contained shall be construed to preclude any director from serving the Company in any other capacity and receiving compensation therefor."

[The rest of the page has been intentionally left blank]

IN WITNESS WHEREOF, this Certificate is signed this APR 25 2013 day of March 2013 in Pasig City.

MANUEL V. PANGILINAN
TIN: 914-481-801
Chairman of the Board

RAMON S. ANG
TIN: 118-247-725
Vice Chairman

MANUEL M. LOPEZ
TIN: 100-749-139
Director

JOSE MA. K. LIM
TIN: 100-930-065
Director

RAY C. ESPINOSA
TIN: 113-248-897
Director

ESTELITO P. MENDOZA
TIN: 106-190-582
Director

ARTEMIO V. PANGANIBAN
TIN: 106-197-693
Director

VICENTE L. PANLILIO
TIN: 115-321-338
Director

ERIC O. RECTO
TIN: 108-730-891
Director

OSCAR S. REYES
TIN: 136-623-569
Director

PEDRO E. ROXAS
TIN: 104-738-165
Director

Countersigned:

Atty. WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

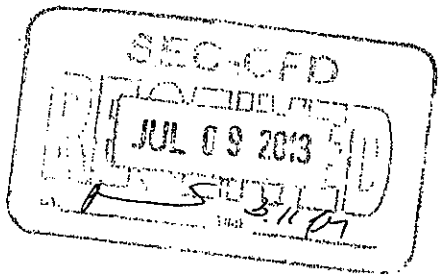
SUBSCRIBED and SWORN to before me this APR 25 2013 day of ____ 2013 at Pasig City, the following individuals exhibiting to me their government issued ID's as indicated below:

NAME	GOVERNMENT ISSUED ID	VALID UNTIL
MANUEL V. PANGILINAN	Passport No. EB0160000	April 27, 2015
RAMON S. ANG		
MANUEL M. LOPEZ	Passport No. DP0007682	Dec. 29, 2015
JOSE MA. K. LIM	Passport No. EB5936209	July 15, 2017
RAY C. ESPINOSA	Passport No. EB6814744	Nov. 22, 2017
ESTELITO P. MENDOZA	Passport No. EA0010949	January 20, 2017
ARTEMIO V. PANGANIBAN	Passport No. DE0000999	January 20, 2017
VICENTE L. PANLILIO	Passport No. XX2640167	Dec. 5, 2013
ERIC O. RECTO	Passport No. EB4084549	Nov. 15, 2016
OSCAR S. REYES	Passport No. XX2143931	Sept. 28, 2013
PEDRO E. ROXAS	Passport No. EB0094507	April 12, 2015

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Page No. 32
Book No. VIII
Series of 2013

ATTY. EDITO E. CEDRO, CPA
NOTARY PUBLIC
for and in Pasig, Pateros, Taguig & San Juan
Appt. No. 76 (2012-2013) 2-20-12 Paisg City
Until December 31, 2013
8th Flr Lopez Bldg., Ortigas Ave., Pasig City
Tel. No. (02) 1622-3444
Attorney's Roll No. 52526
IBP No. 913524 / 1-08-13 RSM Chapter
PTR No. 0457666/1-16-13/Pasig City

Republic of the Philippines
PASIG CITY)s.s



UNDERTAKING

I, **WILLIAM S. PAMINTUAN**, Filipino, of legal age, with office address at 8th Floor, Lopez Building, Meralco, Ortigas Avenue, Pasig City, after having been sworn, in accordance with law, depose and state that:

1. I am the duly elected and qualified Assistant Corporate Secretary of Manila Electric Company (the Company), a private corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Lopez Building, Ortigas Avenue, Pasig City.

2. The Securities and Exchange Commission (SEC) had earlier imposed a penalty of P28,700.00 to the Company due to alleged inaccuracies and incompleteness of its 2012 General Information Sheet. The Company then requested for reconsideration of the SEC penalty through its letter dated 04 April 2013 now still pending decision.

3. In the event that its request for reconsideration be denied by the SEC with finality, the Company hereby undertakes to comply with the SEC's decision on the matter.

This Affidavit is executed to attest to the truth of the foregoing and for whatever legal purpose and intent it may serve.

Pasig City, 8th day of July, 2013

WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me on this JUL 09 2013 day of _____ 2013, in PASIG CITY, affiant exhibiting his TIN No. 146-473-562-000 issued on _____ at _____.

Notary Public

ATTY. FREEDOM IANFE M. NAVIDAD
NOTARY PUBLIC
PASIG, PATEROS, TAGUIG, AND SAN JUAN
ISSUED ON FEBRUARY 20, 2012 AT PASIG CITY
APPOINTMENT NO. 77 (2012-2013)
ROLL NO. 53655 / IBP NO. 913518 / 01/08/13 RSM CHAPTER
PTR NO. 6457659 / 01/15/13 PASIG CITY
5TH FLOOR LOPEZ BLDG. ORTIGAS AVENUE, PASIG CITY

Doc No. 182
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Book No. V
Series of 2013.

Annex H

Consolidated Changes in ACGR

A. Purposes

The primary purpose of the Audit and Risk Management Committee (the "Committee") is to assist the MERALCO Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the risk management process, and the company's process of monitoring compliance with laws and regulations.

B. Authority

The Committee shall have the authority, duties and responsibilities as set out herein and such other duties and powers as may be delegated to the Committee by the Board.

In the performance of its duties and responsibilities, the Committee is empowered to:

- Have resources and authority appropriate to discharge its responsibilities as set out in this Charter, including the authority to engage external auditors for special audits, reviews and other procedures and to obtain advice from special counsel and other experts or consultants to assist in the conduct of investigation, without need for Board approval;
- Seek any information it may require from any employee, director, agent or advisor and all such persons will be directed to cooperate with the request made by the Committee;
- Meet separately with any Company officer, the chief audit executive and/or the external auditors or outside counsel to discuss any matter that the Committee or any of the foregoing persons or firms believe should be discussed privately; and
- Resolve any disagreements between Management and the auditors regarding financial reporting.

C. Duties and Responsibilities

To carry out its purposes, the Committee shall have the following duties and responsibilities.

1. With respect to financial reporting process and internal control system

   1.1 Advise Management and the external auditors that they are expected to provide to the Committee a timely analysis of significant/critical financial reporting issues and practices particularly as they relate to the completeness, accuracy and fairness of the quarterly and annual financial statements before submission to the Board with particular focus on the following matters:

   a. appropriateness of accounting policies and practices;
   b. judgmental issues and estimates;
   c. adequacy of disclosure, including as to unusual items;
   d. consistency within the financial statements;

e. any significant audit adjustments; and
f. the going concern assumption;

1.2 Review with Management and the external auditors the results of the audit of the financial statements, including any difficulties encountered;

1.3 Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Management's responses;

1.4 Consider the effectiveness of the Company's internal control system, including information technology security and control; and

1.5 Obtain and consider any reports or communications submitted to the Committee by the external auditors.

2. With respect to the auditing process

Internal Auditor

2.1 Review the appointment or replacement of the Internal Audit Head or chief audit executive who shall functionally report directly to the Committee, and ensure that the internal audit organization shall be free from interference by outside parties in the performance of its work;

2.2 Review and approve the annual internal audit plan and any update on the Company's Internal Audit Charter. The plan should include the audit scope, resources and budget necessary to implement the same;

2.3 Advise the chief audit executive that he or she is expected to provide to the Committee summaries of and, as appropriate, significant reports to Management prepared by the Internal Audit and Management's responses thereto;

2.4 Require the chief audit executive to render to the Committee an annual report on the internal audit organization's activities and performance relative to the audit plans and strategies approved by the Committee, which report shall include significant risk exposures and control issues, corporate governance issues and other matters requested by the Committee or the Board; and

2.5 Require a statement from the chief audit executive that the activities of the internal audit organization are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing or ISPPIA; if otherwise, a disclosure that the internal audit organization has not yet fully achieved compliance with the ISPPIA.

Reviewed By:

(Ret.) Chief Justice Artemio V. Panganiban
Chairman, Audit & Risk Management Committee

Approved By:

Ambassador Manuel M. Lopez
Chairman of the Board

External Auditor

2.6 Review and evaluate procedures and criteria for the selection, appointment, performance evaluation and if appropriate, the termination of services of the external auditors and recommend the same to the Board and if required, to the Shareholders, for approval;

2.7 Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit;

2.8 Review and approve in consultation with the chief audit executive and the head of the Finance organization, all audit and non-audit services to be performed by the external auditors and the related fees to be paid for such services; and ensure that non-audit services, if allowed or approved, are disclosed in the Company's annual report;

2.9 Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company (Statement of Independence) and evaluate any relationships or services disclosed in such Statement that may impact the objectivity, independence or quality of services of the external auditors and take appropriate action in response to such Statement to satisfy itself of the external auditor's independence; and

2.10 Ensure that the external auditors or its lead audit partner of the external auditing firm assigned to the Company is changed or rotated once every five (5) years or such shorter or longer period provided under applicable laws and regulations.

3. With respect to enterprise risk management

3.1 Oversee the Company's risk management framework, the policies and processes adopted by Management with respect to risk identification and assessment, development of risk management strategies and monitoring of risk management performance; and

3.2 Oversee Management's risk management activities and require Management to provide a report and discuss with the Committee about the Company's significant or major risk exposures, if any, and the steps taken by Management to manage and monitor such risks.

4. With respect to legal and regulatory compliance

4.1 Monitor compliance and adherence by the Company with all applicable laws and regulations pursuant to which the Company conducts its operations and business activities; and

4.2 Obtain regular updates from Management and Company's legal counsel regarding compliance matters including findings of any examinations by regulatory agencies and any auditor observations.

Reviewed By:

(Ret.) Chief Justice Artemio V. Panganiban
Chairman, Audit & Risk Management Committee

Approved By:

Ambassador Manuel M. Lopez
Chairman of the Board

5. Other responsibilities

   5.1 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;

   5.2 Conduct or authorize an investigation into any matter that falls within its scope of responsibilities;

   5.3 Review and assess the adequacy of this Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law and regulation;

   5.4 Evaluate the Committee's performance on a regular basis; and

   5.5 Perform other activities related to this Charter as requested by the Board of Directors.

D. Members

1. The Committee shall be composed of at least three (3) Board members, who shall preferably have accounting and finance backgrounds, two of whom shall be Independent Directors and another with audit experience, and only such Member-Directors shall have voting rights. The Chairman shall be an Independent Director. Each member of the Committee ("Member") shall have at least an adequate understanding of the Company's financial management systems and environment. The Members, 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"). 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 of the Committee or any Member or Advisor may be removed from office only by the Board of Directors.

E. 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.

3. The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee.

Reviewed By:

(Ret.) Chief Justice Artemio V. Panganiban
Chairman, Audit & Risk Management Committee

Approved By:

Ambassador Manuel M. Lopez
Chairman of the Board

4. 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.

5. 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 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.

6. 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.

7. 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 (6) above.

8. The quorum for a meeting of the Committee shall be a majority of the voting Members present throughout the meeting.

9. Members and Advisors may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

10. 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 voting 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.

F. 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.

Reviewed By:

(Ret.) Chief Justice Artemio V. Panganiban
Chairman, Audit & Risk Management Committee

Approved By:

Ambassador Manuel M. Lopez
Chairman of the Board

Annex I

Consolidated Changes in ACGR

A. Functions

The Nomination and Governance Committee shall make recommendations to the Board on the qualified nominees for election as Directors, improvements on board organization and procedures, mechanisms for evaluating performance of the Board, the Board Committees and Management and the continuing education of the Board including that for individual Directors.

B. Responsibilities

1. Review and monitor the structure, size and composition of the Board and make recommendations to ensure that the Board has the required number of Independent Directors with the qualifications and none of the disqualifications as provided in applicable laws, regulations, listing rules and the Company's policies.

2. Screen and shortlist qualified individuals nominated for election as Directors in order to ensure that all nominations are fair and transparent and in accordance with applicable laws, regulations, listing rules and the Company's policies.

3. Identify and recommend qualified individuals for nomination and election as additional Directors or to fill Board vacancies as and when they arise. The election of such additional or replacement Directors shall be done in accordance with applicable laws and regulations.

4. Ensure that the Company shall have at least two (2) Independent Directors or such number of Independent Directors which constitute at least twenty percent (20%) of the members of the Board, whichever is lesser.

5. Review with the Board on an annual basis the appropriate skills and characteristics required on the Board in the context of the strategic direction of the Company.

6. Review and endorse to the Board recommendations of the Compliance Officer in relation to violations of provisions and requirements of the Revised Code of Corporate Governance and other corporate governance rules applicable to the Company, including the Company's Manual on Corporate Governance.

7. Recommend Committee assignments, including Committee Chairmanships, to the full Board for approval after receiving advice from the Chairman of the Board and CEO and with consideration of the desires of individual Board members.

8. Review annually the Charters of all Board Committees and recommend to the Board any needed changes. In reviewing the Charters of the Board Committees, the Committee should consult with the concerned Board Committee. The Committee's recommendation on any change in any of the Charters shall be submitted to the Board for approval.

Prepared By:	Reviewed By:	Approved By:
	Nomination and Governance Committee	Manuel M. Lopez Chairman of the Board

9. Specify annually elements of the Board's Corporate Governance improvement program and recommend to the Board the development of corporate governance principles, structure, best practices and rules for adoption by the Company, and assist the Board in the implementation thereof.

10. Design an orientation program for new Directors and related continuing education program for existing Directors.

11. Review annually the prescribed Full Business Interest Disclosure of all incoming Directors and officers.

12. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors.

C. Members

1. The Nomination and Governance Committee shall preferably have at least three (3) voting Directors, one of whom must be an Independent Director. The Company's HR Head may be appointed as a non-voting member. 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 rights to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action of 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 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 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 in the meeting 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.

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. 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.

Prepared By:	Reviewed By:	Approved By:
	Nomination and Governance Committee	Manuel M. Lopez Chairman of the Board

2. The Committee shall cause records to be kept for the following:

   (a) appointments and resignations of the 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.

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 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.

Prepared By:	Reviewed By:	Approved By:
	Nomination and Governance Committee	Manuel M. Lopez Chairman of the Board

Annex J

Consolidated Changes in ACGR

MERALCO	ORGANIZATIONAL CHARTER MERALCO	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 advice 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.

Reviewed by:	Endorsed By:	Approved By:
Compensation and Benefits Committee	Nomination and Governance Committee	Chairman of the Board

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

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.

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.

Annex K

Consolidated Changes in ACGR

	ORGANIZATIONAL CHARTER **MERALCO**	Rev. Code: 2	Page 1 of 2
Section : Board of Directors		Effectivity Date : June 25, 2007	
Subject : Finance Committee		Sensitivity Classification : Confidential	

A. Functions

The Finance Committee is appointed by the Meralco Board of Directors to review the financial operations of the Company and matters regarding the acquisitions/divestiture of or investments in companies, business or projects. It endorses recommendations to the Board as deemed appropriate or approves actions within its delegated authority.

B. Responsibilities

1. To review, advise and recommend approval, decision or action on financial matters involving the management and operation of the Company. Such reviews include but are not limited to the following:

   a) Establishment of and changes to financial and treasury policies.

   b) All major financing transactions.

   c) Issuance of shares, share repurchases, valuation of shares, and other such activities involving existing shares.

   d) The Company's corporate plans and budgets.

   e) Major procurement and supply contracts and variations worth P50 million and above.

   f) Proposals for dividends and transfers to reserve.

   g) Any actual, potential, major exception or occurrence which has, or may have, a major financial impact on the Company.

   h) Capitalization of subsidiary or associated companies including guarantees, financial support, undertakings, and indemnities in respect of investments or liabilities.

   i) Proposed Principal Agreements with Government, Joint Ventures and Shareholders' Agreement, Major Acquisitions, Divestment and Property Redevelopment.

   j) Investments worth P50 million and above except for investment transactions defined under the Investment Policy.

2. To address and deal with such other matters as maybe delegated by the Board to the Committee.

Prepared By:	Reviewed By:	Approved By:
	Finance Committee	Manuel M. Lopez Chairman of the Board

C. Members

The Finance Committee shall preferably have at least three (3) voting Directors, one of whom must be independent.

The Chief Financial Officer and the Treasurer of the Company shall be the non-voting representatives of Management in this Committee.

D. Meetings

The meetings and proceedings are governed by the provision contained in the Company's Articles of Incorporation for regulating the meetings and proceedings of Directors. Summaries of matters discussed at such meetings are to be tabled at the next succeeding meeting of the Board.