Corporate Governance

INSIDER TRADING POLICY

Version 2.0
July 2025

SENSITIVITY CLASSIFICATION: [Company Use]

1. Policy Statement

Manila Electric Company (MERALCO or the "Company") is fully committed to comply with all the applicable laws, rules, and regulations relating to its business operations including compliance with the Insider Trading rules prescribed under the Securities Regulations Code (SRC) of the Philippines or Republic Act No. 8799, as amended.

In this regard, the Company enjoins all individuals considered in the Policy as Insiders not to take undue advantage of material non-public information in dealing or trading Company shares while in possession of such information. As such, Company Insiders shall abstain from disseminating any such information or from engaging in the trading (buying or selling) of the Company shares until clearance is given by the proper authority.

2. Definition of Terms

For the purpose of this Policy, the following definitions of terms shall apply:

2.1 **Insider** are persons who are considered to have knowledge of material facts or changes in the affairs of the Company which are not yet publicly disclosed. The term covers any of the following persons in the Company or its subsidiaries:

- 2.1.1 All members of the Board of Directors;
- 2.1.2 All Key Officers as specified in the Company and its subsidiaries By-Laws and other similar corporate documents;
- 2.1.3 All Heads of Organizations and members of the Management Team;
- 2.1.4 Consultants and Advisers of the Company;
- 2.1.5 All other employees of the Company or its subsidiaries with regular access to material information which are not yet publicly disclosed;
- 2.1.6 All Secretaries and Executive Assistants of the above;
- 2.1.7 Relatives of the above persons who are living in the same household with them.

2.2 **Material non-public information**[1] - refers to any information which (a) has not been generally disclosed to the public and would likely affect the market price of the security after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information; or (b) would be considered by a reasonable person important under the circumstances in determining his/her course of action whether to buy, sell or hold a security.

While it is not possible to define all categories of material information, there are various types of information that are particularly sensitive and, as a general rule,

[1] As defined in Section 27.2 of the Securities Regulation C

should always be considered material in nature unless properly cleared by concerned authority. Such material[2] information include, but are not limited to:

2.2.1 Financial results
2.2.2 Projections of future earnings or losses
2.2.3 News of a pending or proposed merger
2.2.4 Change in the corporate structure such as a re-organization
2.2.5 Acquisition/Divestitures/Joint venture
2.2.6 Dividend declaration and changes in dividend policy
2.2.7 Stock splits
2.2.8 New significant equity investments or debt offerings
2.2.9 Significant litigation exposure
2.2.10 Major changes in key senior management positions
2.2.11 Public or private sale of company securities

2.3 **Relatives**[3] refer to relatives of up to the third degree, by consanguinity, affinity or legal adoption, including, spouse, parents, children (and their spouses), siblings (and their spouses), nieces and nephews (limited to children of brothers and sisters) [and their spouses], grandparents, and aunts and uncles (limited to brothers or sisters of parents); and a domestic partner and his/her relatives of up to third degree, by consanguinity, affinity or legal adoption. For purposes hereof, Relatives shall include first cousins.

2.4 **Structured Disclosures**[4] are the defined periodic reportorial requirements required by the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE) and the Philippine Dealing Exchange Corporation (PDEX).

2.5 **Unstructured Disclosures**[5] - any material fact or event that occurs, not covered by the structured reports, which would reasonably be expected to affect investors' decisions in relation to the trading of its securities.

3. General Rules

3.1 An Insider is enjoined from buying or selling, directly or indirectly, listed and publicly traded shares of Manila Electric Company (share code “MER) within the Blackout Period.

[2] Either positive or negative information may be considered material.
[3] As defined in the Company’s Conflict of Inetrest Policy
[4] Definition as provided in the PSE's Revised Disclosure Rules, Penalties and Fines Implementing Guidelines.
[5] Definition as provided in the PSE's Revised Disclosure Rules, Penalties and Fines Implementing Guidelines.

3.2 Blackout Period

3.2.1 The following shall be used as guide in determining the Blackout Period coverage:

3.2.1.1 Structured Disclosures - Ten (10) trading days before and two (2) trading days after the disclosure of structured reports.

3.2.1.2 Non-Structured Disclosures – Two (2) trading days after the disclosure of any material information other than the structured reports

3.2.2 To avoid possible violation of the Blackout Period policy, an Insider may consult the Corporate Governance and Compliance Office or the Office of the Compliance Officer prior to the trading of Company shares.

3.2.3 The Company's Compliance Officer is tasked to announce or disseminate the Blackout period notice at least one (1) week prior to the start of the Blackout period coverage as provided in Section 3.2.1.1 above.

3.2.4 The Company's or its Subsidiaries' Directors, Key Officers, Heads of Organizations, Consultants, Advisers, Secretaries, Assistants or any of their employees covered by this Policy shall be responsible for relaying the Blackout Period announcement to their Relatives for their guidance.

3.3 Trading of Directors and Key Officers of the Company (Excluding Subsidiaries)

3.3.1 Section 23 of the Securities Regulations Code prescribed that a director or an officer of the issuer of the security, shall file, at the time either such requirement is first satisfied or within ten (10) days after he becomes such a beneficial owner, director, or officer, a statement with the SEC and to the PSE and the PDEX (if the security is listed for trading) of the amount of all equity securities of such issuer of which he is the beneficial owner, and within ten (10) days after the close of each calendar month thereafter, if there has been a change in such ownership during such month.

3.3.2 Likewise, Section 13 of the PSE's Revised Disclosure Guidelines required the disclosure of the direct and indirect ownership of its directors and principal officers of the Company securities (or shares) within five (5) trading days after in any of the following circumstances:

3.3.2.1 The Issuer's securities are first admitted in the Official Registry of the Exchange;

3.3.2.2 Director is first elected or an Officer is appointed; or

3.3.2.3 Any acquisition, disposal, or change in the shareholdings of the Directors and Officers.

3.3.3 All Directors and Key Officers of the Company shall submit their accomplished Statement of Changes in Beneficial Ownership given the above mentioned circumstances not later than one (1) trading day after the event occurrence to the Compliance Officer.

3.3.4 In any of the above circumstances, the concerned Company Director or Key Officer shall immediately accomplish the Statement of Changes in Beneficial Ownership or SCBO and submit the same to the Office of the Compliance Officer for review and validation. The validated SCBO shall be submitted to the Office of the Compliance Officer not later than one (1) trading day after the occurrence of the event.

3.3.5 The Compliance Office shall ensure that the accomplished SCBO shall be submitted to the PSE and SEC within two (2) trading days after the event occurrence.

3.4 Consequences of Non-Compliance by Insiders

Violation of this Policy shall be subject to disciplinary action, without prejudice to any civil or criminal proceedings which the Company or regulators may file for violation of existing laws. Insider trading under the law may be subject to penalty for damages or fine and /or imprisonment which includes the following:

Insider	Disciplinary Action
Directors	As prescribed by the Manual of Corporate Governance
Officers and Employees	1st Offense: Reprimand 2nd Offense: Suspension (30 days) 3rd Offense: Dismissal
Subsidiaries	Reprimand to dismissal, as prescribed in Company's Code on Right Employee Conduct or COREC or its equivalent

3.5 Penalties provided by Laws and Regulations

3.5.1 Section 61 of the Securities Regulation Code (SRC) provides that, "any insider, who violates Section 27.1 (Insider's Duty to Disclose When Trading) and any person in the case of a tender offer who violates Subsection 27.4 (a)(i), or any rule or regulation thereunder, by purchasing or selling a security while in possession of material information not generally available to the public, shall be liable in a suit brought by any investor who, contemporaneously with the purchase or sale of securities that is the subject of the violation, purchased or sold securities of the same class unless such insider, or such person in the case of a tender offer, proves that such investor knew the information or would have purchased or sold at the same price regardless of disclosure of the information to him.

3.5.2 Section 2 of the Revised PSE Disclosure Guidelines prescribes the penalty for non-compliance with the requirement for Non-Structured Disclosures to the Company (as the Listed Company), which include the submission of the Statement of Changes in Beneficial Ownership or SCBO within a twelve- (12-) month period, as follows:

3.5.2.1 First Violation: P50,000.00
3.5.2.2 Second Violation of a similar nature: P75,000.00
3.5.2.3 Third: Violation Suspension of trading of the issue for a period of one (1) month
3.5.2.4 Fourth Violation shall be a Ground for delisting

3.5.3 An additional fine of P1,000.00 shall be imposed on each trading day during which the offense continues until and including the day on which the violation is rectified. Failure to pay within one (1) month from the imposition of the penalty and any additional fine imposed will result in the suspension of trading of the securities of the Listed Company.

3.5.4 The Company shall have recourse against the Insider for monetary penalties assessed by regulators for the violation of insider trading rules.

4. Roles and Responsibilities

4.1 Compliance Officer and Corporate Governance and Compliance Office

4.1.1 The Compliance Officer, with the assistance of the Corporate Governance and Compliance Office, shall be primarily tasked with the responsibility of ensuring compliance with the Policy.

4.1.2 The Compliance Officer shall, after proper investigation, notice and/or hearing, determine and recommend to the Board or the Organizational Head of the respondent, the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent repetition of the violation. For this purpose, the Compliance Officer may delegate the investigation to any assisting investigating unit in accordance with applicable Company codes and policies.

4.2 **Directors, Officers, and Employees considered as Insiders**

4.2.1 Commit to strictly comply with this Policy and endeavor the same commitment from their respective relatives.

4.2.2 Consult with the Corporate Governance and Compliance Office when in doubt about the best course of action in a particular situation relating to a subject matter of this Policy.

4.2.3 Report to Corporate Governance and Compliance Office in good faith any potential or existing violation of the Policy that may come to their knowledge.

4.2.4 Provide truthful information and cooperate fully with the Compliance Officer or his/her Assisting Invetigating Unit, in any investigation on a non-compliance with the Policy, including making available for examination all necessary records and information.

5. Communication and Training Process

5.1 All Company directors, officers and organizational heads are tasked to ensure the thorough dissemination of this Policy to all employees and related third parties, and to likewise enjoin compliance in the process.

5.2 An adequate number of printed copies of this Policy must be reproduced and distributed to each department of the Company.

6. Effectivity

The Policy shall take effect immediately upon approval by the Board. It supersedes the previous policy which became effective on 01 December 2014.

Approval Sheet

We have reviewed the contents of this document described as Insider Trading Policy and hereby approve its implementation effective July 28, 2025.

Endorsed by **Nomination and Governance Committee**:

(Sgd.) Mr. Pedro Emilio O. Roxas
Chairman

Approved by **MERALCO Board of Directors**:

(Sgd.) Mr. Manuel V. Pangilinan
Chairman

Prepared by Corporate Governance Office