

THE MANILA ELECTRIC COMPANY'S CODE OF ETHICS

FOREWORD

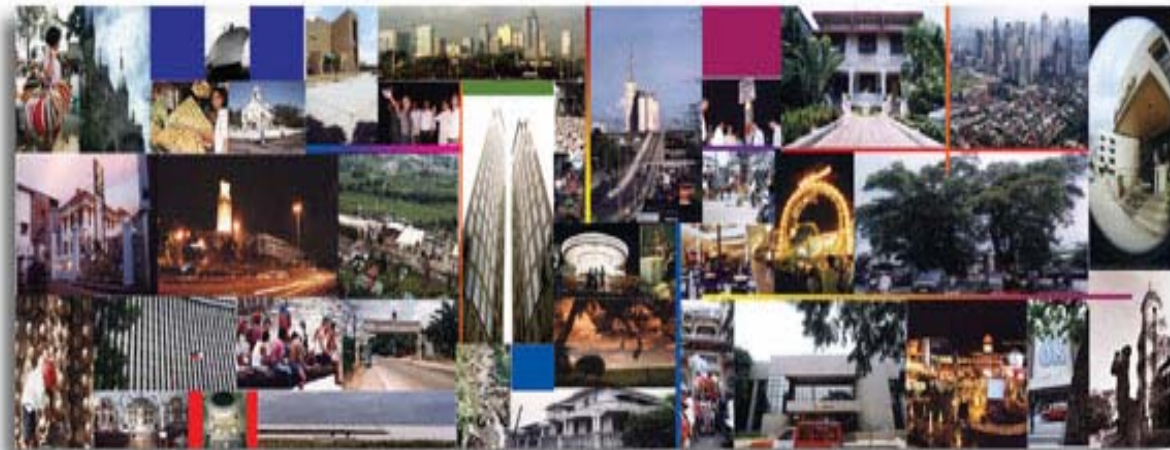
Our Company fully commits to an unwavering dedication to uphold the fundamental principles of fairness, honesty and integrity. We believe that a sound business ethics is an integral part in fostering further success for the benefit of all our stakeholders.

In ensuring that the esteemed values are preserved and promoted to all directors, officers and employees, Management sought the adoption of this Code of Ethics.

The rules of ethics contained herein are not really new. They have been a part of the life, tradition, culture and heritage of our Company during its 100 years of existence. They flow in the blood of every employee – *“bahagi ng ating buhay ... sa araw at gabi, baha man o bagyo”*. However, the basic rules have been rewritten to reaffirm the corporate values and principles that we have lived for a century and to renew our commitment to uphold them with greater zeal as new challenges are being met in the work environment.

The spirit of it all remains the same as ever - - *service excellence with integrity beyond business!*

Everyone concerned is encouraged to translate this Code of Ethics into action by living and perfecting it in the daily work. By doing so, it shall become a legacy to our customers, our country, and the future.





CODE OF ETHICS

We
MANILA ELECTRIC COMPANY
its directors, officers and employees
with the support of our service providers
reaffirm our commitment to high standards of
ethics, good governance, competence and integrity
in pursuing our Company's mission and vision to serve
the best interest of our customers, stakeholders and country.

To meet the challenges in our new work environment and the growing needs of the public we serve, we shall observe the following rules to our level best, within and outside Company premises:

Rule 1

**WE SERVE OUR CUSTOMERS
WITH DEDICATION, INTEGRITY AND LOYALTY.**

- 1.1. As a public utility, the Company is committed to render adequate, reliable and efficient service at fair cost within its franchise area, with integrity and customer satisfaction at heart.
- 1.2. Work shall be accomplished within schedule, with high quality, and above minimum standards, through the efficient use of time and resources.
- 1.3. All laws, rules and regulations governing the business operations of the Company shall be complied with.
- 1.4. We shall continuously improve our processes to make them cost-effective and serve our customers better and faster, without expectation of reward or discrimination.

Rule 2

WE CHOOSE, DEVELOP AND REWARD THE BEST PEOPLE TO SERVE.

- 2.1. The Board of Directors shall be composed of stockholders of probity, competence and experience, who possess the prescribed qualifications to manage the affairs of the Company, and are elected in accordance with law.
- 2.2. Employees, officers, consultants, contractors and other service providers are selected, engaged and compensated based on qualification, merit and performance.
- 2.3. All personnel and staffs are properly informed, trained and empowered to do their job well in the spirit of *malasakit* and teamwork.

Rule 3

WE MAINTAIN A SAFE WORKPLACE AND ENVIRONMENT.

- 3.1. The workplace and Company premises, facilities, installations, vehicles and equipment must be clean, safe, non-polluting and in proper working condition at all times.
- 3.2. All health, safety and environmental laws and regulations shall be complied with.
- 3.3. The Company shall provide its employees with adequate health, dental, and medical care and benefits.
- 3.4. The possession, use, distribution, or sale of illegal drugs or substances is strictly prohibited.
- 3.5. Any person under the influence of alcohol, or with detectable level of illegal drugs or substances, or acting violently is not allowed at the workplace or to perform Company business.
- 3.6. Smoking is allowed only in designated areas of the Company premises.
- 3.7. Any form of sexual harassment is strictly prohibited.

Rule 4

WE ESTABLISH FREE AND HONEST COMMUNICATION.

- 4.1. Corporate goals, objectives, strategies, standards, policies, rules and procedures are clearly defined and communicated to all persons concerned.
- 4.2. Employees are encouraged to actively participate in discussions and to raise any concerns or issues involving their work.
- 4.3. The Company shall establish open communication links with its customers, suppliers, contractors, regulators and other agencies of government.

Rule 5

WE RESPECT INDIVIDUAL AND COLLECTIVE RIGHTS.

- 5.1. All employees or applicants for employment shall be treated equally, fairly, and without discrimination on account of gender, religion, age, nationality, family status, disability, or any other illegal consideration.
- 5.2. The Company shall foster harmonious relations among its employees based on mutual understanding, trust and respect.
- 5.3. The privacy, personal property, and confidential information or record of employees shall be respected.
- 5.4. The right of employees and workers to self-organization shall not be violated.

Rule 6

WE PROTECT THE INTEREST OF SHAREHOLDERS AND INVESTORS.

- 6.1. The rights of shareholders and investors shall be respected, including their right to a fair return of investment.
- 6.2. They shall be provided with complete, accurate, material, and timely information regarding their investments, the management of the Company, its financial position, and the results of its operations.
- 6.3. Fiscal discipline shall be observed in the use and disbursement of Company funds, assets and resources.

- 6.4. The Company shall maintain complete and accurate books of accounts and records in accordance with the applicable provisions of law, Generally Accepted Accounting Principles (GAAP), and International Accounting Standards (IAS).

Rule 7

WE DEAL WITH SUPPLIERS AND CONTRACTORS BASED ON MUTUAL TRUST AND BENEFIT.

- 7.1. Contracts for the supply of goods and services shall be awarded to suppliers or contractors through competitive bidding or negotiation, whichever is more appropriate, based on value for money, technical qualification, financial capability, and track record of ensuring the best interest of the Company.
- 7.2. The process of evaluation of tenders and selection of suppliers or contractors shall be uniform, objective, fair and transparent.
- 7.3. Effective monitoring and control systems shall be established to detect and prevent fraud, misrepresentation, bribery, price fixing, bid rigging, or other malpractice, and to ensure proper fulfillment of contractual obligations.
- 7.4. The Company undertakes to pay suppliers and contractors in accordance with the agreed terms.

Rule 8

WE RESTRICT THE SOLICITATION OR ACCEPTANCE OF GIFTS.

- 8.1. The solicitation or acceptance of gifts in any form from a third person or entity, directly or indirectly, by any director, officer or employee of the Company in consideration of an act, omission, or transaction of the Company favorable to such third person is restricted.
- 8.2. A "gift" means a right or thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment and travel.
- 8.3. 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 the Company, without any suggestion or solicitation, as a souvenir or out of courtesy; or (b) a gift given to the Company in support of its charitable projects for the benefit of the poor or the general public.

Rule 9

WE DEVELOP GOOD COMMUNITY RELATIONS.

- 9.1. The Company shall support health, educational, livelihood, social, or other charitable projects for the benefit of the communities where it operates.
- 9.2. The Company shall provide immediate assistance to victims of accidents arising from its operations, installations or facilities.
- 9.3. The Company shall furnish timely and adequate information, announcement or advice regarding incidents or business operations that affect the general public.

Rule 10

WE RESPECT CONFIDENTIAL AND PROPRIETARY RIGHTS.

- 10.1. Confidential, classified, restricted, or proprietary information of the Company shall not be accessed or disclosed to any person or entity without proper authority. This prohibition shall survive separation from the Company due to retirement, resignation, termination, expiration of term of office, or expiration or termination of contract, or any other cause.
- 10.2. The Company will not knowingly appropriate, infringe or make an unauthorized use of a valid trademark, patent, trade secret or proprietary technology belonging to another person.
- 10.3. Employees are not allowed in the performance of their duties to make use, install, or copy any computer software, program, design, or material protected by a registered trademark, patent, or license without proper written authority.

Rule 11

WE PROHIBIT CONFLICT OF INTEREST, INSIDER TRADING, CORRUPTION, AND OTHER ILLEGAL ACTS.

- 11.1. Any conflict of interest, unfair competition, disloyalty, breach of trust, insider trading, dishonesty, or any other act inimical to the interest of the Company is strictly prohibited.
- 11.2. Within one 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.

- 11.3. Deceit, corruption, or any illegal act arising from or in connection with the performance of service to or in behalf of the Company shall be a ground for disciplinary and legal action.

Rule 12

WE INVESTIGATE AND DISCIPLINE VIOLATORS.

- 12.1. Any violation of this Code of Ethics shall be investigated and penalized, after due notice and hearing, under the pertinent provisions of the Manual of Corporate Governance, Company Code on Employee Discipline, or Safety Code of the Company.
- 12.2. Any administrative investigation or penalty imposed under the provisions of the Manual of Corporate Governance, Company Code on Employee Discipline, or Safety Code shall be independent of and without prejudice to any other legal action that may be instituted against the party concerned under existing law and regulations.

This Code shall take effect on 15 March 2003.
