

THE PHILIPPINE STOCK EXCHANGE, INC.

"Corporate Governance Guidelines

for Listed Companies"

Disclosure Template for the Year 2014 - (MERALCO)



Guideline No. 1:		
DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	~	Meralco Website Section: "Corporate Mission, Vision, Values and Principles" http://www.meralco.com.ph/company/page-about-corporateinfo-misvis.html
1.2 Have a well-developed business strategy.	>	Meralco Chairman, Mr. Manuel V. Pangilinan spearheads Meralco's vision of transforming the Company into an extensive distribution network and customer engagement infrastructure to become more connected and interactive in servicing the growing needs of its customers.
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/02022015_Reply_to_n ews_articles.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2015.02/0202201 5_Reply_to_news_articles.pdf

1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	~	Meralco Chairman, Mr. MVP clarifies the strategy that is attuned to the business environment of Meralco and management style and culture. NEW Website Link http://www.meralco.com.ph/SECFilings/02022015 Reply to n ews articles.pdf
		OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2015.02/0202201 5 Reply to news articles.pdf
1.4 Have its board continually engaged in discussions of strategic business issues.	✓	Included in the specific duties and responsibilities of the Board as prescribed in the <i>Company's Revised CG Manual</i> _is to oversee the 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. Meralco Website Section of Corporate Governance: "Policies and Implementing Rules
		NEW Website Link http://www.meralco.com.ph/AboutMeralco/Revised Corporat e Governance 2014.pdf OLD Website Link





COIVIPANT NAIVIE: IVIERALCO		
		http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf
Guideline No. 2:		
ESTABLISHES A WELL-STRUCTURED AND		
FUNCTIONING BOARD		
2.1. Have a board composed of directors of	✓	Meralco Website Section of Corporate Governance: "Key
proven competence and integrity.	Ť	Players - Board of Directors' Profiles"
		http://www.meralco.com.ph/company/page-about-
		corpgovernance-keyplayers.html#boarddirectors
		(Click on photo or name of director to view profile.)
2.2. Be led by a chairman who shall ensure that		Meralco Website Section of Corporate Governance: "Key
the board functions in an effective and collegial	,	Players - Board of Directors' Profiles" - Profile of
manner.		Meralco Chairman, Manuel V. Pangilinan.
		http://www.meralco.com.ph/company/page-about-
		corpgovernance-keyplayers.html#boarddirectors

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COMPANY	NAME:	MERALCO	MERALCO

COMPANY NAME: MERALCO		
		Meralco Website Section of PSE and SEC Disclosures: "May 27, 2014 Disclosure
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/05282014 ANNUAL ST OCKHOLDERS MEETING.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.05/0528201 4_ANNUAL_STOCKHOLDERS_MEETING.pdf
2.3 Have at least three (3) or thirty percent (30%) of its directors, whichever is higher, as	~	MERALCO currently has an 11-seat Board with two (2) Independent Directors. The number of independent directors is
independent directors.		in accordance with the requirements of the Securities Regulation Code.
		Source Document:
		Meralco Revised Manual of Corporate Governance
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Revised Corporat
		e Governance 2014.pdf
		OLD Website Link





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2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	•	http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corpo rate Governance 2014.pdf Part I. Board Governance, Section 1.0 Composition of the Board: 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). ISO Surveillance Audit Schedule DocumentMeralco's critical processes are supported by policies, guidelines and procedures for proper guidance of itsofficers and employees in complying with these. These are certified ISO compliant or other similarcertification.	
		similarcertification. NEW Website Link	
		http://www.meralco.com.ph/CGScorecard/ISO Certified office s.pdf OLD Website Link	
		http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/ISO Certified offices.pdf	





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COMPANY NAME: MERALCO	MERALCO

2.5 Have Audit, Risk, Governance and		Meralco Website Section of Corporate Governance: "Key
Nomination and Election Committees.	•	Players - Board Committees"
		Audit and Risk Management Committee (AuditCom) Charter
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/AuditCom 24Sept
		<u>2012.pdf</u>
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom_24S
		ept2012.pdf
		Nomination and Governance Committee (Nom&Gov) Charter
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Nomination and
		Governance Committee Charter 082311.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Nomination%2
		<u>Oand%20Governance%20Committee%20Charter%20082311.pd</u>
		<u>f</u>



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COMPANY NAME: MERALCO	MERALCO

COMPANY NAME: MERALCO MERALCO		,
		Meralco Website Section of PSE and SEC Disclosures: "May 27,
		2014 Disclosure, (pages 4 and 5)"
		AuditCom and Nom&Gov committees composition:
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/05282014 ANNUAL ST OCKHOLDERS MEETING.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.05/0528201 4 ANNUAL STOCKHOLDERS MEETING.pdf
2.6 Have its Chairman and CEO positions held	. 4	Meralco Website Section of Corporate Governance: "Key
separately by individuals who are not related to		Players - Board of Directors' Profiles"Meralco Board Chairman,
each other.		Mr. Manuel V. Pangilinan, is not related to the President/CEO,
		Mr. Oscar S. Reyes.
		(http://www.meralco.com.ph/company/page-about-
		corpgovernance-keyplayers.html#boarddirectors)
2.7 Have a director nomination and election	<u> </u>	Company By-laws - Article II. Board of Directors –Sections 1 & 2
process that ensures that all shareholders are	▼	(pages 3 and 4)
given the opportunity to nominate and elect		Meralco Website Section of Corporate Governance: "Policies
directors individually based on the number of		and Implementing Rules "
shares voted.		Nomination and Election process for Directors:
		NEW Website Link





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		http://www.meralco.com.ph/CorporateGovernance/Amended
		By Laws 2013.pdf
		OLD Website Link
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/Amend
		ed By Laws 2013.pdf
		Meralco Website Section on Stockholders' Meeting, Stock Price
		& Dividend Payouts
		Voting Procedure explained before start of AGM – 2014 AGM
		Minutes (page 3)
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/2014 AG
		M Minutes.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/2014
		AGM Minutes.pdf
2.8 Have in place a formal board and director	~	Meralco Website Section on Corporate Governance: "Meetings
development program.		and Seminars"Policy on Director's Orientation and Continuing Education
		http://www.meralco.com.ph/company/page-about-
		corpgovernance-board.html
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2.9 Have a corporate secretary.	~	Appointment of Corporate Secretary, Atty. Simeon Ken R. Ferrer Meralco Website Section of PSE and SEC Disclosures: "May 27, 2014 Disclosure, page 3"
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/05282014 ANNUAL ST OCKHOLDERS MEETING.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.05/0528201 4_ANNUAL_STOCKHOLDERS_MEETING.pdf
		Qualifications, Duties and Responsibilities of Corporate Secretary
		Meralco Website Section of Corporate Governance: "Policies and Implementing Rules, page 15"
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Revised Corporate Governance 2014.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf



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2.10 Have no shareholder agreements, by-laws		None to Meralco's knowledge.
provisions, or other arrangements that	•	_
constrains the directors' ability to vote		
independently.		
Guideline No. 3:		
MAINTAINS A ROBUST INTERNAL AUDIT AND		
CONTROL SYSTEM		
3.1 Establish the internal audit function as a	>	Internal Audit approved Charter by the Board, p. 1
separate unit in the company which would be	•	
overseen at the Board level.		NEW Website Link
		http://www.meralco.com.ph/CGScorecard/Organization_Chart
		<u>er(Internal_Audit).pdf</u>
		OLD Wakaita Link
		OLD Website Link
		http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorec
		ard/Organization Charter(Internal Audit).pdf
		Internal Audit Functions
		Manual of Corporate Governance, Section 15. Internal Auditor
		(page 17)
		" " "
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Revised Corporat
		e Governance 2014.pdf
		OLD Website Link



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		http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corpo rate Governance 2014.pdf
3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.	✓	INTERNAL AUDIT Head, Helen T. de Guzman Meralco Website Section of Corporate Governance: "Key Players – Internal Auditor" (http://www.meralco.com.ph/company/page-about- corpgovernance-keyplayers.html#internalauditor) Concerned Executives of the Company are required to monitor and supervise the compliance of theirrespective assigned areas and attest their signature certifying their organizations full compliance. This serves as basis of the Certification of Commitment to Corporate Governance disclosed to SEC
		annually. Beginning 2012, a formal checklist has been instituted and such is reviewed annually. NEW Website Link http://www.meralco.com.ph/CGScorecard/CG Compliance Ch
		ecklist.pdf OLD Website Link http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/CG Compliance Checklist.pdf





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3.3 Institutionalize quality service programs for the internal audit function.	•	Meralco Internal Audit complies with the International Standards for the Professional Practice of Internal Auditing (ISPPIA), which requires under Quality Assurance and Improvement Program (Standard 1300) the following: i. Internal Assessments – includes on-going monitoring & periodic reviews of performance. Meralco Guidelines and Procedures on Client Feedback Process of Internal Audits NEW Website Link http://www.meralco.com.ph/CGScorecard/Internal Audit Clie
		nt_Feedback_Process.pdf OLD Website Link
		http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/Internal Audit Client Feedback Process.pdf
		ii. External Assessment –conducted at least once every 5 years by a qualified, independent reviewer from outside the organization.
3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	~	E-Report Mo (Whistleblowing) ProgramMeralco website Section on Corporate Governance – "Policies and Implementing Rules (6b)" http://www.meralco.com.ph/company/page-about-corpgovernance-policies.html





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		On-line reporting thru E-report Mo in the Company Website http://www.meralco.com.ph/company/cg services/ereport for ms.html
3.5 Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.		Certification of Internal Audit Head Annual confirmation statement on internal control submitted to MPIC. Sample may be found at: NEW Website Link http://www.meralco.com.ph/CGScorecard/Certification of Internal Audit Head.pdf OLD Website Link
		http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/Certification of Internal Audit Head.pdf
Guideline No. 4:		
RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1 Have its board oversee the company's risk management function.	~	Manual of Corporate Governance Section 4.2 Specific Duties of the Board (4.27 – page 6)Risk Management Function of the Board
		NEW Website Link





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		http://www.meralco.com.ph/AboutMeralco/Revised Corporat
		e Governance 2014.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corpo
		rate Governance 2014.pdf
		Meralco Website Section on Corporate Governance: "Risk
		Management and Internal Control"
		http://www.meralco.com.ph/company/page-about-
4.2 Have a formal rick management notice that		<u>corpgovernance-riskmanagement.html</u> Risk Management PolicyMeralco Website Section on Corporate
4.2 Have a formal risk management policy that guides the company's risk management and		Governance – "Risk Management and Internal Control"
compliance processes and procedures.		http://www.meralco.com.ph/company/page-about-
compliance processes and procedures.		corpgovernance-riskmanagement.html
		<u>corpgovernance riskinanagement.nemi</u>
4.3 Design and undertake its Enterprise Risk		Risk Management Policy
Management (ERM) activities on the basis of, or	•	Meralco Website Section on Corporate Governance – "Risk
in accordance with, internationally recognized		Management and Internal Control"
frameworks such as but not limited to, COSO,		http://www.meralco.com.ph/company/page-about-
(The Committee of Sponsoring Organizations of		<u>corpgovernance-riskmanagement.html</u>
the Treadway Commission) I and II.		Meralco Website Section on Corporate Governance – "Risk
		Management and Internal Control, (page C1 of 7)."
		, (page 2 av)
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Enterprise Risk M
		anagement Policy.pdf



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		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise Risk Management Policy.pdf
4.4 Have a unit at the management level, headed by a Risk Management Officer (RMO).	>	Risk Management Policy - Roles and Responsibilities of EWRM Office EWRM Policy (page B-6 of 7)
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Enterprise Risk M anagement Policy.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise Risk Management Policy.pdf
4.5 Disclose sufficient information about its risk management procedures and processes as well	>	Meralco Website Section on Corporate Governance: "Risk Management and Internal Control"
as the key risks the company is currently facing including how these are being managed.		http://www.meralco.com.ph/company/page-about-corpgovernance-riskmanagement.html
		Risk Management Policy NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Enterprise Risk Management Policy.pdf
		OLD Website Link



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		http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise Risk Management Policy.pdf
4.6 Seek external technical support in risk management when such competence is not available internally.	>	The Company is committed to provide the best practices standards to the risk owners to guide them in the design, implementation and improvement of critical processes and risk measures. (EWRM Policy page C-7 of 7). Risk Management Policy NEW Website Link http://www.meralco.com.ph/AboutMeralco/Enterprise Risk Management Policy.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise Risk Management Policy.pdf
		An example of this commitment to best practice is the engagement of SGV ERM experts in 2011 to evaluate the Company's ERM Framework, in terms of governance, strategy, reporting & communication, tools & technology and culture & capability.
Guideline No. 5:		
ENSURES THE INTEGRITY OF FINANCIAL		
REPORTS AS WELL AS ITS EXTERNAL AUDITING		
FUNCTION		



5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	✓	Approval of all non-audit services of the external auditor is prescribed under the Charter of the Audit & RM Committee (item 2.8 page 3) Meralco Website Section of Corporate Governance: "Key Players - Board Committees" NEW Website Link http://www.meralco.com.ph/AboutMeralco/AuditCom 24Sept
		2012.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom 24S ept2012.pdf For the last 2 years (2012-13), the external auditor did not render any non-audit services to Meralco.
5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.		Meralco Website Section of Corporate Governance: "Key Players - Board Committees, (items 2.6 to 2.10 page 3)" Audit & RM Committee duties and responsibilities NEW Website Link http://www.meralco.com.ph/AboutMeralco/AuditCom 24Sept 2012.pdf
10.1.5		OLD Website Link



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	http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom 24S ept2012.pdf
5.3 Ensure that the external auditor has adequate quality control procedures.	Considered during the evaluation of the external auditor. In 2014, SGV was evaluated and upon finding that quality control procedures are found adequate, the external auditor (SGV) was re-appointed upon endorsement by the Audit &Risk Management Committee Notice of AGM and Definitive Information Statement Page 93 NEW Website Link http://www.meralco.com.ph/SECFilings/04212014 Notice of AGM and DIS.pdf
	OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2014.04/0421201
	4 Notice of AGM and DIS.pdf

5.4 Disclose relevant information on the	V	Relevant information concerning external auditor, SGV is
external auditors.	~	indicated on the Notice of 2014 AGM/Definitive Information
		Statement released on April 16, 2014
		Notice of AGM and Definitive Information Statement Page 93
		NEW Website Link
		TALAN WEDSILE LITTK
		http://www.meralco.com.ph/SECFilings/04212014 Notice of
		AGM and DIS.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.04/0421201
		4 Notice of AGM and DIS.pdf
5.5 Ensures that the external audit firm is	. 4	Audit & RM Committee duties and responsibilities in their
selected on the basis of a fair and transparent	~	charter (items 2.6 to 2.10, page 3)
tender process.		Meralco Website Section of Corporate Governance: "Key
·		Players - Board Committees"
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/AuditCom 24Sept
		<u>2012.pdf</u>
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom 24S
		ept2012.pdf



5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.		In 2014, the Company's non-executive directors met 14 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 auditor s and performance assessment of the President/CEO. Annual Corporate Governance Report (ACGR), pages 90-91 NEW Website Link http://www.meralco.com.ph/CGScorecard/ACGR_2014.pdf OLD Website Link
5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	✓	http://www.meralco.com.ph/pdf/CGscorecard/ACGR 2014.pdf 2013 Annual Report Please refer to "Statement of Management's Responsibility" in the 2013 Annual Report, page 73). NEW Website Link http://www.meralco.com.ph/AboutMeralco/annual 2013.pdf
		OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/annual 2013.p df



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5.8 Have a policy of rotating the lead audit partner every five years.	✓	Considered during the evaluation of the external auditor. In 2014, SGV was evaluated and upon finding that quality control procedures are found adequate, the external auditor (SGV) was re-appointed upon endorsement by the Audit &Risk Management Committee. The lead audit partner since 2013 is Mr. Martin C. Guantes. He replaced Mr. Gemilo San Pedro after the latter has been lead audit partner for 5 years. Notice of AGM, DIS-20 (Page 93)
		NEW Website Link http://www.meralco.com.ph/SECFilings/04212014_Notice_of_ AGM_and_DIS.pdf
		OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2014.04/0421201 4 Notice of AGM and DIS.pdf
Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON- CONTROLLING GROUP		

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6.1 Adopt the principle of "one share, one		Amended By Laws
vote."	•	Meralco adopts the principle of "one share, one vote" as
		specified in its By-laws Section 3 (page 1)
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/Amended
		By Laws 2013.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/Amend
		ed By Laws 2013.pdf
		Meralco Website Section on Stockholders' Meeting, Stock Price
		& Dividend Payouts
		Voting Procedure explained before start of AGM – 2014 AGM
		Minutes (page 3)
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/2014 AG
		M Minutes.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/2014
		AGM Minutes.pdf



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6.2 Ensure that all shareholders of the same		Amended By Laws
class are treated equally with respect to voting	•	Amended By-laws -> Article 1 Meetings of Stockholders (pages
rights, subscription rights and transfer rights.		1 to 3)
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/Amended
		By Laws 2013.pdf
		OLD Website Link
		http://www.pagedoc.com.ph/pdf/componentocom.pg/Appedd
		http://www.meralco.com.ph/pdf/corporategovernance/Amend ed By Laws 2013.pdf
6.3 Have an effective, secure and efficient		Manual of Corporate Governance
voting system.		Revised Manual of Corporate Governance> Section V.
voting system.		Investors' Rights and Protection (pages 18 to 20)
		investors highes and Protection (pages 10 to 20)
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/Revised Corporat
		e Governance 2014.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corpo
		rate Governance 2014.pdf



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	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). 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. All votes received were be 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 2014 Annual Stockholders' Meeting.(2014 AGM Minutes page 3)
	NEW Website Link
	http://www.meralco.com.ph/CorporateGovernance/2014 AG M Minutes.pdf
	OLD Website Link
	http://www.meralco.com.ph/pdf/corporategovernance/2014 AGM Minutes.pdf

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6.4 Have effective shareholder voting	V	The conduct of the registration, proxy handling, balloting and
mechanisms such as supermajority or "majority	•	canvassing of shareholders votes during the AGM were
of minority" requirements to protect minority		facilitated by the use of an automated system, Stockholders'
shareholders against actions of controlling		Meeting System (SMS). All resolutions at the AGM are voted
shareholders.		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. All votes received were be 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
		2014 Annual Stockholders' Meeting. (2014 AGM Minutes page
		3)
		3)
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/2014 AG
		M Minutes.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/2014
		AGM Minutes.pdf
6.5 Provide all shareholders with the notice and		On April 16, 2014, 41 days prior to the AGM, the Office of the
agenda of the annual general meeting (AGM) at	•	Corporate Secretary sent the Notice of 2014 AGM to all
least thirty (30) days before a regular meeting		stockholders of record as of March 14, 2014.
and twenty (20) days before a special meeting.		
		NEW Website Link



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		http://www.meralco.com.ph/SECFilings/04212014 Notice of AGM and DIS.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.04/0421201 4 Notice of AGM and DIS.pdf
6.6 Allow shareholders to call a special	(On January 30, 2014, an invitation for Shareholders to also
shareholders meeting, submit a proposal for	Ť	submit proposed agenda and nominate candidates is posed in
consideration at the AGM or the special		the Company website prior to the AGM Meralco Website
meeting, and ensure the attendance of the		Banner
external auditor and other relevant individuals		http://www.meralco.com.ph/company-index.html#&panel1-3
to answer shareholder questions in such		
meetings.		MERALCO ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS May 27, 2014 Meralco Theatre, Ortigas Avenue, Pasig City
		Shareholders are invited to propose agenda items and nominate candidates to the Board.
		Click Here To Learn More



COMPANY NAME: MERALCO		
Mike See		Prior to the meeting, all shareholders were given the
		opportunity to submit their views on any issues that they
		deemed fit for inclusion in the agenda, as well as to propose
		qualified candidates for directors by March 10, 2014 or 68 days
		prior to the AGM through the Stockholders Relations office at
		632-8765 or via email to stockholders.affairs@meralco.com.ph.
		No suggestions or views were however received from the shareholders this 2014. (2014 AGM Minutes - page 2) 2014 AGM Minutes
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/2014 AG
		M Minutes.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/2014_
		AGM_Minutes.pdf
6.7 Ensure that all relevant questions during the	~	2014 AGM Minutes
AGM are answered.		Sample of AGM Minutes with questions and answers recorded -
		2014 AGM Minutes> QUESTIONS AND
		ANSWERS ON THE FLOOR (pages 11 and 12)
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/2014 AG
		M Minutes.pdf





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		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/2014 AGM Minutes.pdf
6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	✓	The Company is committed in respecting and protecting the rights of its shareholders, either minority or majority shareholders, as stated in its Manual of Corporate Governance - V. INVESTORS' RIGHTS AND PROTECTION (pages 18-20). Meralco Website Section of Corporate Governance: "Policies and Implementing Rules and Regulations – Revised Manual of Corporate Governance"
		NEW Website Link http://www.meralco.com.ph/AboutMeralco/Revised Corporat e Governance 2014.pdf OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corpo rate Governance 2014.pdf Additional Measures For Minority Shareholders' Protection 1. Related Party Transactions Policy – setting the rules in the review and approval of RPTs as follows: o Significant and material RPTs are to be reviewed and approved by the AuditCom composed of nonexecutive



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COMPANY NAME: MERALCO	
	and independent Directors, the Board and/or the shareholders.
	(page 2)
	o Disclosure of Board of Directors and Key Officers of their
	significant interests in the Company (p. 3)
	o Prohibition in the granting of loans to Directors (p. 3)
	NEW Website Link
	http://www.meralco.com.ph/CorporateGovernance/RPT.pdf
	OLD Website Link
	http://www.meralco.com.ph/pdf/corporategovernance/RPT.pd
	<u>f</u>
	2. Policy on Blackout Period/Restriction on Trading of Shares
	Policy - to protect against insider abuses of
	information at the expense of current and potential
	shareholders. (Item No. 5)
	http://www.meralco.com.ph/company/page-about-
	<u>corpgovernance-policies.html</u>

6.9 Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.		Entrenchment of management or the existing shareholder group is avoided by ensuring that stockholders of record are informed and notified of the annual stockholders' meeting, the necessary details thereof, and are allowed to exercise their right to vote, whether in person or by proxy. The Company adheres to the requirements of the SEC and PSE with respect to the provision of proper and timely notice of annual meeting/s and has an existing policy on proxy voting, to ensure the same. NEW Website Link http://www.meralco.com.ph/SECFilings/04212014 Notice of AGM and DIS.pdf
6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	✓	http://www.meralco.com.ph/pdf/disclosures/2014.04/0421201 4 Notice of AGM and DIS.pdf Proxy Voting Policy http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html Information is released through PSE/SEC Disclosure and immediately posted in the Company website.Following are sample disclosures:Meralco Website Section on About Us – "Disclosures and Communications – PSE/SEC" Public Ownership Report as of December 31, 2014



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COMPANY NAME: MERALCO	MERALCO

COMPANY NAME: MERALCO		
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/01142015 PUBLIC OW NERSHIP.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2015.01/0114201 5 PUBLIC OWNERSHIP.pdf
6.11 Have a communications strategy to promote effective communication with shareholders.	~	Our Company website (www.meralco.com.ph) is the most effective, efficient and fastest way of informingour shareholders on the information they need to know about the Company and their share s of stocks. We have dedicated the following section in our website for our shareholders:
		Investors Relations – financial and operational reports (annual and quarterly reports), dividend policy, dividend declarations and notices, stockholders meetings, updated stock price, shareholders information on their shares of stocks and contact information in case for additional questions of information needed by the shareholder.
		http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html

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COMPANY NAME: MERALCO		
		Corporate Governance – everything about the corporate governance structure and practices of the Company, including CG policies and programs, board compositions and structure, etc.
		http://www.meralco.com.ph/company/page-about- corpgovernance.html
		PSE/SEC Disclosures – latest significant information about the Company that shareholders must know.
		http://www.meralco.com.ph/company/page-about-disclosure- pse.html Above communication is on top of the usual AGM Notices, Definitive Information Statement, Annual Reports and other printed materials delivered to all the shareholders in a timely manner.
6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.	✓	As per PSE Memorandum Circular No. 2015-0074 (Recomposition of PSE Indices) on February 25, 2015, and consistent with the PSE's policy on index management and review criteria for trading activities from January to December 2014, Meralco is among the companies which compose the PSEi at an adjusted float level of 14% . http://www.pse.com.ph/stockMarket/circulars.html
6.13 Have a transparent dividend policy.	~	Meralco Dividend Policy posted in the Company website Meralco Website Section on About Us – "Investors Relations - Stockholders Meeting, Stock Price & Dividend Payouts – Dividend Policy" (http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html)



Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME 7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and	✓	Meralco Website Section on Corporate Governance – "Policy and Implementing Rules- Revised "Standards of Business Conduct and Ethics" (Code of Ethics or COE)" The Company's Code of Ethics Section V. Communication and Disclosure (page
regulations.		7) explicitly states the Company's commitments to accurate and timely disclosures to all the Company regulators as prescribed by existing laws and regulations. NEW Website Link http://www.meralco.com.ph/AboutMeralco/MERALCO Revised Code of Ethics 10062010.pdf
		OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO Revised Code of Ethics 10062010.pdf)
7.2 Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	~	None to Meralco's knowledge.





COMPANY NAME: MERALCO		
7.3 Disclose its director and executive		Disclosure on Executive Compensation at the 2013 Annual
compensation policy.	•	Report posted in the Company Website · Executive
		Compensation> 2013 Annual Report> Disclosure on
		Executive Compensation at the 2012 Annual Report posted in
		the Company Website · Executive Compensation> 2013
		Annual Report> III. Role of Stakeholders> Employees and
		Executive Compensation (pages 26-27)
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/annual 2013.p
		df
		Disclosure on Board Remuneration at the 2013 Annual Report
		posted in the Company Website · Board Remuneration> 2013
		Annual Report> Corporate Governance Report> IV. Board
		Responsibility> Board Remuneration (pages 49-50)
		NEW Website Link
		http://www.moralco.com.ph/AboutMoralco/opp.vol. 2012 adf
		http://www.meralco.com.ph/AboutMeralco/annual 2013.pdf
		OLD Website Link

35 | Page Note: The Meralco website is being revamped. In the event that the <u>new</u> website links do not load, please refer to and click on the <u>old website links</u>. Thank you.

df

http://www.meralco.com.ph/pdf/aboutmeralco/annual 2013.p



COMPANY NAME: MERALCO	
Aistouy	Disclosure on Board Remuneration at the 2014 ACGR posted in the Company Website Consolidated Changes in Annual Corporate Governance Report (ACGR) for the Year 2014> REMUNERATION MATTERS (pages 95 to 101) NEW Website Link http://www.meralco.com.ph/CGScorecard/ACGR 2014.pdf OLD Website Link
7.4 Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2014.pdf Quarterly report disclosed to PSE/SEC on Top 100 Stockholders of the Company which includes shareholders with 5% and more shareholdings Meralco Website Section on About Us – "Disclosures and Communications – PSE/SEC" As of December 31, 2014 NEW Website Link http://www.meralco.com.ph/SECFilings/01142015 PUBLIC OW NERSHIP.pdf OLD Website Link
	http://www.meralco.com.ph/pdf/disclosures/2015.01/0114201



5 PUBLIC OWNERSHIP.pdf



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As of Sept. 30, 2014

NEW Website Link

http://www.meralco.com.ph/SECFilings/10162014 PUBLIC OW NERSHIP REPORT.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/disclosures/2014.10/1016201 4 PUBLIC OWNERSHIP REPORT.pdf

As of June 30, 2014

NEW Website Link

http://www.meralco.com.ph/SECFilings/04162014 PUBLIC OW NERSHIP REPORT.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/disclosures/2014.04/0416201 4 PUBLIC OWNERSHIP REPORT.pdf

As of March 31, 2014

NEW Website Link

http://www.meralco.com.ph/SECFilings/07172014 PUBLIC OW NERSHIP REPORT.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/disclosures/2014.07/0717201 4 PUBLIC OWNERSHIP REPORT.pdf





7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the end of the financial year, while interim reports shall be published within forty-five (45) days from the end of the reporting period.



Meralco Website Section on About Us – "Disclosures and Communications – PSE/SEC Financial and Operating Results for the year ended December 31, 2014 – Feb. 23, 2015

NEW Website Link

http://www.meralco.com.ph/SECFilings/02242015 FINANCIAL AND OPERATING RESULTS.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/disclosures/2015.02/0224201 5 FINANCIAL AND OPERATING RESULTS.pdf

Report for the period ended 30 September 2014 - Date Disclosed: Nov. 14, 2014

NEW Website Link

http://www.meralco.com.ph/SECFilings/11172014 3rd Quarte r 2014.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/disclosures/2014.11/1117201 4 3rd Quarter 2014.pdf



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COMPANY NAME: MERALCO		
Minusey		Quarterly Report (SEC Form 17-Q) for the period ended June 30, 2014 - Date Disclosed: Aug. 14, 2014
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/08182014 2nd Qrtr 2 014.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.08/0818201 4 2nd Qrtr 2014.pdf Quarterly Report for the Period ended March 31, 2014 - Date Disclosed: May 15, 2014
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/05202014 MER SEC 1 7-Q.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.05/0520201 4 MER SEC 17-Q.pdf
7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which	~	Nothing to disclose. No changes made yet since the last update in April 2010





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such practices conform to the SEC and PSE CG Guidelines.		
7.7 Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	✓	The AGM Notice together with the Definitive Information Statement provided to all shareholders 41 days prior to the AGM includes all the information that the shareholders should know and issues that requires shareholders' approval. This AGM Notice is likewise immediately posted in the Company Website for immediate information and access of all shareholders. Meralco Website Section on About Us – "Disclosures and Communications – PSE/SEC" NEW Website Link http://www.meralco.com.ph/SECFilings/04212014 Notice of
		AGM and DIS.pdf OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2014.04/0421201
7.8 Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its	✓	4 Notice of AGM and DIS.pdf All trading of Meralco shares by Directors and Key Officers are disclosed to PSE/SEC and published in Meralco website within two trading days upon consummation of the transactions. Meralco Website Section on About Us – "Disclosures and Communications – PSE/SEC" Some of 2014 PSE/SEC Disclosures:





shares from the market (e.g share buy-back		Helen T. de Guzman
program).		NEW Website Link
		http://www.meralco.com.ph/SECFilings/02112014 SEC Form 23-B.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.02/0211201 4_SEC_Form_23-B.pdf
		Fortunato C. Leynes
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/01172014 SEC FORM 23-B-FCLEYNES.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2014.01/0117201 4 SEC FORM 23-B-FCLEYNES.pdf
7.9 Disclose in its annual report the principal	~	2013 Annual Report for the sample of how principalrisks are
risks to minority shareholders associated with the identity of the company's controlling		disclosed.Meralco Website Section on About Us – "Investor Relations – 2013 Annual Report"
shareholders; the degree of ownership		
concentration; cross-holdings among company affiliates; and any imbalances between the		NEW Website Link





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controlling shareholders' voting power and		http://www.meralco.com.ph/AboutMeralco/annual 2013.pdf
overall equity position in the company.		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/annual 2013.pdf
		Audit and Risk Management Committee Report (page 72)
		Risks Identified (pages 129 to 135)
		Shareholders with 5% and more holdings (page 44)
Guideline No. 8:		
RESPECTS AND PROTECTS THE RIGHTS AND		
INTERESTS OF EMPLOYEES, COMMUNITY,		
ENVIRONMENT, AND OTHER STAKEHOLDERS		
8.1 Establish and disclose a clear policy		The Company's Corporate Principles, published in the Company
statement that articulates the company's	•	website clearly specify its commitments to
recognition and protection of the rights and		protect the interests of its stakeholders.
interests of key stakeholders specifically its		Meralco Website Section on About Us – "Corporate Information
employees, suppliers and customers, creditors,		- Corporate Mission, Vision, Values and
as well the community, environment and other		Principles"
key stakeholder groups.		(http://www.meralco.com.ph/company/page-about-
		corporateinfo-misvis.html).

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Missay	Clarification of these commitments are likewise included in its Corporate Governance report (2012 AnnualReport, pages 47 to 48)Meralco Website Section on About Us – "Investor Relations – 2013 Annual Report"
	NEW Website Link
	http://www.meralco.com.ph/AboutMeralco/annual 2013.pdf
	OLD Website Link
	http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf
8.2 Have in place a workplace development program.	Learning and development programs are offered to employees for their competency development and professional growth. The company's learning and development organization implements a comprehensive curriculum for all employee levels that covers behavioral, leadership and technical competencies. An annual training plan is developed to ensure that the learning and development requirements of organizations are fulfilled and delivered efficiently. The corporate training plan is crafted based on strategic directions, expressed need of line organizations and consolidated Individual Development Plan (IDP). Reference: 2014 Corporate Training Plan.
	NEW Website Link





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COMPANY NAME: MERALCO	
WERALCO	http://www.meralco.com.ph/CGScorecard/2014 Training Plan.pdf
	OLD Website Link
	http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/2014 Training Plan.pdf
8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	Performance-based annual and long-term incentive plans were implemented to engage employees as One Meralco in seamless teamwork and collaboration towards achieving the Company's goals. Pay for Performance Philosophy Driven by MERALCO's total rewards philosophy, the Company's rewards programs provide opportunities for pay for performance, recognition and welfare coverage of our employees, that together with their jobs and the total work environment, will help attract, retain and motivate the best talent that MERALCO needs to accomplish its vision, mission and objectives. Long-Term Incentive Plan This is a three-year plan that is designed to engage and drive MERALCO's leadership cadre in delivering sustainable superior performance, and to share the success of the Company with selected Executive and Managerial employees who have consistently provided strategic value to MERALCO, in the
	achievement of its organizational and corporate business goals. Please refer to attached excerpts of the meeting of



Remuneration and Leadership Development Committee of the Board last Nov. 2011 where these performance based reward



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	mechanisms were discussed and approved and still sustained
	until this date. III. Role of Stakeholders> Employees and
	Executive Compensation (pages 26-27)
	NEW Website Link
	http://www.meralco.com.ph/AboutMeralco/annual 2013.pdf
	OLD Website Link
	http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf
\	Launched in July 2011, Meralco's corporate social responsibility
Ť	office, One Meralco Foundation, serves Filipinos through
	innovative and sustainable CSR initiatives aligned with the
	Company's power distribution business.
	2013 One Meralco Foundation Annual Report.
	http://www.onemeralcofoundation.org/uploads/files/2013-
	One-Meralco-Foundation-Annual-Report.pdf
	The Environment, Safety and Health (ESH) Office is responsible
¥	for spearheading the formulation,
	implementation and management of environment, safety and
	health related tasks of the Company.
	Safety, Environment and Health 2013 Annual Report.
	NEW Website Link



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8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	✓	http://www.meralco.com.ph/CGScorecard/2013 SEM Annual Report.pdf OLD Website Link http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorec ard/2013 SEM Annual Report.pdf Our policies that guide our directors, officers, employees and business partners like Suppliers, are clearly stated in the following CG policies and are also posted in the Company Website.We have a Code of Ethics that guides all of our Directors, officers and employees on how we will deal with our suppliers, customers, creditors, market participants, shareholders and the public at large. We are guided by the governance principles of fairness, accountability, integrity and transparency. These principles are embodied in all policies of our Company including our Supplier's Business conduct policy.Meralco Website Section on Corporate Governance – "Policies and Implementing Rules)Code of Ethics NEW Website Link http://www.meralco.com.ph/AboutMeralco/MERALCO Revise d Code of Ethics 10062010.pdf
		http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO Revised Code of Ethics 10062010.pdf)



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COMPANY	NAME:	MERALCO	MERALCO

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		Suppliers' Business Conduct
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/SBC Policy .pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/SBC_P olicy.pdf
Guideline No. 9:		
DOES NOT ENGAGE IN ABUSIVE RELATED- PARTY TRANSACTIONS AND INSIDER TRADING		
9.1 Develop and disclose a policy governing the company's transactions with related parties.	~	Policies in handling related party transactions are specified in the following documents which are also postedin the Company website:Meralco Website Section on Corporate Governance – "Policies and Implementing Rules)Related Party Transaction Policy – General Principles 1 - 7 (pages 2 and 3)
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/RPT.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/RPT.pd <u>f</u>





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Conflict of Interest Policy requires all directors, officers and employees to annually disclose their direct and indirect shareholdings, relatives and affiliates, transactions and other relevant interests through the Full Business Interest Disclosure (FBID) Form for directors and officers, and the Annual Conflict of Interest Disclosure Form for employees.

Full Business Interest Disclosure Form – Directors

NEW Website Link

http://www.meralco.com.ph/CGScorecard/FBID Form 2013 for Board of Directors v1.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorec ard/FBID Form 2013 for Board of Directors v1.pdf

Full Business Interest Disclosure Form – Officers

NEW Website Link

http://www.meralco.com.ph/CGScorecard/FBID Form 2013 for AVPs and Up V3.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEScorecard/FBID Form 2013 for AVPs and Up V3.pdf

COI Disclosure Form – All employees other than officers.

NEW Website Link





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COMPANY NAME: MERALCO		
		http://www.meralco.com.ph/CGScorecard/COI Disclosure For m 02212012.pdf OLD Website Link http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorec ard/COI Disclosure Form 02212012.pdf
9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	>	Meralco Website Section on Corporate Governance – "Policies and Implementing Rules – Related PartyTransactions" RPT Policy – defined threshold at P50 Million and above as "Material". (page 2) "Material" means any RPT determined by the Audit and Risk Management Committee (AuditCom) to be potentially or actually significant to the Company. The aggregate amount of RPT under consideration, within the preceding twelve (12) month period, shall be among the aspects considered in determining the materiality of such. (Page 1) NEW Website Link http://www.meralco.com.ph/CorporateGovernance/RPT.pdf
		OLD Website Link http://www.meralco.com.ph/pdf/corporategovernance/RPT.pd
9.3 Establish a voting system whereby a majority of non-related party shareholders	V	All issues to be voted during stockholders meeting are processed and tabulated using an automated system,



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COMPANY NAME: MERALCO		
approve specific types of related party		Stockholders' Meeting System (SMS), This includes the voting
transactions in shareholders meetings.		and tabulation of votes for non-related party transactions
		requiring shareholders' approval. No such RPTs however
		required to be voted by the shareholders in 2014.
		NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/2014_AG M_Minutes.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf
9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	>	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, prior to the approval of the Board.Meralco Website Section on Corporate Governance – "Policies and Implementing Rules – Related PartyTransactions" (page 2). NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/RPT.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/corporategovernance/RPT.pd <u>f</u>



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9.5 Be transparent and consistent in reporting		The Company fully disclosed all its related party transactions in
its RPTs. A summary of such transactions shall	_	its Annual Report. Please refer to sample of the 2013 Annual
be published in the company's annual report.		Report on how these RPTs are disclosed:
		2013 Annual Report – Related Party Transactions (pages 122 –
		124)
		NEW Website Link
		http://www.meralco.com.ph/AboutMeralco/annual 2013.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.p
O C Harris and a sealing the dealth of the seal of the		df
9.6 Have a clear policy in dealing with material	~	Policy on Blackout Period/Restriction on Trading of Shares
non-public information by company insiders.		Meralco Website Section on Corporate Governance – "Policies
		and Implementing Rules" Item 5
		http://www.meralco.com.ph/company/page-about-
		corpgovernance-policies.html
9.7 Have a clear policy and practice of full and		Our RPT policy requires that Material transactions, including
timely disclosure to shareholders of all material	~	shareholders of affiliates, controllingshareholders, directors and
transactions with affiliates of the controlling		key officers are disclosed to PSE/SEC (form 23-B – Changes in
shareholders, directors or management.		BeneficialOwnership) within 2-trading days after completion of
and an area of an area of management.		the transaction. Such disclosures are likewise posted inthe
		Company website within the day of PSE/SEC Disclosure for
		information of shareholders. The Companyalso fully disclosed
		all its related party transactions in its Annual Report. Meralco



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COMPANY NAIVIE: MERALCO		
		Website Section on AboutUs – "Disclosures and Communications – PSE/SEC"
		http://www.meralco.com.ph/company/page-about-disclosure-
		pse.html
Guideline No. 10:		
DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT		
10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	✓	We have posted the Code of Ethics on our Company website in order to inform all our stakeholders and thepublic of the conduct we expect from all our Directors, officers and employees. Meralco Website Section on Corporate Governance – "Policies and Implementing Rules "Code of Ethics NEW Website Link http://www.meralco.com.ph/AboutMeralco/MERALCO Revise d Code of Ethics 10062010.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO Revised Code of Ethics 10062010.pdf) Suppliers' Business Conduct NEW Website Link
		http://www.meralco.com.ph/CorporateGovernance/SBC Policy .pdf OLD Website Link



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10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	http://www.meralco.com.ph/pdf/corporategovernance/SBC_P olicy.pdf The Revised Manual of Corporate Governance defines the duties of the Compliance Officer as the one responsible for monitoring and ensuring compliance of the Company with laws and relevant regulations. Meralco Website Section on Corporate Governance – "Policies and Implementing Rules – Revised Manual of Corporate Governance" (page 20) NEW Website Link http://www.meralco.com.ph/AboutMeralco/Revised Corporate Governance 2014.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf Beginning 2012, a formal checklist has been instituted and such is reviewed annually. NEW Website Link http://www.meralco.com.ph/CGScorecard/CG_Compliance_Checklist.pdf





OLD Website Link

http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorec ard/CG Compliance Checklist.pdf

Conducted Company roadshows explaining the Code of Ethics and other CG policies with emphasis on employees' compliance with laws and regulations.

The Board Committees were tasked to ensure the Company's compliance to the principles of good corporate governance.

Revised Manual of Corporate Governance, Section 9.0 Board Committees (page1)

NEW Website Link

http://www.meralco.com.ph/AboutMeralco/Revised Corporate Governance 2014.pdf

OLD Website Link

http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corpo rate Governance 2014.pdf

The Nomination and Governance Committee is tasked to determine on an annual basis the improvement of the corporate governance principles, structure and best practices/rules that can be adopted by the Company. The Committee is also tasked to design the appropriate orientation program for new Directors and continuing education program

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		for existing Directors.Nomination and Governance Charter, B. Responsibilities- page 1 (items 9 and 10): http://www.meralco.com.ph/pdf/aboutmeralco/Nomination%2 oand%20Governance%20Committee%20Charter%20082311.pd f
10.3 Not seek exemption from the application of a law, rule regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	✓	The Company did not seek any exemption from application of a law, rule, regulation and other related governance issues.
10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	•	Code of Ethics Meralco Website Section on Corporate Governance – "Policies and Implementing Rules- Code of Ethics (page 9) NEW Website Link http://www.meralco.com.ph/AboutMeralco/MERALCO Revise d Code of Ethics 10062010.pdf OLD Website Link
		http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO Revised Code of Ethics 10062010.pdf)

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		E-Report Mo (Reporting of Violations of Directors, Officers and
		Employees to Code of Ethics and otherCorporate Governance
		policies of the Company)Meralco Website Section on Corporate
		Governance – "Policies and Implementing Rules- E-Report Mo"
		http://www.meralco.com.ph/company/page-about-
		corpgovernance-policies.html
10.5 Have a designated officer responsible for ensuring compliance with all relevant laws,	~	The Board appointed Atty. William S. Pamintuan as Compliance Officer to oversee the Company's
rules, and regulation, as well as all regulatory		compliance to all relevant laws, rules and regulations.
requirements.		Meralco Website Section on About Us – "Disclosures and
		Communication - Item 11, sub item 2 (page 2)
		, , , , , , , , , , , , , , , , , , , ,
		NEW Website Link
		http://www.meralco.com.ph/SECFilings/092612 Appointment of committee members.pdf
		OLD Website Link
		http://www.meralco.com.ph/pdf/disclosures/2012.09/092612
		Appointment of committee members.pdf
10.6 Respect intellectual property rights.	<	Code of Ethics - III. Confidentiality of Information and Proper
	▼	Use of Property – Item 5 (page 4)
		Meralco Website Section on Corporate Governance – "Policies
		and Implementing Rules- Code of Ethics"
		NEW Website Link



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	http://www.meralco.com.ph/AboutMeralco/MERALCO Revise d Code of Ethics 10062010.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO Revised Code of Ethics 10062010.pdf)
10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	Consolidated Changes in the Annual Corporate Governance Report (ACGR) for the Year 2014 posted in the Company Website, ALTERNATIVE DISPUTERESOLUTION (pages 88-89): Corporation & Stockholders - The Company has created the office of Stockholder Affairs in assistingshareholders to resolve issues affecting their concerns.Corporation & Third Parties - The Company complies with all relevant rules and regulations promulgatedby the Energy Regulatory Commission (ERC) on the settlement of disputes between the Company and its customers.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. NEW Website Link http://www.meralco.com.ph/CGScorecard/ACGR 2014.pdf OLD Website Link



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http://www.meralco.com.ph/pdf/CGscorecard/ACGR 2014.pdf

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this MARCH 23, 2015 in PASIG CITY

MR. PEDRO E. ROXAS

Independent Director

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President and CEO