

# Draft

**MINUTES OF THE ANNUAL MEETING  
OF STOCKHOLDERS OF THE  
MANILA ELECTRIC COMPANY  
HELD ON MAY 25, 2021 AT THE  
LOPEZ BUILDING, ORTIGAS AVENUE, PASIG CITY**

**CALL TO ORDER**

The Company's 58<sup>th</sup> Annual Stockholders' Meeting was called to order at 10:10 a.m. on May 25, 2021 by the Chairman of the Board, Mr. Manuel V. Pangilinan, who presided over the same at the Company's principal office at Lopez Bldg., Ortigas Ave., Brgy. Ugong, Pasig City, Metro Manila. The Corporate Secretary, Atty. Simeon Ken R. Ferrer, took the minutes of the meeting.

Due to the corona virus pandemic and for the safety of the stockholders, the 2021 Annual Stockholders' Meeting was conducted virtually. Stockholders who have successfully registered online from May 10 to 21, 2021 were able to participate through remote communication using the Stockholder's Electronic Registration and Voting Express or SERVE platform found at the Company's website, <https://company.meralco.com.ph/corporate-governance/SERVE>. There were over two hundred sixty (260) stockholders and guests who were able to view the proceedings virtually.

The Chairman addressed the stockholders and requested that given the level of complexity and the time needed to resolve questions on customer service, dividend delivery, invitations to, or notice of, the Annual Stockholders' Meeting and other operational matters, all stockholders with concerns or questions on these were advised to email them with their contact details to [stockholder.affairs@meralco.com.ph](mailto:stockholder.affairs@meralco.com.ph).

The Chairman introduced the other members of the Board of Directors, namely: Ms. Anabelle L. Chua, and Atty. Ray C. Espinosa, who were physically present at the MERALCO Theater, and Messrs. James L. Go, Frederick D. Go, Lance Y. Gokongwei, Elpidio L. Ibañez, Jose Ma. K. Lim, Pedro E. Roxas, Victorico P. Vargas, and retired Chief Justice Artemio V. Panganiban, who joined by way of live streaming.

Atty. Ray C. Espinosa also serves as the Company's President and Chief Executive Officer while retired Chief Justice Artemio V. Panganiban, an Independent Director, serves as the Chairman of the Audit Committee.

Also introduced were the Chief Finance Officer, Ms. Betty C. Siy-Yap, the Corporate Secretary, Atty. Simeon Ken R. Ferrer, and the Assistant Corporate Secretary, Atty. William S. Pamintuan. Other corporate officers and executives of the company, as well as the Company's external auditors, Sycip Gorres Velayo and Co. (SGV & Company), who also joined the meeting via remote communication were likewise acknowledged.

Upon successful online registration, stockholders were provided with access to the Company's SERVE platform, which allowed them to vote electronically on the matters passed upon in the meeting and to elect the Company's Board of Directors for fiscal year 2021-2022.

The proposed Resolutions for the meeting were contained in the Definitive Information Statement, a copy of which was uploaded in the in MERALCO's website, [www.meralco.com.ph](http://www.meralco.com.ph) so as to make the same accessible to all stockholders and was published in the Business World on-line edition on April 16, 2021 and disclosed to the Philippine Stock Exchange on April 28, 2021. This practice is in line with the Company's commitment to good governance and its desire to encourage broader participation of its stockholders in deciding fundamental matters involving the Company.

Thereafter, the Secretary read the ground rules and voting procedure to be observed during the meeting to ensure the conduct of fair, orderly, and efficient proceedings. Following

are the points highlighted to the stockholders who joined via remote communications and who will be voting in absentia:

- a) Certificated stockholders of the Company as of March 5, 2021 may exercise their right to vote on the agenda items in the 2021 Annual Stockholders' Meeting through electronic voting.
- b) Stockholders or their proxies, who have successfully registered were given access to the Annual Stockholders' Meeting Live Portal, a livestream video service that allows the Stockholders or their proxies to participate and vote electronically on the matters to be passed upon in the Annual Stockholders' Meeting and to elect the Company's Board of Directors.
- c) The Company's Assistant Corporate Secretary, Atty William S. Pamintuan will read the questions received during the Question and Answer portion which will take place before we take up "Other Business", if any, Item No. 10 of the Agenda. Management will reply to questions not taken up during the meeting via email.
- d) As indicated in the Notice and in the electronic ballot, there are five (5) resolutions proposed for adoption by the stockholders of this meeting. Each proposed resolution will be shown on the screen as the same is being taken up.

For voting procedure, the Company's class of outstanding shares entitles the holder to one vote for one share. The affirmative vote of the stockholders representing at least a majority of the outstanding and voting shares shall be needed to pass and approve each proposed resolution unless the law provides otherwise.

For the election of directors, stockholders are allowed to elect directors individually or to cumulate their votes. Election of directors shall be by plurality of votes.

Upon online registration, the stockholders were provided access to the Company's SERVE platform, which allows them to cast their vote electronically.

All votes received were automatically uploaded in the system and tabulated by the Office of the Corporate Secretary and results thereof shall be validated by the auditing firm, Reyes Tacandong & Co., which was duly appointed by the Board to act as such for the 2021 Annual Stockholders' Meeting.

As each item in the agenda is taken up, the Secretary will report on the votes received and tabulated as of 9:00 a.m. today. The minutes will, however, reflect the final tally of votes.

**SERVICE OF NOTICE**

The Secretary reported that, on April 28, 2021, written notice of the meeting was served to all stockholders of record as of March 5, 2021. Stockholders who have provided their email address were furnished a copy of the Notice through electronic mail. The Notice was also published in the Business World on-line edition on April 16, 2021 and posted in the Company's website at [www.meralco.com.ph](http://www.meralco.com.ph). The notices were released through various means prior to the annual stockholders meeting in accordance with the Revised Corporation Code, Securities Regulation Code, By-Laws of the Company, and the internal guidelines for participation in meetings via remote communications and for voting in absentia, which are embodied in the Company's Definitive Information Statement as approved by the Securities and Exchange Commission (SEC).

The rationale and explanation for each agenda item which required shareholders' approval were provided in the notice of this meeting.

**DETERMINATION OF QUORUM**

The Secretary reported and certified that there was a quorum for the meeting, as stockholders who own or hold over 903,195,366 shares or 80.13% of the 1,127,098,705 issued and outstanding common shares of the Company entitled to vote, were represented in person, by proxy or through remote communication.

**APPROVAL OF THE MINUTES OF  
STOCKHOLDERS' MEETING HELD IN 2020**

The Chairman submitted for approval the Minutes of the Annual Stockholders Meeting held on May 26, 2020. Copies of the minutes have been made available during office hours at the Office of the Corporate Secretary and posted in the Company's website within twenty-four

(24) hours from the conduct of such meeting. The minutes are also reflected in the Definitive Information Statement submitted to the SEC.

The Secretary moved to dispense with the reading of the Minutes of the Annual Stockholders' Meeting held on May 26, 2020 and to approve the same since copies of the Minutes have previously been made available.

The Minutes were approved by stockholders representing more than a majority of the total voting shares, present and represented at the meeting, as detailed in the following table:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	903,102,455	80.12%
2. Against	-	0.00%
3. Abstained	5,222	0.00%

The following resolution was thus adopted and approved as Resolution 2021-1:

“RESOLVED, that the Stockholders of the Corporation hereby approve the Minutes of the Annual Stockholders' Meeting held on May 26, 2020.”

<b>REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER</b>
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The President and Chief Executive Officer, Atty. Ray C. Espinosa, presented his report to the stockholders quoted hereunder as follows:

“To our MERALCO Stockholders,

Good morning and thank you for joining us for the 2021 Annual Stockholders' Meeting. It is my fervent wish that all of you are keeping safe and well.

While the year 2020 will be generally remembered as the deadly year of COVID-19, it will be remembered here in Meralco as the year of courage, self-sacrifice and “*malasakit*” to keep the lights on.

Our frontline personnel braved the virus to serve the needs of our customers and to keep the power on to help us in the fight against this unseen deadly enemy.

Amid the bleak environment, Meralco's key operating metrics continued to reflect the reliability and resilience of our systems, infrastructure, and workforce, allowing us to deliver significant Financial Results for 2020.

Our Core Net Income reached PhP 21.7 billion in 2020, close to 9% lower than the PhP 23.8 billion in 2019, while Reported Net Income stood at PhP 16.3 billion.

Core EBITDA was PhP 35.3 billion, compared with PhP 38.0 billion in 2019, and Core Earnings Per Share was PhP 19.26.

Cash Dividends amounted to PhP 15.09 per share, as we maintained a healthy dividend yield of 5%.

Meralco's share price at the last trading day of 2020 was PhP 292 per share.

We ended 2020 with strong liquidity and a healthy cash position. Stockholders Equity stood at PhP 79.2 billion, while total Borrowings reached PhP 40.1 billion, 3% below the 2019 level of PhP 41.2 billion. Cash and Cash Equivalents increased by 33% to P50.9 billion compared with PhP 38.3 billion in 2019, resulting in a Debt to EBITDA ratio of 1.3.

Despite the challenging business environment marked by a 9-year low GDP of (-)9.5%, three major typhoons, and business disruptions brought about by the virus, Meralco remained strong and committed. Guided by our drive for excellence, we continued to create and deliver value across our five growth platforms.

In 2020, we strengthened the core distribution utility.

Consolidated energy sales was 43,572 GWh, 7% lower than the 2019 level. Sales volumes skewed toward the Residential sector as lockdown and quarantine restrictions necessitated work-from-home and online distance learning arrangements, thereby limiting mobility. Residential volume, which accounted for 38% of total energy sales in 2020, grew by 13%.

Commercial sales volume went down by 20% in 2020 compared with 2019, with hotels and retail trade companies hardest hit as foot traffic to malls, hotels, and other retail establishments significantly declined.

While Industrial volume was also lower by 11% on a full-year basis, we started seeing gradual recovery towards the end of 2020 as manufacturers started to operate. Consumer demand drove Semiconductor production, and government efforts to catch up on infrastructure projects helped Construction sector.

Despite the economic slowdown, evidenced by the lower peak demand of 7,614 MW, Meralco's energization efforts remained unhampered as we powered more customers amid the pandemic. Our customer base grew 4% and surpassed the 7 million mark before the end of 2020.

We powered more homes, with Residential customers nearing 6.6 million accounts, posting a growth of 4%.

We also powered more businesses as our Commercial and Industrial customer bases rose by 3% and 1%, respectively.

And we powered more lives as we held firm to our commitment to energize communities leading to an electrification rate of 99.94% in our franchise area—an improvement over 2019's 99.59%.

Meralco also delivered excellent service performance. For the 13th consecutive year, Meralco outperformed the prescribed regulatory system loss cap recording a System Loss level of 6.08%.

We also attained high system reliability performance, posting all-time best levels on Power Interruption Frequency and Power Interruption Duration, while maintaining rewards level on Time to Connect Customers.

We achieved these by building a robust, reliable, and resilient distribution network supported by the highly efficient management of our capital expenditures which reached PhP 20.8 billion, 3% higher than in 2019.

With 2020 behind us, we now look forward to building a better normal in 2021. And indeed, the first few months of the year show evidence of recovery and healthy growth. Through April 2021, energy sales grew by 3% and net system input by 2%, compared with the same period last year. Likewise, we continue to energize more customers as shown by the year-to-date customer count growth rate of 4%.

The bravery and "*malasakit*" of all our employees, especially our linemen, business center and field personnel who courageously went onsite daily, allowed us to ensure the provision of energy to essential industries, and to millions of Filipinos under community quarantine. The health and well-being of our people, therefore, became our imperative.

To ensure our employees' utmost safety at work, we conducted regular COVID-19 testing, provided personal protective equipment (PPEs) to our front-liners, and launched an online portal called Code Light Bot to help track our people's daily health and work status.

We also installed air quality monitoring sensors in strategic locations across our facilities and safely managed and disposed all COVID-related waste, ensuring #healthwithoutharm.

For a majority of our workforce, we encouraged remote-working arrangements through the use of digital collaboration tools to lessen their heroic exposure, and by extension, that of their families.

As the challenges brought about by the pandemic grew, our employees' spirit of volunteerism and "*malasakit*" also swelled. At the height of community quarantine in 2020, we received a surge of customer concerns and inquiries.

To address these with speed and urgency, Operation Brotherhood was set in motion. More than 1,000 employees volunteered to resolve pending customer questions and concerns, and with this unified effort, the backlogs in social media, voice calls, and emails were all cleared in a month's time, a remarkable achievement.

Furthermore, we launched two important fund-raising programs, A-Day-to-Give and Share-A-Leave. Through these programs, the Meralco family banded together to provide financial assistance for daily wage earners of our third-party contractors unable to work during the lockdown. Employees pledged a portion of their salary and relinquished a portion of their paid leaves, thereby raising close to PhP 28 million.

As the health crisis escalated, your Company responded with compassion to help lighten the load for our customers by providing needed bill relief and by ensuring continuous service. We invoked the force majeure provisions of our Power Supply Agreements to lessen generation charges, translating to PhP 2.4 billion in savings to our customers.

Meralco also suspended the implementation of the Guaranteed Minimum Billing Demand or GMBD charge starting March 2020 to ease the payment burden of our business customers. A total of PhP 3.2 billion was saved, benefiting nearly 95,000 business owners and establishments.

To encourage customers to use online platforms for bills payment, we shouldered convenience fees charged by third-party payment gateway partners amounting to PhP 75 million for 1.9 million Meralco Online payment transactions.

Beyond bill amount and payment relief, service continuity was likewise a key imperative. A disconnection moratorium was implemented for all customers until December 31, 2020, and further extended until January 31, 2021, for customers consuming 200 kWh and below, and until March 31, 2021, for our lifeline customers. In addition, we worked with government regulators and other industry players to structure installment payment arrangements for all of our customers.

Your Company also provided high-touch customer service by leveraging on technology. In 2020, we established and fortified our Customer Care Group and enabled it with the latest contact center automation tools dramatically improving our customer concerns handling processes and capabilities.

We also simplified the bills payment experience through the launch of our Customer Account Number (CAN), a 10-digit permanent number tagged to a specific customer — akin to having a Meralco ID for paying bills. Real-time payment validation was also made possible, while Robotic Process Automation (RPA) facilitated faster bill discrepancy resolution.

We drove improvements in our digital customer touchpoints, through our Customer Centricity Transformation Program.

Meralco Online became a beacon of service for customers, surging to 2.2 million active accounts by the end of 2020, 5.6 times higher than 2019.

Your Company also introduced groundbreaking customer service initiatives. For instance, the Online Customer Appointment system allowed customers to book appointments at Business Centers ahead of time, making visits faster and eliminating unnecessary waiting time. In addition, the Virtual Customer Assistant provided customers the option of transacting with a Meralco customer care representative via video conferencing.

Bringing light and hope to our communities within and beyond the franchise area was top-of-mind for Meralco and the One Meralco Foundation (OMF). We supported brave front-liners battling COVID-19 by arming more than 6,000 of them with much needed PPEs. Moreover, we donated 2,000 liters of ethyl alcohol to medical facilities as well as over 12,000 rapid antigen test kits to our government responders.

In the second quarter of 2020, we provided a temporary home to 32 frontliners from The Medical City. We also put our eSakay electric vehicles to good use by working closely with the Department of Transportation and LGU leaders to ferry 76,000 essential personnel and health workers to and from medical facilities, at no cost to them.

Through OMF, your Company helped the hungry, the homeless, and the country's harvesters. We launched "From Farmers to Front-liners," a campaign that provided vegetables to front-liners and the homeless, while invigorating the livelihood of farmers from Benguet. In parallel, our reforestation program One For Trees also provided additional income to tree farmers who helped plant more than 80,000 trees in 2020.

Notwithstanding the constraints brought about by COVID-19, Meralco pursued the energization of low-income communities in its franchise area. Under OMF's household and school electrification program, close to 7,000 low-income households in informal settlements and relocation sites as well as 15 off-grid schools were connected to the grid in 2020.

2020 saw Meralco heightening its commitment to power the nation and empower more Filipinos. Through the Meralco Electrification Program, we energized 261 sites including remote and far-flung communities and brought light to more than 11,000 households in our service area. Furthermore, to bolster the reliability and resiliency of our grid, we embarked on major electric capital projects — building substations and extending distribution lines — while undertaking key initiatives in support of the government's Build Build Build program and Public-Private Partnerships.

Finally, with our strong spirit of "*bayanihan*", we exerted supreme effort to ensure continuous power for the communities we serve, particularly for those in the thick of the fight against COVID-19. We energized more than 90 vital institutions including government agencies, medical facilities, and temporary treatment centers including the 525-bed Solaire-PAGCOR Mega Quarantine Center.

The pandemic has brought the different growth platforms to the fore in powerful ways, with a host of new opportunities enabling a more robust and inclusive One Meralco.

2020 also saw us further build our power generation footprint as we aim to bring affordable, reliable, and clean power supply to propel the Philippines' growth momentum.

Meralco Powergen's San Buenaventura Power Limited (SBPL) had its first full year of operations in 2020. As the country's first coal-fired power plant to utilize high efficiency, low emission technology, SBPL delivered 3,070 GWh of energy with an average plant availability of over 82% and contributed almost PhP 1.0 billion to Meralco's Consolidated Core Net Income.

Meralco Powergen (MGen) also fortified its power generation portfolio through its strategic acquisition of Global Business Power Corporation (GBPC) this past March. As the largest Independent Power Producer in the Visayas, GBPC has an existing generation capacity of close to 1,100 MW and delivered a net income of PhP 2.3 billion in 2020.

In addition, Meralco's earnest strides on the renewable energy or RE front are best exemplified by its first utility-scale solar power plant — a 50-MW solar farm in San Miguel, Bulacan which was commissioned on May 5, 2021. The PhP 4.3 billion BulacanSol plant is a significant milestone for MGreen, which serves as MGen's platform to develop utility-scale power projects leveraging RE technologies such as solar, wind, and hydropower.

Beyond our assets and investments in the energy value chain, Meralco also maintains its strong presence in energy-related and infrastructure services.

Bayad Center reinvented itself into Bayad with a commitment to delivering seamless onsite-to-online customer experience. In 2020, the company expanded its biller network by 7%, grew its over-the-counter footprint with over 45,000 touchpoints across the country, and tripled its digital payment transactions. Going forward, Bayad looks to serve even more Filipinos and drive financial inclusion through its Bayad Online platform and Bayad App.

Our telecommunications arm Radius fortified its position as one of the Philippines' leading data, internet, cloud, and managed services providers. Apart from servicing top corporations, the company now addresses the needs of MSMEs and consumer segments through its recently launched RED Fiber high-speed internet service bundled with HD-quality IPTV content. In addition, Radius also introduced its high capacity data service, Optical Transport Network Suite, and Security Information and Event Management products, positioned to support its corporate customers.

Our AAAA Philippine Contractor Accreditation Board (PCAB)-licensed engineering services company, MIESCOR, continued to ably support Meralco's growth and delivered highly strategic projects. In 2020, MIESCOR commenced the contract to manage and maintain Meralco's utility pole

attachments and is now licensed to operate as an Independent Tower Company.

Meralco also continues to find technological solutions to provide power to all in its coverage area, which includes many isolated island communities in need of energy.

Microgrid solutions that combine solar PV (photovoltaic) and battery energy storage systems have become integral to Meralco's energization efforts bringing power to off-grid communities.

In 2020, together with our solar subsidiary, Spectrum, we continued our electrification efforts in Cagbalete Island, Quezon with the construction of an additional 1.4 MW microgrid system. This will benefit the entire island of over 600 households and 11 resorts.

As we forge ahead, we will continue to deliver value to all our stakeholders through our strategic thrusts this 2021 and beyond.

First, we will heighten Revenue Enhancement and Expansion. For the distribution utility, we will accelerate the energization of Project Covered Applications and Ordinary Service Applications, while ensuring zero leakage and zero unbilled volumes. We will also expand Meralco's business by serving new areas through key partnerships and by expanding our pole management operations to urban services and non-cable attachments such as 5G surveillance and environmental sensors.

Looking towards our subsidiaries and following the acquisition of Global Business Power Corporation (GBPC) last March 31st, our focus now moves into integrating GBPC into Meralco Powergen. In addition, we will continue to drive the growth of Bayad, Radius Telecoms, MIESCOR, and all our other subsidiaries through the launch and expansion of their new and strategic customer offerings.

Customers are Meralco's reason for being, and our goal is to delight them with excellent service. This strong thrust and affinity for Customer Centricity will be increasingly evident across all our customer touchpoints and throughout our customer operations.

We have thus put in place Customer 360 to provide us a single view of our customers, helping us better manage and enhance their experience across all our channels.

More than ever, Digital Transformation is vital to Meralco. We will continue to build the grid of the future today through our Advanced Metering Infrastructure (AMI) and Advanced Distribution Management System (ADMS), and through substation and distribution automation. We are also improving our capabilities in load sensing and predictive fault monitoring to heighten service delivery, while establishing an integrated ICT Command Center to increase visibility and control over the grid.

Finally, we continue to place Sustainability at the core of our strategy and operations as a company. We have thus defined our long-term sustainability aspirations and strategies through 2030 and beyond, in support of global goals to keep temperature rise to no more than 1.5 degrees Celsius.

We aim to accelerate our transition to cleaner energy as we pledge to source 1,500 MW of our power requirements from renewable energy sources in the next 5 years. We are also committed to building up to 1,500 MW in utility-scale renewable energy power plants in the next 5 to 7 years.

Consistent with our sustainability goals, we are moving towards the electrification of Meralco's vehicle fleet. Beginning this year, we will deploy electric pick-ups, vans, cars, and motorcycles to serve our Metro Manila Business Centers.

We will also heighten our Race to Zero Waste program not only in the centers of our operations but also through the very edges of our distribution network. Going forward, 100% of our new distribution transformers will be powered by plant-based, natural ester oil, making these assets 99% recyclable and biodegradable.

Lastly, we aim to inject and ingrain sustainability standards into our supply chain through the Meralco Supplier Sustainability Scorecard. This scorecard will assess our vendors on key sustainability criteria and disclosures as part of their continuing accreditation with Meralco.

2020 was the year when COVID-19 cast a dark shadow of fear and uncertainty in the country. But Meralco did not falter. And it will not falter as we are moved by a greater and deeper sense of purpose and community, led by a strong and able leadership team and driven by a dedicated organization with "*malasakit*" at its very core.

(A video on COVID-19 Response and Powering Through was shown.)

We express our gratitude to the members of the Meralco Board of Directors for their vision and guidance and we thank our shareholders and customers for their continued trust and confidence in us.

Thank you and a good day to all of you."

The Chairman thanked the President and CEO for his report and reminded the stockholders that for good order and as indicated by the Corporate Secretary, any questions on the report will be considered after Item 9 of the agenda and before Item 10.

<b>APPROVAL OF THE 2020 AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>
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The next item on the agenda was the approval of the Audited Financial Statements for the Year 2020.

The Secretary stated that Management requested the approval of the Company's 2020 Audited Financial Statements and proposed the adoption of Resolution No. 2021-2.

Accordingly, the Company's Audited Financial Statements for the period ended December 31, 2020 was approved by stockholders representing at least a majority of the total voting shares, present and represented at the meeting, as detailed below:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	902,962,961	80.11%
2. Against	138,101	0.01%
3. Abstained	6,615	0.00%

The following resolution was thus adopted and approved as Resolution 2021-2:

“RESOLVED, that the audited financial statements for the year ended December 31, 2020 be, as the same are hereby, approved.”

<b>RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT</b>
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The next item on the agenda was the ratification of acts, resolutions, and deeds of the Board of Directors, its Committees and Management of the Company from the Annual Stockholders' Meeting held on May 26, 2020 up to this meeting. Upon the Chairman's request, the Secretary briefly explained that these acts are provided in the minutes of meetings of the Board, its Committees and the Management. These include, among others, the amendment of Article 1 of the Company's By-Laws, the approval of contracts and agreements, projects and investments, treasury matters, dividend declarations, and disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

The highlights of these acts of the Board and Management were flashed on the screen.

Acts of Management pertain to those taken to implement the resolutions, directives and instructions of the Board and its Committees and those done in the regular course of the Company's business.

All acts, resolutions, and deeds of the Board of Directors, its Committees and Management of the Company from the Annual Stockholders' Meeting held on May 26, 2020 up to this meeting were ratified by the stockholders representing at least a majority of the total voting shares, present and represented at the meeting, as detailed in the following table:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	902,822,565	80.10%
2. Against	74,131	0.00%
3. Abstained	210,981	0.02%

The following resolution was thus adopted and passed as Resolution 2021-3:

“RESOLVED, that all acts, resolutions, and deeds of the Board of Directors and Management of the Company from the Annual Stockholders' Meeting held on May 26, 2020 up to the date of this meeting be as they hereby are, confirmed, ratified and approved.”

#### **ELECTION OF DIRECTORS FOR THE ENSUING YEAR**

The next item on the agenda was the election of the members of the Board of Directors for the ensuing year. The Company's Articles of Incorporation provide for eleven (11) seats in the Board. The Company's stockholders, including shareholders in the minority, were given the opportunity to nominate candidates for election to the Board of Directors.

A “Call for Nomination” was also posted in the Company's website last January 25, 2021 calling for the submission of the proposed agenda and nomination of qualified candidates on or before March 5, 2021.

The Chairman requested the Assistant Corporate Secretary, Atty. WILLIAM S. PAMINTUAN, and Corporate Secretary, Atty. SIMEON KEN R. FERRER, to explain this particular matter and give the results of the election.

The Assistant Corporate Secretary stated that in accordance with the Company's By-Laws and Manual of Corporate Governance, as well as the Revised Corporation Code and the Securities Regulations Code, the following stockholders were duly nominated as members of the Company's Board of Directors to serve as such for the ensuing term:

Name	Nominated by
1. Anabelle L. Chua	Beacon Electric Asset Holdings, Inc.
2. Lydia B. Echaz	Atty. Marianito D. Miranda
3. Ray C. Espinosa	Beacon Electric Asset Holdings, Inc.
4. James L. Go	JG Summit Holdings, Inc.
5. Frederick D. Go	JG Summit Holdings, Inc.
6. Lance Y. Gokongwei	JG Summit Holdings, Inc.
7. Jose Ma. K. Lim	Metro Pacific Investments Corporation
8. Artemio V. Panganiban	Ms. Virginia P. Gapuz
9. Manuel V. Pangilinan	Beacon Electric Asset Holdings, Inc.
10. Pedro Emilio O. Roxas	Ms. Virginia P. Gapuz
11. Victorico P. Vargas	Beacon Electric Asset Holdings, Inc.

Retired Chief Justice Panganiban, Mr. Roxas and Ms. Echaz were nominated as independent directors.

The Corporate Secretary stated that under the Company's Corporate Governance Manual, SEC Code of Governance and SEC Memorandum Circulars, a company's independent director shall serve for a maximum cumulative period of only nine (9) years. At present, retired Chief Justice Panganiban and Mr. Roxas have already reached the maximum term limit. Retired Chief Justice Panganiban has served the Company as an independent director since May 27, 2008, while Mr. Roxas has served as such since May 25, 2010.

This notwithstanding, the same manual, code and circulars allow the extension and re-election of independent directors beyond the term limit, provided that meritorious justification exists.

The justification for the nomination of retired Chief Justice Panganiban and Mr. Roxas may be viewed in light of the current situation. With the unprecedented operational, legal and regulatory risks and uncertainty brought about by the COVID-19 pandemic, it has become imperative, now more than ever, that there be stability. The re-election of retired Chief Justice Panganiban and Mr. Roxas as independent directors of the Company will partly bring about such stability to the Board, benefitting not only the Company, but our stakeholders as well.

Retired Chief Justice Panganiban's and Mr. Roxas' deep experience and knowledge of the Company's business will enable them to provide steady guidance and meaningful participation in policy making and strategic management of risks brought about by the pandemic.

Retired Chief Justice Panganiban is a legal luminary of unquestionable independence, who has brought to the Board a wealth of expertise and experience and competencies relevant to the power industry. He has, in freely sharing his measured opinions on relevant issues raised during Board meetings, encouraged critical discussion, thus promoting sound resolutions in the attainment of the Company's strategic objectives but always in consideration of the rights of all stakeholders. He was the Company's Lead Independent Director, serving as intermediary between the Chairman and other directors and the Chairman of the Audit Committee, leading the Board in ensuring the adequacy of the Company's material controls and risk management systems. He has also played a significant role in the Risk Management and Related Party Transactions Committees.

Similarly, Mr. Pedro Roxas' indispensable contribution to the Board in terms of his vast expertise and experience in the areas of business, finance, and operations relevant to the power industry cannot be discounted. As the Chairman of the Nomination and Governance Committee and Related Party Transactions Committee, Mr. Roxas has been at the forefront of promoting good governance regulations, policies and practices within the Company and in its dealings with private and public stakeholders. As a testament to his efforts in ensuring that

the corporate governance practices of the Company remain at the highest level of excellence, the Company received the ASEAN Asset Class Award in December 2020 for being one of the top companies in the region with sterling 2019 ASEAN Corporate Governance Scorecard (ACGS) assessment results. In February 2021, the Company also garnered a Three-Golden Arrow Award as a result of the 2019 ACGS assessment.

A more detailed description of retired Chief Justice Panganiban and Mr. Roxas' individual background and achievements, including their accomplishments and contributions to the Company are all in the Definitive Information Statement distributed to the stockholders.

The Assistant Corporate Secretary stated that the Nomination and Governance Committee had evaluated the qualifications of the nominees, including the nominees for Independent Directors, and determined that they have all the qualifications and none of the disqualifications to serve as directors of the Company. All these nominees have given their consent to their nomination.

The profiles of all the nominees to the Board of Directors, stating their age, qualifications, experience, date of first appointment to the Board of the Company, and directorships in other publicly listed companies or subsidiaries, whether listed or non-listed within the group of companies, were made available as part of the Definitive Information Statement that were distributed to all the stockholders.

The Corporate Secretary announced that based on votes obtained by each, and as certified by the Nomination and Governance Committee that each of the nominees has garnered enough votes for election, the following were declared duly elected members of the Board of Directors to serve for the ensuing year and until their successors are duly elected and qualified:

Name	Votes
1. Anabelle L. Chua	856,265,653
2. Lydia B. Echaz	902,339,780
3. Ray C. Espinosa	897,850,357

<b>Name</b>	<b>Votes</b>
4. James L. Go	855,247,262
5. Frederick D. Go	855,243,007
6. Lance Y. Gokongwei	855,271,206
7. Jose Ma. K. Lim	856,140,720
8. Artemio V. Panganiban	885,995,277
9. Manuel V. Pangilinan	857,187,613
10. Pedro Emilio O. Roxas	886,253,950
11. Victorico P. Vargas	858,193,210

The following resolution was thus adopted and passed as Resolution 2021-4.

“RESOLVED, that the following nominees to the Board, having received sufficient number of votes from the stockholders present and represented at the meeting, are hereby declared duly elected members of the Board of Directors to serve for the ensuing year and until their successors are duly elected and qualified:

Anabelle L. Chua  
Lydia B. Echauz  
Ray C. Espinosa  
James L. Go  
Frederick D. Go  
Lance Y. Gokongwei  
Jose Ma. K. Lim  
Artemio V. Panganiban  
Manuel V. Pangilinan  
Pedro E. Roxas  
Victorico P. Vargas

The Chairman acknowledged and welcomed the newly elected Board member, Ms.

Lydia B. Echauz, to the Company’s Board of Directors.

Ms. Echauz has a doctorate degree in Business Administration from De La Salle University and currently serves as a member of the board of directors of publicly listed corporations such as Metro Pacific Investments Corporation, D & L Industries Inc., and Pilipinas Shell Petroleum, and sixteen (16) other non-publicly listed corporations.

The Chairman thanked outgoing Director, Mr. Elpidio L. Ibañez.

“As we welcome Lydia to our Board, we also would like to express our heartfelt gratitude to Mr. Elpidio L. Ibañez, for having served with distinction as a director of the Company for three (3) years. We are grateful for his contribution to the Company in those years. Thank you, Mr. Ibañez for your record of service to Meralco.”

## APPOINTMENT OF EXTERNAL AUDITORS

The next order of business was the appointment of external auditor for the Company.

The Chairman requested the Chairman of the Audit Committee, retired Chief Justice Artemio V. Panganiban, to enlighten the stockholders on this matter and for the Corporate Secretary to give the voting results on the proposed resolution for this item.

Retired Chief Justice Panganiban stated that for the information of the stockholders, the Company had paid an audit fee of about Nine Million Eight Hundred Thousand Pesos (PhP 9,800,000.00) to our incumbent external auditors, SyCip Gorres Velayo & Co. for the year ended December 31, 2020. He added that the Audit Committee had evaluated their performance for the past year and was satisfied with their work. As such, the Audit Committee and the Board of Directors hereby endorse the re-appointment of Sycip Gorres Velayo & Co. as External Auditor of the Company for the ensuing year.

The Secretary stated that the management proposed the adoption of Resolution No. 2021-5 for the re-appointment of SyCip Gorres Velayo & Co. as External Auditor of the Company for the ensuing year. He was pleased to report that the reappointment of the Company's external auditor was approved by the stockholders representing a majority of the voting shares, present and represented at the meeting and eligible to vote. The details of the votes are, follows:

VOTES	NUMBER OF VOTES CAST (1 share = 1 vote)	PERCENTAGE OF VOTING
1. Approved	902,985,635	80.11%
2. Against	98,245	0.01%
3. Abstained	23,797	0.00%

The following resolution was thus adopted and passed as Resolution 2021-5:

“RESOLVED, that SGV & Company, Certified Public Accountants, be, as they hereby are, retained and appointed as external auditor of the Company for the ensuing year.”

<b>QUESTIONS &amp; ANSWERS</b>
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The Chairman requested the Assistant Corporate Secretary, Atty. William S. Pamintuan, to read the questions from the stockholders.

Atty. Pamintuan stated that there are several questions from stockholders that were received via the SERVE facility. Following were the questions raised and the answers provided by the Board and/or Management of the Company:

- **Ms. Krizel Gallinero:** With the declaration of ECQ and MECQ lately in March, April and May, is the same problem on bill shock experienced last year expected to happen again?

Atty. Ray Espinosa, President and CEO, replied that Meralco does not expect the same bill shock issue to reoccur. In fact, even with the declaration of ECQ and MECQ, Meralco's meter readers have been able to perform meter reading for proper billing. He said that the Company is grateful to the Department of Energy (DOE), Energy Regulatory Commission (ERC) and partner local government units (LGUs) for heeding the call to allow its meter readers to do their job, and so far, there are no issues encountered with respect to reading of meters.

Atty. Espinosa added that the Company had also embarked on an information campaign this summer for the benefit of all its customers to inform them of various energy conservation and efficiency measures, and to make them aware that during summer months, consumption of power is usually at its peak and electricity bills would rise. He added that with proper information, the customers will be in the position to manage their bills more properly.

- **Mr. Amador Nieves:** Can customers install solar panels to reduce electric bills?

Atty. Espinosa replied in the affirmative. He stated that many of Meralco's customers have installed solar PVs in their homes (rooftop), and this is supported by the Company. In fact, Meralco has a subsidiary that provides solar rooftop services to its customers, even to those outside of its franchise area.

He also said that from the network standpoint, the Company is mindful of the effects of solar PVs on its network and it has been taking appropriate measures to make the distribution network compatible with the influx of solar panels to its network.

- **Ms. Jennifer Gutierrez:** Are there initiatives or concessions extended to the business customers during the pandemic, specifically, last year?

Atty. Espinosa shared that, as mentioned in the President and CEO's Report earlier, Meralco provided relief on the Guaranteed Minimum Billing Demand (GMBD), which

totaled PhP 3.2 billion, benefiting about 95,000 business customers. The Company provided significant assistance to its business customers to help them during the pandemic.

- **Ms. Grace Cortez:** Is the network prepared to support the expected surge of electricity demand from electric vehicles? What about the stability of the network to support the increasing net metering of solar panels of households?

Atty. Espinosa replied that in the short term the Company does not see any significant impact of electric vehicles (EVs) in its network. He added that it is a very nascent area in the country, and it would take a bit of time before EVs would come in a manner that would impact our distribution grid.

As for solar panels for households, Atty. Espinosa said that Meralco has taken note of the increase in the popularity of solar panels for homes, as well as for commercial establishments. Since this net metering has an impact in the distribution grid, Meralco's Network group has been preparing its grid for the influx of these types of intermittent energy sources. Hence, the Company is investing in more studies to determine the appropriate technology to invest in to strengthen its grid, as well as to deal with intermittent energy sources, not only from EVs or solar panels, but even from the utility scale renewable energy that Meralco is sourcing.

- **Mr. Amador Nieves:** How does Meralco respond to and support the Energy Efficiency and Conservation (EE&C) Law?

The President and CEO responded that Meralco has been a big supporter of said law by setting up green and sustainable initiatives. As mentioned in the earlier report, sustainability is at the core of the Company's business. Hence, ensuring that Meralco supports the EE&C Law is in one of its prime directives as far as sustainability is concerned. This includes safe interconnection in Meralco's grid through the Net Metering Program, and even preparing customers themselves for complying with the law. He added that Meralco offers such services to its customers, particularly business customers, through its subsidiary.

Atty. Pamintuan thanked the stockholders for their questions, as well as Atty. Espinosa for his answers. He stated that on questions regarding dividends and customer service, the concerned office will reply directly to the stockholders who sent the questions. He added that other questions not taken up will be referred to the responsible office/s to reply.

**ADJOURNMENT**

There being no other business to transact, the 58<sup>th</sup> Annual Stockholders meeting was adjourned at 11:28 a.m.

**SIMEON KEN R. FERRER**  
Corporate Secretary

**A T T E S T:**

**MANUEL V. PANGILINAN**  
Chairman of the Board

## **PROOF OF NOTICE**

I HEREBY CERTIFY, as duly elected, qualified and incumbent Corporate Secretary of Manila Electric Company (MERALCO), that written notice of the annual meeting of stockholders was sent to all stockholders of record at least twenty-eight (28) days before the date of the meeting, in accordance with the By-laws of the Company. A copy of the notice is attached as Annex "A" hereof.

Pasig City, Philippines, May 25, 2021.

  
SIMEON KEN R. FERRER  
Corporate Secretary