



Pangako

**Powering better lives
120 years and beyond**

**Annual & Sustainability
Report 2023**



Our Theme

Most Filipinos are focused on the challenges of their day-to-day lives, to the point that they cannot afford to plan for their future.

Meralco's 120 years of service has allowed countless Filipinos to become productive and improve their everyday lives that they are now able to plan and dream farther into their future.





Pangako

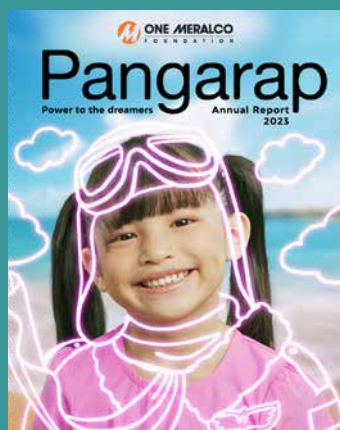
Our book features a child whose possibilities for the future are bright and endless. The child surrounded by the glow of a spacesuit signifies that with Meralco's illumination, no dream is beyond reach.

Pangako (Promise) is the pledge Meralco has been fulfilling to the nation, going beyond mere illumination of homes to enriching lives and empowering communities.

This commitment has been upheld over 120 years of unwavering service and dedication, solidifying Meralco's pivotal role in energizing every home and business it serves:

- Resiliently enlightened by the past
- Digitally empowering the present to enable the digital customer, through a digital grid, and with a digital enterprise for a simpler, faster, more convenient experience
- Sustainably energizing the future with investments in network expansion, resiliency projects, and renewable energy sources to empower customers with energy efficient solutions and sustainable options

We vow to continue upholding this promise well into the future; in the face of countless adversities and challenges, we aim for the stars in everything we do to fulfill our mission in providing our customers the best value energy solutions—reliably, affordably, superbly, and sustainably.



Pangarap

One Meralco Foundation talks about the aspirations of countless Filipinos. We highlight *Pangarap* (Dream) in a young Filipino with her head in the clouds, dreaming of her future as she is by the shore of a beach.

Pangarap is more than the sustainability efforts of Meralco in local communities. It is a cycle: Meralco drives us to advance the hopes and dreams of the people, while their hopes and dreams drive us to advance community-driven initiatives and programs.

In addition to providing energy for low-income communities, One Meralco Foundation also established initiatives towards the education of the youth to empower the next generation of Filipinos in 2023. By partnering with different schools and organizations, we taught the youth, and even the adults, the power of sustainability and education.

Through the One Meralco Foundation, we are able to light the way for Filipinos who have lost hope by giving them a greener and brighter future to look forward to.

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*Para sa amin,
ang pagbibigay ng liwanag
ay pagbibigay din ng pag-asa,
at pag-ambag sa ikabubuti
ng kapaligiran at lipunan.*

(To us, bringing light means bringing hope and making positive contributions to the environment and society.)

In addition to creating positive contributions through our programs for customers and operational improvements, the Group also ensures compliance with all relevant laws and releases required disclosures.



ABOUT THE REPORT

Manila Electric Company's ("Meralco", "the Company") Annual and Sustainability Report ("ASR") highlights our and our subsidiaries' (collectively as "One Meralco" or "the Group") accomplishments in 2023. This report provides our financial, operational, and environmental, social, and governance ("ESG") performance and discusses our impact on our stakeholders' lives.

This report is best read in conjunction with the 2023 One Meralco Foundation ("OMF") Annual Report, which details OMF's initiatives and achievements.

Scope and Coverage

Our CASR covers One Meralco's consolidated financial, operational, and ESG performance for 2023. Data from earlier years are also included for comparison purposes.

One Meralco uses the GHG Protocol, a global standard for greenhouse gas ("GHG") emissions measurement and monitoring, from the World Resources Institute ("WRI") and the World Business Council for Sustainable Development ("WBCSD"). As a group, our GHG emissions are measured through the equity share approach, where the emissions are accounted for based on the accounts' share of equity in the business.

Philippine Financial Reporting Standards ("PFRS")

The accompanying audited consolidated financial statements in this report were prepared in accordance with PFRS issued by the Philippine Financial Reporting Standards Council ("PFRSC") which govern the preparation of financial statements in the Philippines. The PFRS were patterned after the revised financial reporting standards issued by the International Accounting Standards Board ("IASB").

Integrated Annual Corporate Governance Report ("I-ACGR")

All corporate governance-related information in this report was prepared in line with the I-ACGR, a tool developed by the Securities and Exchange Commission ("SEC") for publicly listed companies ("PLCs") to disclose compliance/non-compliance with the recommendations provided under the SEC's Corporate Governance Code for PLCs.

ASEAN Corporate Governance Scorecard (“ACGS”)

Disclosures on corporate governance in this report were aligned with the recommended best practices prescribed in the ACGS, which was developed based on the Group of 20 (“G20”) and the OECD’s Principles of Corporate Governance.

Global Reporting Initiative (“GRI”) Standards

This report was prepared with reference to the GRI Standards. The GRI Standards are the world’s most widely used sustainability reporting framework, enabling organizations across the globe to disclose their ESG impacts on stakeholders in an empirical and comparable manner.

Sustainability Accounting Standards Board (“SASB”) Standards

There was adherence to the SASB Standards for Electric Utilities and Power Generators in the development of this report. The SASB Standards require disclosure of sector-specific data that is financially material to all organizations within a single industry.

Task Force on Climate-Related Financial Disclosures (“TCFD”) Guidance

We adopted the climate-related disclosure recommendations of the TCFD. The Sustainability section of this report discusses in detail the Group’s governance structures and policies, strategies, risk management system, and processes, as well as metrics and targets related to climate change.

Reporting Principles

In addition to adopting the Global Reporting Initiative (“GRI”) Standards, Sustainability Accounting Standards Board (“SASB”) Standards, and Task Force on Climate-Related Financial Disclosures (“TCFD”) Guidance, all ESG disclosures in this report were prepared in line with the AccountAbility AA1000 Principles by:

- Identifying ESG issues material to One Meralco and disclosing performance on these topics within the reporting period (Materiality);
- Understanding the key expectations and concerns of the Group’s stakeholders through various engagement channels (Inclusivity);
- Ensuring complete, accurate, and timely coverage of the information presented in this report (Responsiveness); and
- Being accountable for the Group’s impact throughout its operations and value chain, as well as mapping its contributions to the United Nations’ Sustainable Development Goals (Impact).

Meralco engaged two separate auditing firms for the independent review and evaluation of all the financial and ESG information reported in this ASR.

External Assurance GRI 2-5

SyCip Gorres Velayo & Co. (SGV), a member firm of Ernst & Young International Ltd., was appointed by Meralco’s stockholders to audit the Company’s consolidated financial statements as of and for the year ended December 31, 2023. SGV’s Independent Auditor’s Report and Audited Financial Statements can be found on pages 242-257.

Meanwhile, DNV Business Assurance Singapore Pte. Ltd. (“DNV Singapore”), the Singapore branch of DNV Group AS, was commissioned by Meralco to audit the Company’s ESG performance data for 2023. The DNV Singapore’s Independent Assurance Statement can be found on a separate Appendices booklet.





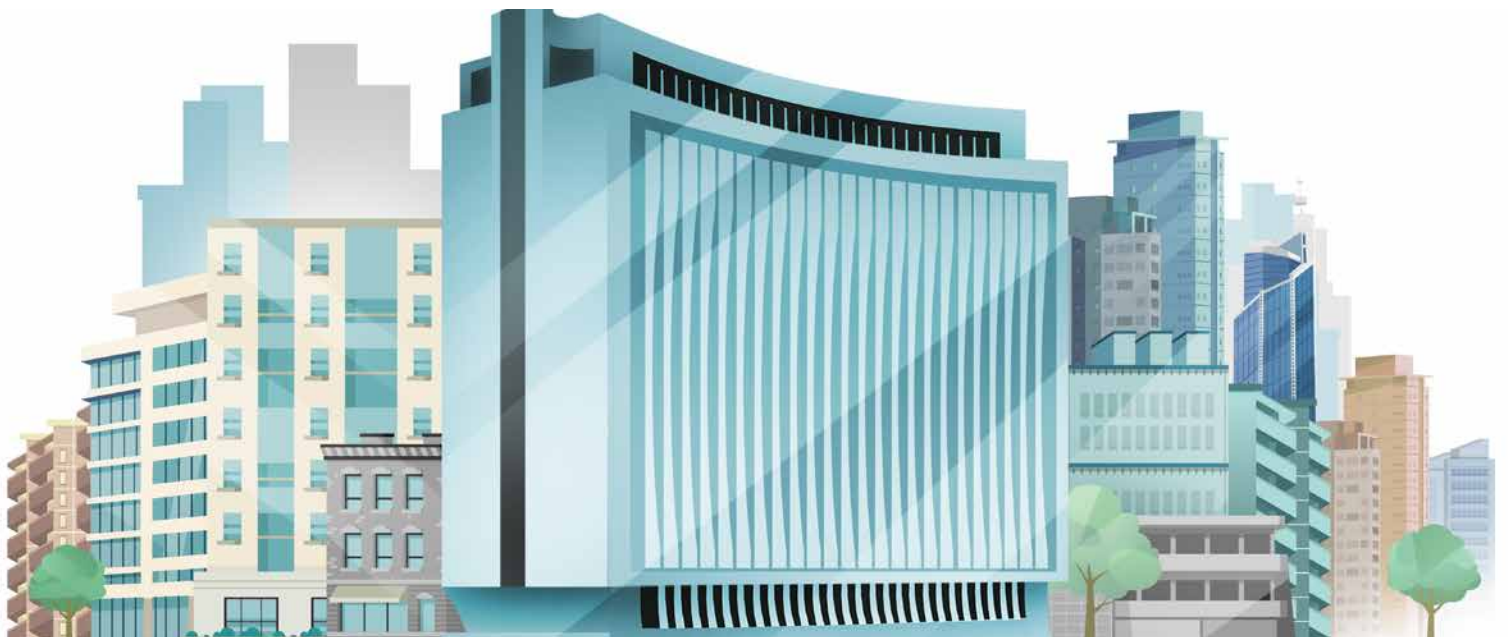
Who We Are



OUR BRAND

We envision a brighter tomorrow for everyone.
We are dedicated to always getting better,
so we can serve our customers—
the people, businesses, communities, and the country—
more effectively.

Together, as a Group, we are broadening our focus from energy
to include mobility, technology, and connectivity.
We are on the lookout for solutions that promote
sustainable growth and development
for future generations.



The Meralco brand is our most important and enduring intellectual capital.

For more than a century, Meralco has been providing power to ensure progress, energizing its customers and communities to take part in building the nation.

The name MERALCO started as an acronym for the company name that was established in 1903 as the Manila Electric Railroad and Light Company.

The name became so ingrained in the identity of the company that it decided to keep it as a public name even after its re-organization into the Manila Electric Company in 1919.

The Meralco symbol has undergone several faces and distinct modifications in the past years.

Each evolution of the logo reflects the shift in its strategic priorities as it aligns with the changing market and customer behavior.

1903

Established as Manila Electric Railroad and Light Company



1920



1925



1930



1936



1948

Meralco focused on electricity

1961

First Philippine company to issue mortgage trust indenture bonds on US Wall Street

1963



1969

First billion peso company in the Philippines

1970

Sold generation to National Power Corporation Focused on distribution

1980

Operated the first Light Rail Transit system in the Philippines: Baclaran to Caloocan

Turned over to government at the end of the decade

1989

In March 1989, the new logo was introduced to signal Meralco's renewed focus on the customer.



The leaning M suggests mobility, a company always on the go and forward looking, one that adapts to the changes of the times. The jagged edges represent its core business of power. The circle embodies its holistic approach in delivering electricity round the clock.



VISION

To be a world-class energy solutions provider, powering our nation and empowering our people today and for generations to come



MISSION

To provide our customers the best value energy solutions reliably, affordably, superbly, and sustainably



PURPOSE

"Tagapaghatid ng liwanag"
(bearers of light)



PROMISE

Powering your life is our solemn duty



VALUES



CUSTOMER CENTRICITY

Our power comes from our customers who are our reason for being. We deliver outstanding customer experience. We live for our customer, the community, and our country.



SUSTAINABILITY

Sustainability is core of all we do. We work to preserve our planet, to empower our people, to power our communities, and to create prosperity for all.



MALASAKIT (SOLICITUDE)

Sa lahat ng aming tungkulin at gawain, lubos ang pagbibigay ng sarili. Tunay na malasakit ang nasa puso namin, bilang mga tagapaghatid ng liwanag. (In all our duties and in all that we do, we give our all. As bearers of light, we carry in our hearts genuine care and concern for others.)



INNOVATION

We are passionately innovative, leveraging technology to constantly improve our operations and provide better customer and employee experiences.



EXCELLENCE

Excellence is our way of life. We strategize brilliantly, decide resolutely, and execute flawlessly.



BAYANIHAN (COOPERATIVE SPIRIT)

Mahal namin ang aming kapwa at kababayan. Sa lahat ng oras, handa kaming tumugon, tumulong, at maglingkod. (We love our fellowmen and countrymen. We are ready to respond, help, and serve at all times.)



INTEGRITY

We value ethical behavior and employ good governance practices that meet global standards.



Our Shareholders

Meralco group’s progress continues. We seized 2023’s opportunities to improve operations to serve more customers. We acknowledge our shareholders, JG Summit Holdings, Metro Pacific Investment Corporation Group, and other institutional and individual investors who continue to provide us with their unwavering support in all our business decisions and initiatives.

Name of Shareholder and Beneficial Owner	% TO TOTAL SHARES
Metro Pacific Investments Corporation Group *	47.46%
JG Summit Holdings, Inc.	26.37%
Institutional investors and public float	26.11%
Meralco's directors and officers	0.06%
TOTAL	100%

* Includes Beacon Electric Asset Holdings, Inc.



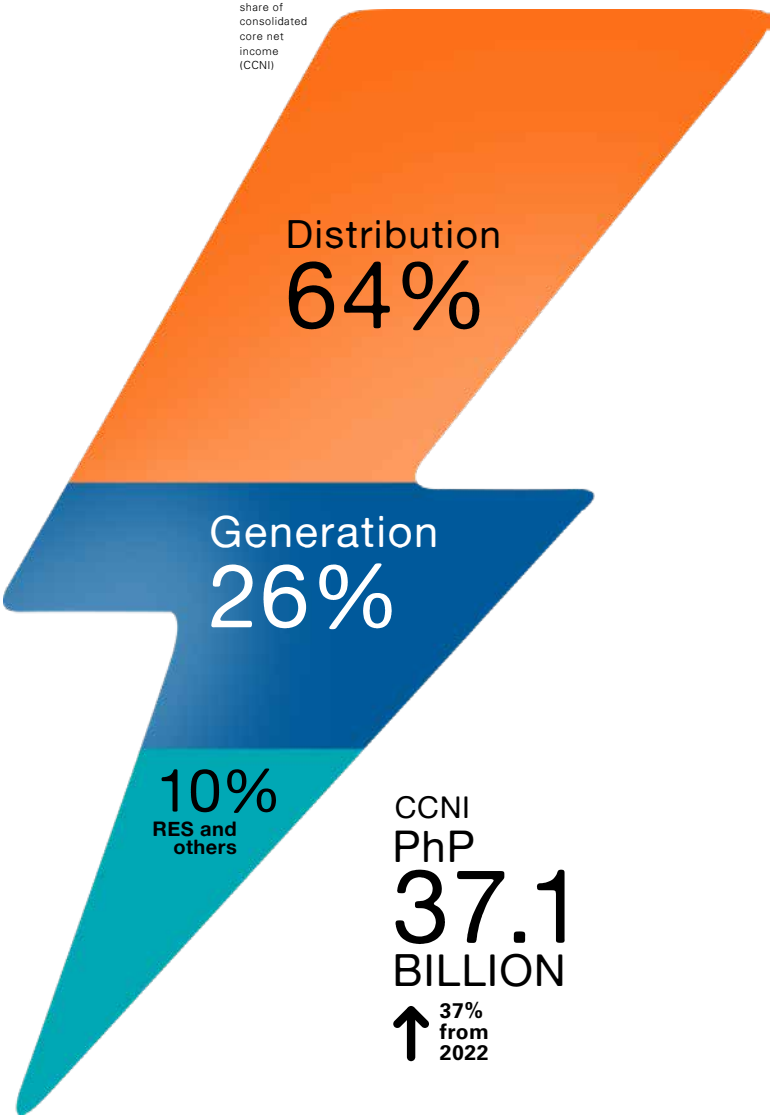
Our Portfolio

Meralco continues to adapt to the changing needs of the time. Beyond energy distribution, we constantly explore technologies and enhance the operations of our subsidiaries, affiliates, and other business units to deliver better service and support economic and societal progress.

CCNI was at a record high, with a 37% increase from the previous year.

The Distribution Utility’s CCNI contribution was higher by 15% versus 2022.

Notably, total Power Generation, Retail Electricity Supplier (RES), and non-power subsidiaries’ collective contribution to the Group’s CCNI also increased to 36% from the previous year’s 24%.



Financial Highlights

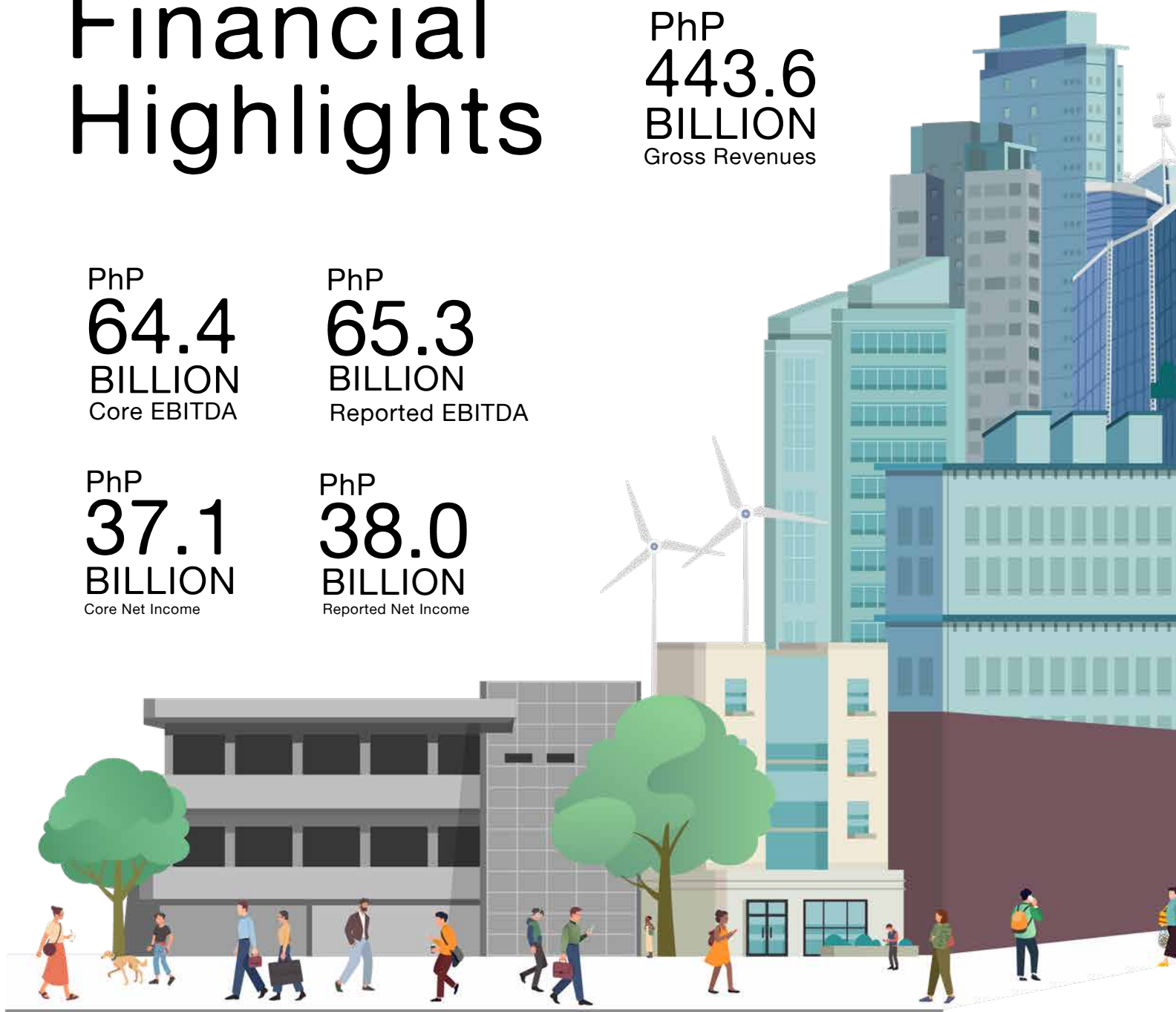
PhP
443.6
BILLION
Gross Revenues

PhP
64.4
BILLION
Core EBITDA

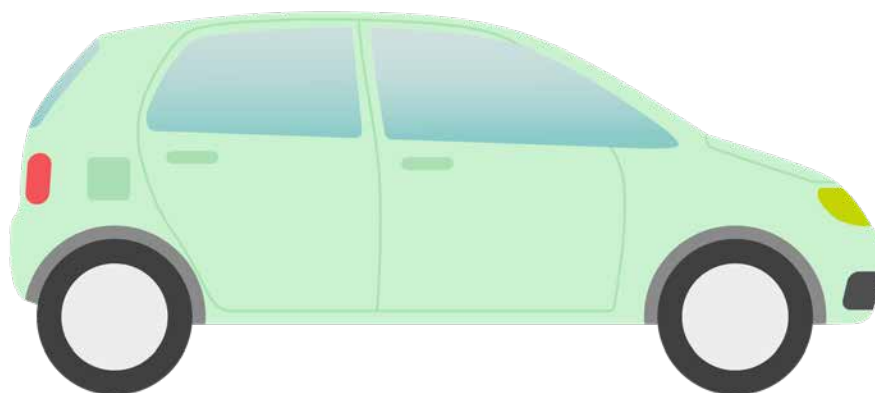
PhP
65.3
BILLION
Reported EBITDA

PhP
37.1
BILLION
Core Net Income

PhP
38.0
BILLION
Reported Net Income



PHP
19.8
Cash Dividends per Share
Declared out of 2023
Core Earnings



Operational Highlights

51,044
GWh

Energy Sales

PhP/kWh

10.6

Overall Average
Retail Rate



7.8

MILLION

Customer Accounts

99.97%

Franchise Area
Electrification Rate*

*actual energized over protection
based on 2020 population census

2,241MW

Generation Capacity
Attributable to MGen

92%

Customer
Experience Score

8.2

Customer
Satisfaction Index



ESG Highlights

Environmental,
Social, and
Governance

45,069

MtCO₂e

Group-wide Equity-
Adjusted Absolute
Emissions

6,444

MtCO₂e

Scope 1

2,273

MtCO₂e

Scope 2

375
MILLION

Total Spend on Corporate
Social Responsibility
Efforts (programs and
donations)

36,352

MtCO₂e

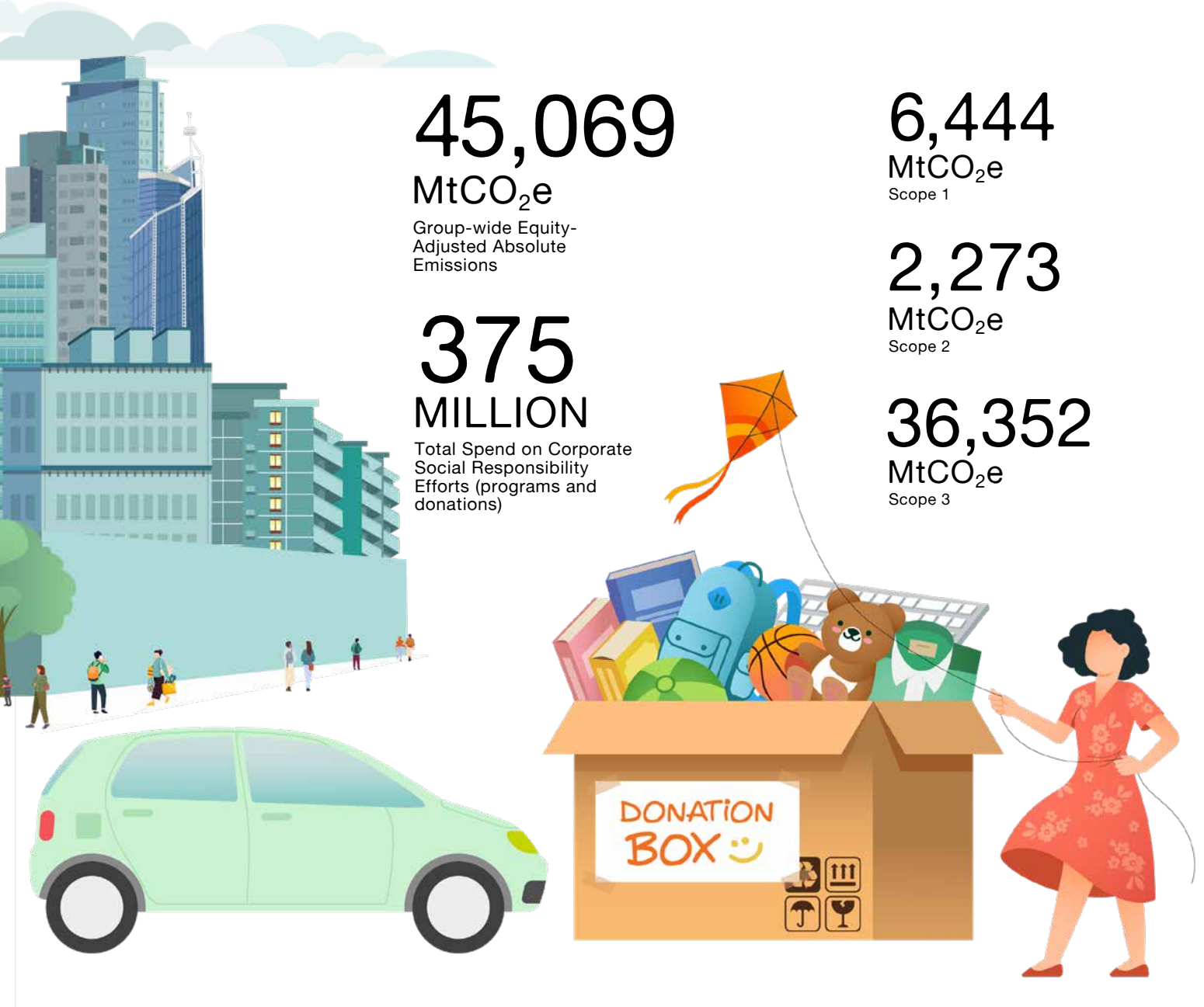
Scope 3

95%

Solid Waste
Diversion Rate

0.35

Lost Time Injury
Frequency Rate
(LTIFR)



Certifications

CERTIFICATION STANDARD	LINE ORGANIZATION/ SUBSIDIARY	VALIDITY
ISO 14001:2018 - Environmental Management System	Facilities, Safety, and Security Management / Meralco Operating Center	2022–2024 (Subject to annual surveillance audit)
	Networks / Sub-transmission Services San Joaquin Pasig Sector Balintawak Sector Plaridel Sector Dasmariñas Sector Rizal Sector Manila Sector San Pablo Sector Paranaque Sector Sta. Rosa Sector	
	Meralco Industrial Engineering Services Corporation (MIESCOR)	2022–2025 (Subject to annual surveillance audit)
ISO 45001:2018 - Occupational Health and Safety Management System	Facilities, Safety, and Security Management / Meralco Operating Center	2022–2024 (Subject to annual surveillance audit)
	Networks / Sub-transmission Services San Joaquin Pasig Sector Balintawak Sector Plaridel Sector Dasmariñas Sector Rizal Sector Manila Sector San Pablo Sector Paranaque Sector Sta. Rosa Sector	
	Meralco Industrial Engineering Services Corporation (MIESCOR)	2022–2025 (Subject to annual surveillance audit)
SO 9001:2015 - Quality Management System	Networks Sub-transmission Services - San Joaquin San Pablo Sector Balintawak Sector Sta. Rosa Sector Dasmariñas Sector Valenzuela Sector Manila Sector Kamuning Substation Paranaque Sector Support Pasig Sector Technical Services Plaridel Sector Building Rizal Sector Transportation Building	2022–2024 (Subject to annual surveillance audit)
	Supply Chain Management	2022–2024 (Subject to annual surveillance audit)
	Meralco Industrial Engineering Services Corporation (MIESCOR)	2022–2024 (Subject to annual surveillance audit)
DOLE/DOH/DTI Safety Seal	Customer Retail Services Angono Business Center Los Baños Business Center Antipolo Auxilliary Business Center Mandaluyong Business Center Cainta Business Center Marikina Business Center Calamba Business Center Masinag Auxilliary Business Center España Business Center Pasig Business Center Sta. Cruz Business Center	2022–2023 (Subject to annual surveillance audit)



Awards & Recognitions Received in 2023

MVP Receives Papal Award for Humanitarian Service

In a poignant ceremony held at the Manila Cathedral – Basilica of the Immaculate Conception on January 17, 2024, Pope Francis through Manila Archbishop Jose Cardinal Advincula, bestowed upon Manuel V. Pangilinan, Chairman and Chief Executive Officer of Meralco, the esteemed Cross Pro Ecclesia Et Pontifice, the highest papal award for the laity.

The Cross Pro Ecclesia Et Pontifice, meaning “For Church and Pope” is a distinguished recognition granted by the Pope to individuals who have demonstrated exceptional service to the Catholic Church. Originating from Pope Leo XIII in 1888, this prestigious gold medal showcases the likeness of the Apostles Peter and Paul.

During the moving ceremony, Cardinal Advincula underscored the profound impact of Mr. Pangilinan’s decades-long commitment to Christian charity and humanitarian causes, echoing the sentiments of gratitude and admiration shared by many.

Mr. Pangilinan’s receipt of the Cross Pro Ecclesia Et Pontifice stands as a testament to his exemplary leadership, compassion, and commitment to making a positive difference in the lives of others, embodying the core values of Meralco and inspiring individuals to contribute meaningfully to the betterment of society.



Awards & Recognitions Received in 2023



Safety Organization of the Philippines, Inc. (SOPI)

MIESCOR
4 Perfect Safety Record Awards
2 Awards of Honor
1 Award of Excellence

Miescor Builders, Inc. (MBI)
1 Award of Excellence

Bureau of Fire Protection (BFP) – Quezon City

MIESCOR
Kaisa Star Seal Award

League of Corporate Foundations

Outstanding CSR Collaboration
Project for “Light Up to Wash
Up: the Electrification of a Water
Access System for Dumagats of
Ipo Watershed”

International Business Awards (Stevies) 2023

- Thought Leader of the Year
Jeffrey O. Tarayao (Gold)
- CSR Program of the Year in Asia, Australia and NZ
 - Electrification for Development (Bronze)
 - One For Trees (Bronze)
 - Powering Up Communities During
the Pandemic (Bronze)
- Sustainability Hero of the Year Raymond B. Ravelo
(Gold)
- Sustainability Initiative of the Year (Silver)
- Sustainability Leadership Award in Asia, ANZ
(Gold)
- Sustainability & Environment -
Meralco's MSpectrum on solar rooftop installation
(Gold)
- #MBrace, Diversity and Inclusion Program
(Bronze)

20th Quill Awards

- Meralco Advances Diversity and Inclusion
through #MBrace
- Meralco's 2021 Corporate Reports
- The New Meralco Bill
- Light Up Pilipinas
- Electrification for Development
- One For Trees
- The 10th Philippine Electric Vehicle Summit
2022
- Meralco Storm Watch
- Liwanag Sa Dilim: Typhoon Odette Restoration
- Meralco's Always On Content in the New
Normal
- Power Supply and Energy Management
Education
- Meralco's MSpectrum on Solar Rooftop
Installations

58th Anvil Awards

- School Electrification Program: Energizing off-
grid island and mountain schools from far-flung
communities during the continuation of face-to-
face learning in the country
- Emergency Preparedness & Disaster Response
Program: One Meralco Foundation Typhoon
“Odette” Disaster Response Programs
- One Meralco Foundation Household
Electrification Program 2022
- Teacher Frontliner: A Back-to-School Program
- 2021 Meralco Sustainability Report
- Powering the Good Life: Meralco
communicates its multifaceted sustainability
agenda
- #Mbrace – Meralco's Gender Diversity and
Inclusion Program

Institute of Corporate Directors (ICD)

Three (3) Golden Arrow Awards

Sustainable Company Awards 2023 by Environmental Finance

Asia Pacific Thought Leader of the Year





Our Leadership



To fellow stakeholders,



In 2023, Meralco finally recovered its health from the ravages of the COVID-19 pandemic. Over a three-year period, regulations evolved, weather and climate patterns shifted, and market patterns changed. Despite these challenges, our Company achieved record-breaking sales of 51,044 GWh—a 4.4% increase from 2022. This growth was seen in both the Commercial and Residential segments—and all indications suggest that we will continue to break records this 2024, given a lower unemployment rate of 4.3% in 2023, combined with a 5.6% growth in household consumption. In addition, with committed projects set to raise installed power capacity by 12,427.65 MW over the next five years, the outlook for the power sector looks encouraging.



51,044
GWh
Consolidated
Energy Sales
↑ 4.4% FROM 2022



*Pangakong
natupad*

(A promise fulfilled)

With experts foreseeing a gradual economic resurgence in the coming years, driven by improving global conditions and infrastructure investments, Meralco is optimistic that it can build on its twelve decades of service, and provide shareholders consistent and satisfying growth.

POWER



Energy distribution is the core of our business, and in addition to our record-breaking sales, our power reliability metrics reached an all-time best, leading to reduced frequency and duration of power interruptions. From the critical and groundbreaking partnerships that defined the recovery efforts of the pandemic years, we have embraced even more inspirational collaborations. This included ensuring uninterrupted power supply for the 2023 Barangay and Sangguniang Kabataan elections and upholding our nation's honor as we hosted the 2023 FIBA Basketball World Cup.

Cognizant of our role in advancing the energy transition for the country, our power generation arm, Meralco PowerGen Corporation ("MGen"), under its own renewable energy subsidiary, MGen Renewable Energy, Inc. ("MGreen"), achieved significant milestones with the construction of two new power solar plants. MGreen's joint venture with Vena Energy's Pasuquin Energy Holdings Inc., Nuevo Solar Energy Corp. ("NSEC"), a 68 MWac solar project located in Ilocos Norte, achieved full capacity in February and was officially inaugurated in March 2023. Additionally, PH Renewable Inc.'s ("PHRI") 75 MWac solar plant in Baras Rizal—developed in partnership with Mitsui & Co Ltd.'s local unit, Mit-Renewables Philippine Corporation—completed commissioning tests for Phase 1 of the project with 67.5 MWac.

In December 2023, MGreen secured 50.5% voting interest in SP New Energy Corporation ("SPNEC") through a PhP 15.9 billion investment for the development of 3,500 MWp Solar Facilities and a 4,500 MWhr battery energy storage system. These developments mark a substantial investment in the Renewables space and raise our capacity in this important power sector.

The lingering effects of the Fuel Cost Recovery Adjustment ("FCRA") still affected MPower and Vantage Energy, Meralco's Retail Electricity Supply (RES) units, as they reported combined energy sales of 6,159 GWh by the end of 2023—a 21.6% decline from 2022. MSERV has since returned to the market with the acquisition of new/old accounts. Moving forward, MPower and Vantage Energy will continue to provide reliable and efficient electricity supply to their customers while reinforcing our commitment to making renewable energy available in the retail electricity market.



TERRA SOLAR PROJECT

3,500
MWp Solar
Facilities



4,500
MWhr Battery storage
system



PLANET

As we continue our journey towards low-carbon energy distribution, significant achievements underscore Meralco's progress in championing sustainability. Aside from our inaugurated solar plants in Ilocos and Rizal, two more solar projects currently under development also secured winning bids in the second round of Green Energy Auction Program ("GEAP") sponsored by the Department of Energy (DOE). The awarded projects include a 49 MWac solar power plant in Cordon, Isabela, and an 18.75 MWac solar power plant in Bongabon, Nueva Ecija.

Expanding our efforts in vehicle electrification, we have rolled out nearly 160 electric vehicles (EV) distributed among business centers and sector offices as well as 12 fast chargers in strategic locations across our franchise area. Meralco has exceeded the 5% target of the DOE, with 7% of our fleet now converted into EVs, en route to electrifying 25% of our service fleet by the end of this decade. Our EV venture, Movem (formerly e-Sakay), is poised to pilot a 2-wheeler offering and complement the on-going deployment of EV charging infrastructure.

Yet another milestone in 2023 is our One For Trees Program reaching 2 million trees planted. These are just a few of our numerous efforts that demonstrate our commitment to environmental conservation and fulfill our role as stewards of the planet.

2 MILLION

Trees planted





PEOPLE

Meralco employees are the heartbeat of our business.

We continue to emphasize inclusivity in the workplace by promoting gender balance and improving women's representation in the workforce. Our Meralco Women Line Crew Program and female engineering scholarships like MPowerHer underscore the Company's commitment to diversity and inclusion. This resulted in 22% women representation in our workforce by Q3 2023. These efforts contribute to a more inclusive and empowered workforce, as employees become better-equipped to thrive in a dynamic and evolving environment.

In August 2023, we likewise launched the Filipino Scholars and Interns on Nuclear Engineering (FISSION) program to help develop the Philippines' technical and regulatory talent in nuclear power, with the view of attaining an energy mix that includes nuclear energy.

22%
women
representation

PROSPERITY

Our commitment to fostering prosperity and sustainable development both within and beyond our franchise area remains fixed and inviolate.





Through One Meralco Foundation, Inc.'s (OMF) Balik-Eskwela Project, MGen and its subsidiaries continued their support for quality education in host communities. In September 2023, MGen employees from GBP subsidiaries distributed more than 300 backpacks filled with essential school supplies and hygiene kits to young students across various schools, including Labne Elementary School in San Miguel, Bulacan; Sitio Malalim Elementary School in Baras, Rizal; E. Pesa Elementary School in Bongabon, Nueva Ecija; and Caridad Ibaba and Caridad Ilaya Elementary Schools in Atimonan, Quezon.

We also conducted training programs for adult community members. Our Klinika-Kaalaman Program provided essential skills training to the barangay tanods of Brgy. Tibagan, San Miguel, Bulacan. This initiative aims to enhance their ability to maintain peace and order within their respective communities.

300
Backpacks
distributed

Furthermore, Atimonan One Energy, a subsidiary of MGen, organized a free leadership and communication skills training for 30 leaders of Civil Society Organizations (CSOs) in Atimonan, Quezon Province. This initiative aimed to enhance communication and leadership skills among participants representing various sectors, including farming, fishing, business, livelihood, and cause-oriented groups, for more effective organizational leadership.



Pangakong ilawan ang kinabukasan

(A promise to light the path towards a brighter future)



Meralco continuously evolves to anticipate and meet the needs of our customers, while fostering environmental stewardship and sustainable growth. Our plan is to deploy PhP 101 billion in capital investments through 2030 which will focus on modernizing our generation and distribution infrastructure, expanding renewable energy capacity, and enhancing operational efficiency to reduce cash costs.

Central to our vision is a low-carbon transition aimed at meeting the country's growing energy demand with more sustainable power solutions. We are dedicated to deep decarbonization and aspire to achieve sustainability leadership in the energy sector for a coal-free future by 2050. In November 2023, Meralco signed a cooperative agreement with US-based Ultra Safe Nuclear Corporation (USNC) for the conduct of a pre-feasibility study on Micro-Modular Reactor (MMR) deployment in the Philippines. With a target to contract 1500 MW of renewable energy, we are positioned to contribute to a more sustainable energy landscape.

Furthermore, we recognize the importance of customer engagement and service enhancement in today's dynamic landscape. The advanced metering infrastructure pilot—through the deployment of smart meters and smart streetlights in strategic areas—aims to further empower customers with better visibility and control over their electricity usage, leading to potential cost savings, improved efficiency, and enhanced reliability of service. This will also provide the necessary infrastructure and capabilities to support the integration of rooftop solar panel installations into the grid, facilitating a more efficient, reliable, and sustainable energy system.

All that said, there is still so much ground to cover. Meralco is resolute in navigating the future with resilience and foresight as we hope for improved global conditions and more infrastructure investments. It is with these bright prospects that we welcome a very dynamic leadership team and structure.

We thank Ray Espinosa, who served as Meralco's President and CEO from January 2019 to May 2023, and was our beacon of stability and strength during the turbulent times of the pandemic and its early recovery stages, ensuring that the lights stayed on for customers while keeping employees as safe and cared for as possible. As I take on the role of Chief Executive Officer, I am supported by Ronnie Aperoch, who assumed the position of Chief Operating Officer of the distribution utility, and Ferdie Geluz, who stepped into the role of Chief Revenue Officer for the group. I would like to see more Senior Officers—coming from the inside as well as outside—to join our ranks and reinforce our bench. Together with the new Management committee and key officers, you can be assured of our commitment to pursue the Group's aspirations as we apply for the renewal of our distribution franchise.

We extend our most sincere and heartfelt gratitude to the members of the Meralco Board of Directors for their constant support, guidance, and governance; our employees for their enduring hard work and dedication; and our shareholders and customers for their continued trust.

A sustainable future is our offer and our promise. We are committed to improving the lives of all our stakeholders. Leveraging 120 years of experience, we are energized to adapt to the growing digital landscape, and with a hopeful eye towards what lies ahead, we are determined to drive positive change, foster prosperity, and realize the promise of a cleaner, greener, and more sustainable energy future—enabling at the end, a better and brighter life for all.

(signed)

Manny V. Pangilinan
Chairman and Chief Executive Officer

“A sustainable future
is our offer and
our promise.”



Meralco has stood at the forefront of the Philippine energy sector for over a century, championing innovation, sustainability, and customer satisfaction. Our current leadership team—**Ronnie Aperoch**o, Chief Operating Officer; **Ferdie Geluz**, Chief Revenue Officer; and **Jimmy Azurin**, MGen President and CEO—discuss the company’s achievements, initiatives, and plans. Under their unified vision, we continue to evolve, embracing pioneering and transformative solutions. Looking back at 2023, these leaders reflect on Meralco’s key achievements and how these advances aligned with the Company’s long-term goals.

What can you say about the operational milestones Meralco achieved in 2023 and the challenges faced in implementing them?

Ronnie Aperocho: In 2023, Meralco celebrated 120 years of service, and it was fitting how we achieved new benchmarks in operational excellence. Our all-time high Consolidated Core Net Income (CCNI) of PhP 37.1 billion was a standout, driven by the sustained growth of the DU, supported by significant contributions from our power generation and retail electricity businesses. We invested heavily in our power infrastructure, implementing consolidated capital expenditures of PhP 30.0 billion for distribution network improvement projects, renewable energy investments, and towers and telecommunications businesses. This includes the completion of 17 major capital projects, such as the development of substations and switching stations and reliability improvement of sub-transmission and distribution systems, along with our broader smart grid and automation strategy. We’re making sure that our distribution network can handle increasing demand. We really put in the effort to level up our systems and services in terms of safety, reliability, efficiency, and power quality. So, we’re proud to have garnered our best-ever

reliability performance figures, with all-time lows in both the System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI).

We achieved a system loss performance that is well below the regulatory cap, resulting in a total of PhP 4.9 billion of PhP 0.10 per kilowatt-hour of customer savings.

One challenge we’re pleased to have successfully addressed has been integrating Distributed Energy Resources (DERs) into our grid. Over 400 MW of DERs are now online, with plans to expand this capacity to over 2 GW in the coming years. Our digital backbone enabled us to effectively manage the challenges associated with the variability of renewable energy resources.

Of course, seamlessly integrating digital solutions without disrupting ongoing operations has been a challenge that we had no choice but to face head on. We had to meticulously plan and execute upgrades to our IT infrastructure, all while maintaining robust cybersecurity measures to protect against increasing cyber threats.

We were also proactive and fully supportive of the government’s priority infrastructure projects by relocating a total of 2,540 poles, paving the way for the completion of various expressways and toll roads such as, among others, Metro Rail Transit Line 7, Metro Manila Subway Project, NLEX-SLEX Connector Road, and Cavite-Laguna Expressway.



How has Meralco adapted its revenue strategies considering recent trends, and what role has the digital transformation played in this adaptation?

Ferdie Geluz: Building on Ronnie's insights, 2023 was a landmark year for revenue achievements. We recorded an all-time high consolidated energy sales of over 51,000 GWh – a 4.4% growth from 2022, backed by a sustained rise in the residential and commercial sectors. Around 65% of residential transactions are now handled through digital and online channels.

This is a testament to how our learnings, new approaches, and digital transformation have been critical in navigating towards post-pandemic recovery, ensuring that our solutions are relevant to current times—as

we continue to provide simple, fast, and convenient channels to delight our customers. This shift not only streamlined operations but also improved customer engagement and experience, giving us our highest Customer Satisfaction Index scores since 2020, and underscoring the impact of our continuous effort to regain customer trust. As a result, we increased our customer count by more than 0.2M, bringing the total to 7.82M. We also leveraged on digital and online solutions for payment reminders and collections, augmenting our efforts to maintain a healthy cashflow.

Report from Our Leaders



What was notable regarding power generation for 2023, and how do these efforts align with Meralco's long-term sustainability goals? Can you expand on Meralco's specific initiatives in renewable energy and community engagement for sustainability?

Jimmy Azurin: On the power generation front, our work this past year was critical in advancing our renewable energy and sustainability goals. After a year of construction, we inaugurated the Nuevo Solar Energy Corp. in Currimao, Ilocos Norte, and completed significant testing for PH Renewables Inc. in Baras, Rizal, contributing significantly to our renewable portfolio. In addition, two solar projects won bids in the Department of Energy's Second Green Energy Auction Program for construction in Cordon, Isabela, and Bongabon, Nueva Ecija.

We also secured a controlling interest in SP New Energy Corporation, capping off the year with a noteworthy acquisition, marking a strategic investment in the future of solar and battery storage capabilities. These efforts align with our target of building 1,500 MW of renewable facilities by 2030, underlining our commitment

to sustainable energy solutions and reducing environmental impact.

Community engagement is also a cornerstone of our sustainability efforts. Through the One Meralco Foundation (OMF), we have initiated efforts to build on health, social, and environmental preservation in our operating areas. MGen is a significant contributor to the One For Trees Program with our commitment to plant 2,000,000 trees by 2025. The company continues to implement initiatives in education and health that enhance the quality of life in underserved areas and bolster our relationships with communities across the country that need extra help to progress. These programs are integral to our mission of powering sustainable growth and ensuring that the benefits of our energy solutions reach as many Filipinos as possible.



How can we evaluate Meralco's financial performance in the volatile global energy market, and what are your forecasts for the coming years?

Jimmy Azurin: Even with our strong financial performance, seeing Meralco's CCNI rise by 37% over the previous year is no guarantee for the future, considering the turbulence in global energy markets. Our strategy includes diversifying our energy portfolio with an eye on renewable energy while maintaining a disciplined approach to capital management. Regarding forecasts, we are bullish about the continued demand for energy, driven by growing economic activity and increasing industrialization in our service areas. So, we are optimistic about sustaining our financial growth with strategic expansions to ensure profitability and shareholder value.



What are the main strategic initiatives Meralco is focusing on for 2024? How is Meralco keeping pace with the global shifts in the power sector?

Ronnie Aperocho: For 2024, we will focus on sustaining our exceptional operational performance, expanding our DU footprint, and accelerating the digital transformation to improve service delivery and efficiency. We are set to expand our self-healing grid capabilities and massively deploy Smart Grid technologies such as smart metering or Advanced Metering Infrastructure (AMI) upon the approval of the Energy Regulatory Commission. These are necessary to effectively integrate the increasing number of variable renewable energy sources into our grid and the proliferation of high-demand facilities, including hyperscale data centers and EV charging stations.

Ferdie Geluz: We aim to not just satisfy but delight our customers by ensuring we are accessible through their preferred channels. We also proactively reach out to them in the same manner with valuable information about their electricity service and provide relevant and innovative energy solutions.

We will leverage technology to enable real time posting of their payment via expanded digital channels, improve accessibility of our frontlines 24/7 through official social media channels. Ronnie spoke about smart meters – we are piloting its use in both prepaid and postpaid versions to further empower our customers with near real time information about their consumption. Transactional and strategic feedback mechanisms will be put in place to help us understand our customers and improve our service, including personalizing our communications and offerings.

We are also expanding to energize new customers, aiming to bring on board our 8Mth customer in 2024.

Beyond distribution, we will capitalize opportunities in engineering and construction, solar and electric vehicles, energy services and solutions, telecommunications and payments.

Jimmy Azurin: In power generation, we will continue to expand our renewable energy projects, focusing on both solar and battery storage solutions, to meet our target of 1,500 MW by 2030. These efforts will be supported by strategic investments and partnerships that bolster our clean energy capacity and contribute to a greener energy landscape. We are trying our best to sustainably meet the increasing energy needs of our customers while adhering to environmental commitments.

As Meralco moves forward, the leadership team is committed to driving innovation, enhancing customer experiences, and promoting sustainable energy solutions. This collaborative stewardship is instrumental in steering Meralco on a course that keeps up with the evolving energy needs of the Philippines while ensuring sustainability and growth for the foreseeable future.







A Review of Our Performance

RISKS AND OPPORTUNITIES

Decarbonization

To align with the Paris Agreement, countries' Nationally Determined Contributions (NDCs), and Net Zero commitments, companies worldwide are accelerating decarbonization efforts across several industries. The 2023 United Nations Climate Change Conference (COP28) ended with a call to transition away from fossil fuels.

POWER SECTOR

OUTLOOK

In response to the global shift towards clean energy, One Meralco continues to take decisive steps in transforming its business towards becoming coal-free by 2050, as outlined in its multi-horizon long-term sustainability strategy (LTSS):

- Horizon 1 (2021–30) – Initiate a low-carbon transition to serve the country's growing energy demand with greener power
- Horizon 2 (2031–40) – Accelerate a green energy shift through the adoption of next-generation cleantech
- Horizon 3 (2041–50) – Drive deep decarbonization and achieve sustainability leadership in the energy sector

In Horizon 1, Meralco must comply or align with the DOE's Renewable Portfolio Standards (RPS) which mandates all electric utilities to increasingly source a portion of their supply from RE, currently +2.52% per annum, given the government's target share of RE in the energy mix of 35% by 2030 and 50% by 2040.

Meralco has undertaken a comprehensive climate risk assessment to identify, quantify, and integrate climate-related risks, including transition risks (i.e., policy, technology, liability, reputational, investor market, and consumer market).

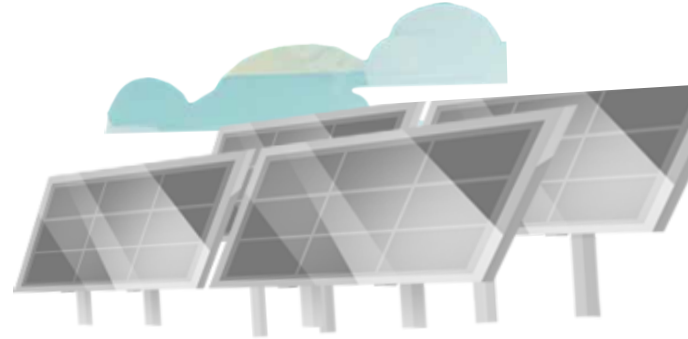
Material climate-related information is routinely communicated to Management, the Sustainability Committee, and the Board to serve as input in decisions on major capital expenditures, acquisitions, and divestments.

RISKS AND OPPORTUNITIES

Decarbonization spurs the whole slew of transition risks, with policy and investor market risks being the most material to Meralco.

Investors and lenders may view Meralco as a high-risk investment, potentially leading to difficulties in accessing capital or obtaining favorable financing terms. Investors also divest from fossil-fuel power generation companies.

Carbon pricing to meet net zero by 2050 commitments will result in high carbon taxes for Meralco if it continues to generate power from fossil fuels.



BUSINESS STRATEGIES

Meralco has twin commitments through 2030, aligning with investors' sustainability strategies: To contract 1,500 MW of RE supply and, to build 1,500 MW of attributable RE capacity.

It has already contracted 1,880 MW of RE supply in support of the DOE's RPS.

To meet the capital market demands for decarbonization as well as to mitigate carbon pricing risk, MGen will invest PhP43 Billion to accelerate the buildout of RE generating facilities. Through its RE unit MGen Renewable Energy Inc (MGreen), it will ramp up its attributable RE capacity to 1,500 MW with investments in more and larger green energy projects, including those with battery energy storage systems. MGen also plans to retire old coal and diesel plants from its fleet.

Meralco has already begun exploring nuclear technology as a cleaner energy source for baseload capacity.

TRANSPORTATION INDUSTRY

OUTLOOK

Meralco recognizes the increasing demand for hybrid and fully electric vehicles especially as they become more competitively priced and offer a lower total cost of ownership amid rising fuel prices and maintenance costs.

Meralco supports the initiative of the government to fast track the adoption of electric vehicles, in compliance with the Electric Vehicle Industry Development Act (EVIDA) and the Comprehensive Roadmap for Electric Vehicle Industry (CREVI).

RISKS AND OPPORTUNITIES

Regulatory issues can disrupt the supply and demand for electric mobility.

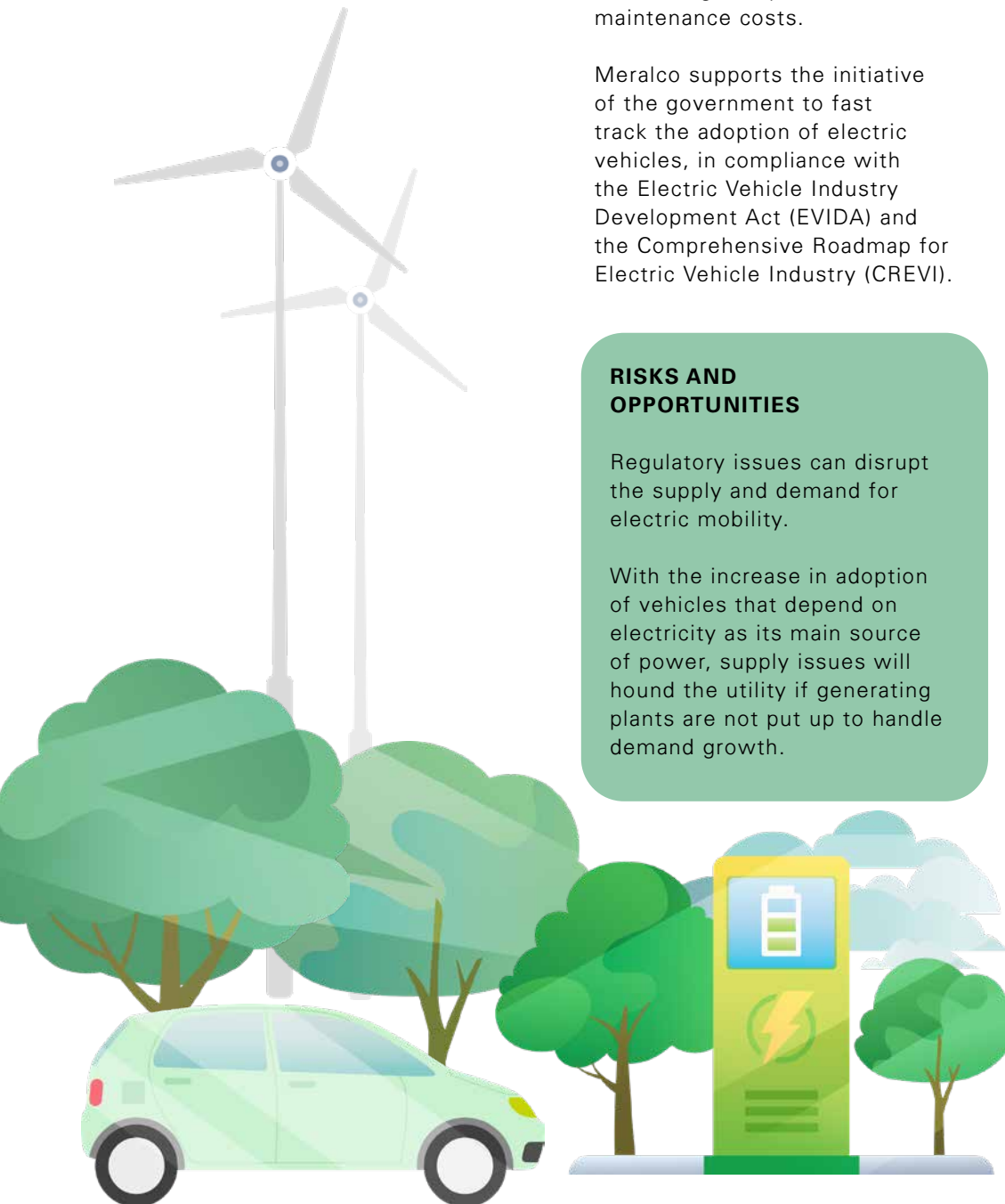
With the increase in adoption of vehicles that depend on electricity as its main source of power, supply issues will hound the utility if generating plants are not put up to handle demand growth.

BUSINESS STRATEGIES

Meralco addresses the demand for electric vehicles through its subsidiary Movem which was established and incorporated in March 2023. Movem offers tailor-fit, end-to-end electric mobility solutions for both commercial and individual applications.

Through its Green Mobility Program, Meralco continues to greenify its own vehicle fleet of more than 2,000 vehicles by deploying electric motorcycles, cars, vans and pick-up trucks, with a target electrification rate of 25% by 2030.

- Support electrification initiatives of its customers through the installation of charging stations via Movem at customers' premises.
- Explore business models that allow use of charging stations at Business Centers
- Drive the adoption of solar as an energy source by pushing both Net Metering and Zero Export to customers.
- Introduce EV smart chargers to improve the efficiency and help balance EV charging demand with available energy supply.





RISKS AND OPPORTUNITIES

Climate Change

Global warming leads to extreme changes in weather patterns, with the PH ranked as the #1 country most at risk from the climate crisis. Hazards such as extreme typhoons and heavy rainfall and flooding, and drought can cause serious property damage and revenue disruption.

OUTLOOK

Meralco has undertaken a comprehensive climate risk assessment to identify, quantify, and integrate climate-related risks, including physical risk (i.e., asset damage and revenue disruption).

While its distribution and generation assets have been exposed to different hazards and natural calamities, One Meralco is cognizant that climate perils will intensify by mid-century.

RISKS AND OPPORTUNITIES

Increased frequency of typhoons will affect Meralco's electric distribution system, while coastal flooding and water stress increase the risk of direct damage to its generation facilities.

The increasing frequency of droughts may disrupt revenue by impacting the operations of fossil fuel power plants which draw water for cooling.

BUSINESS STRATEGIES

One Meralco continues to heighten its resilience and adaptation measures by investing heavily in storm hardening programs and ensuring robust design standards and construction practices.



RISKS AND OPPORTUNITIES

Regulatory Changes and Policy Support

Several laws and regulations govern Meralco's operations in terms of exploration, development, utilization, distribution, and conservation of energy. Apart from local mandates, we also heavily consider decarbonization goals to meet the long-term goals of the Paris Agreement.

OUTLOOK

The Group is dedicated to adhering to government laws and regulations, particularly in ensuring reliable energy for our customers. We are also in coordination with the government on the gradual RE transition of the country by making such options available to all.



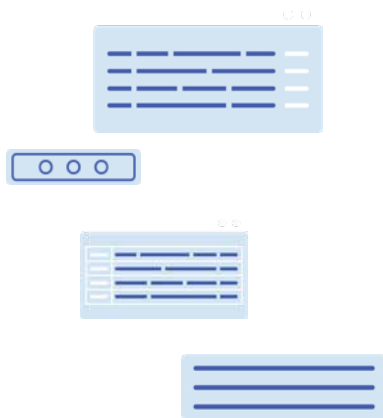
RISKS AND OPPORTUNITIES

The country is more open to implementing renewable energy sources. This is in line with the Department Of Energy 2020–2040 National Renewable Energy Program and the 2020–2040 Philippine Energy Plan, which set a target of 35% RE share in the power generation mix by 2030 and aspire to increase it to at least 50% by 2040.

In addition, RA 11285, or the “Energy Efficiency and Conservation Act,” institutionalized energy efficiency and conservation, enhances efficient energy usage, and grants incentives to energy efficiency and conservation projects.

These laws can benefit the Group by pushing for renewable energy across franchise areas while also promoting smart innovations to further reduce energy consumption.

On one hand, increasing fuel prices and ongoing infrastructure maintenance expenses are significant factors contributing to fluctuations in prices. However, innovations in energy technology, advancements in RE production, and grid optimization efforts also play a role in enhancing operational efficiency. While these innovations may lead to more efficient operations, they could potentially result in higher prices as well.



BUSINESS STRATEGIES

Strengthened partnership with the Department of Energy

The partnership allows us to converse with DOE on discussing issues and concerns, such as right-of-way, various construction works, peace and order, and other barriers to the immediate energization of our target communities.

Adhering to Renewable Portfolio Standards

Our LTSS is focused on the Company's transition to renewable energy by 2050. Our strategy meticulously outlines the Company's steps toward clean energy through the transition to RE, the adoption of next-generation cleantech, and deep decarbonization.



Digitalization

Customers greatly rely on Meralco's digital channels for easy access to information and faster transactions. The ease of use of these platforms enables them to be on-time with their payments and get electricity availability announcements.

As a result, Meralco is in the process of replacing its Customer Management System (CMSv10) with the Customer Information System (CIS) platform to transform the Meralco customer retail service processes and organization to align with utility best practices and improve customer experience.

In addition, customers are also more aware and wary of the cybersecurity risks that come with providing personal information on the Internet. Given Meralco's online presence across multiple channels, there is demand for retaining and enhancing cybersecurity measures and anti-fraud measures to protect customer information and the Company's digital reputation as well.

OUTLOOK

CIS deployment is adjusted to 2025 to ensure the platform's stability and ensure that no errors or incomplete data migration from CMSv10 will occur. On the data security front, we will retain existing controls that adhere to cybersecurity standards across all of our channels while implementing Customer eXperience Engine (CXE) enhancements to mitigate fraud incidences.

RISKS AND OPPORTUNITIES

System implementation risks include a slow learning curve, compatibility and integration risks, and unanticipated system design flaws and errors that may affect the customer service performance of our frontliners, like longer processing, transaction errors, or delayed fulfillment of services. The transition can also expose us to regulatory compliance risks by facilitating regulatory reporting and compliance with ERC and BIR regulations.

Additionally, online channels are susceptible to risks such as hacking, spam messaging

leading to personal information leakage, the spread of misinformation, and online fraud in the case of online transactions.

With customers becoming knowledgeable about these potential risks, opportunities arise for executing various measures to protect sensitive information. These include applying cybersecurity measures, implementing more stringent anti-fraud practices, and conducting information sessions on cybersecurity in online information and transactions.



BUSINESS STRATEGIES

Reducing potential downtimes and errors

Ensuring the platform remains operational even during migration is crucial for our business. To do so, we will:

- Implement solutions focused on disaster recovery plans during the migration. Monitoring the database status is also important given the rapid data growth, while system enhancements are being kept to the minimum and only for critical projects or enhancements.
- Ensure the balance between CMSv10 archiving and uptime to make the platform operate properly with little to no significant impact on customer service and operations.
- Implement Emergency mode, have additional agents, and redirect customers to digital channels in case of downtime.

Anti-fraud measures

We aim to assure our customers that their information and transactions are secure when they interact with our platforms. We aim to implement the following actions to mitigate potential information leakage and fraud from occurring on any of our platforms.

1. Retain existing controls that adhere to Cybersecurity standards across our website, microsites, and social media channels. These include:
 - Performing Quality Performance and Assurance (QPA) and Vulnerability Assessment (VA) checks and steadfastly monitoring cybersecurity and data privacy risks to adopt relevant configurations and necessary updates
 - Auto-scaling of hosting services to accommodate any demand increase
 - Reducing redundant data stored on websites and microsites
 - Ensuring availability of 24/7 support for the monitoring and maintenance of microsites
 - Updating the Customer Retail Services (CRS) Systems based on security advice from vendors and Cybersecurity Office
2. Implement CXE enhancements to mitigate high fraud incidence and potentially aid in investigating reported fraud, such as:
 - Capturing device details during user sessions
 - Implementing multi-factor authentication
 - Blacklisting of the account that participated in and benefitted from the fraud payment
 - Integrating with the payment gateway's anti-fraud tool



POWER

Providing

ENERGY

For ALL Always

7.8
MILLION
customer accounts

PhP
4.9
BILLION
saved due to system
loss reduction

99.97%
of franchise area
energized*

*actual energized over projection
based on 2020 population census

Energy is vital to a recovering economy.

Pangako ng Meralco ang maghatid ng liwanag sa buhay ng bawat Pilipino sa pamamagitan ng aming mga serbisyo at programa. (Meralco promises to bring light to the lives of Filipinos through our services and programs.)

Despite facing challenges, the Group continues to make meaningful advancements in enhancing our power distribution and generation capabilities, working toward a brighter world for everyone.

Distribution 64%

Distribution Utility (“DU”) business contributed PhP 23.8 billion to the CCNI, an increase of 15% over the previous year. DU’s percentage share of the CCNI decreased to 64% from 76% in 2022 with the higher contributions from Power Generation and RES business segment.



Clark Electric Distribution Corporation (Clark Electric)

Clark Electric, through its franchise granted by the Clark Development Corporation (“CDC”), has the authority to possess, manage, and upkeep a power distribution network, providing electricity solely within its designated franchise area, encompassing the Clark Special Economic Zone (“CSEZ”) and its sub-zones.



Meralco Ecozone Power (“MEP”)

Meralco Ecozone Power (“MEP”) is responsible for the administration and maintenance of the electric distribution network within the Cavite Economic Zone (“CEZ”). Alongside offering a suite of electrical services to CEZ tenants—including service applications, meter readings, billing, payments and collection, technical assistance, and complaint resolutions — MEP also champions a sustainability agenda. This agenda prioritizes integrating renewable energy sources such as solar rooftop installations, which supports government initiatives on renewable energy.



Shin Clark Power Holdings, Inc. (Shin Clark)

Shin Clark is a consortium that provides electricity services in New Clark City (“NCC”).

This 9,450-hectare development spans Angeles City in Pampanga and the towns of Capas and Bamban in Tarlac. It is responsible for managing the development, operation, and maintenance of the electric power distribution system in NCC under a JVA with the Bases Conversion and Development Authority (“BCDA”). Meralco holds a 60% stake in Shin Clark, while Japanese firms Axia Power Holdings Philippines Corporation (a wholly-owned subsidiary of Marubeni Corporation), KPIC Netherlands BV (a wholly-owned subsidiary of Kansai Electric Power, Inc.), and Chubu Electric Power Co. Inc. collectively hold the remaining 40%.

Manila Electric Company (Meralco)

Meralco stands as the Philippines' foremost private-sector electric distribution utility company. Celebrating its 120th anniversary in 2023, the Company has been dedicated to serving Filipinos since its inception, initially offering electric light, power, and a street railway system. After World War II, electricity generation and distribution became Meralco's leading service, powering the postwar rehabilitation and development of the Philippine Republic.

Meralco's franchise spans 9,685 square kilometers, encompassing 39 cities and 72 municipalities. The Company provides power to more than 7.8 million customer accounts in the Philippines, with a breakdown of 92% residential, 7% commercial, and less than 1% industrial.



Resilience in Distribution

Distribution Utility ("DU") achieved record energy sales volume, which were significantly boosted by the higher demand in the Meralco franchise area, which peaked at 8,438 MW on May 9, 2023 – 4% more compared with the 8,111 MW in 2022. Consolidated DU energy sales volumes improved sustained growth as it improved by 4%, ending 2023 with 51,044 GWh from 48,916 GWh the previous year.

The DU's commercial customers continued to account for the largest share at 37%, with sales volumes recording a significant growth of 9% to 19,005 GWh, already surpassing pre-pandemic levels in 2019. Driving this growth was the higher demand from various sectors, particularly hotels and leisure sectors, with increasing tourist arrivals. Additionally, higher real estate demand and upbeat public confidence, leading to more in-person activities, fueled this development.

With a 35% share in the sales mix, the Residential segment registered a 4% growth to 17,781 GWh, owing to higher consumption from homes, condominiums, and dormitories and increased time spent at home during long holiday weekends that contributed to household demand.

Industrial customers accounted for 28%, or 14,113 GWh, of the total sales, almost 1% less than the previous year. Construction sectors, particularly cement and steel, meanwhile, were affected by import and supply challenges, self-generation from waste heat recovery, and production shutdowns. On the other hand, food and beverage, and generation wheeling from embedded generators posted positive annual growth for the Industrial segment.

Beyond the record sales performance, we also continued to embody operational efficiency, as reflected in our all-time best service level performance, particularly in frequency and duration of service interruptions.

Meralco consistently managed system loss and recorded a 12-month moving average of 5.88%. This marks the 16th consecutive year that our performance has remained well below the indicative regulatory cap, resulting in savings of PhP 4.9 billion for customers in 2023.

With the healthy energization rate from new customers post-pandemic, we closed 2023 with a consolidated customer count of 7.8 million. We expect to breach the 8 million level before the end of 2024, as we affirm our commitment to continue investing heavily in distribution network and service improvement initiatives that would yield benefits for our customers and the public.

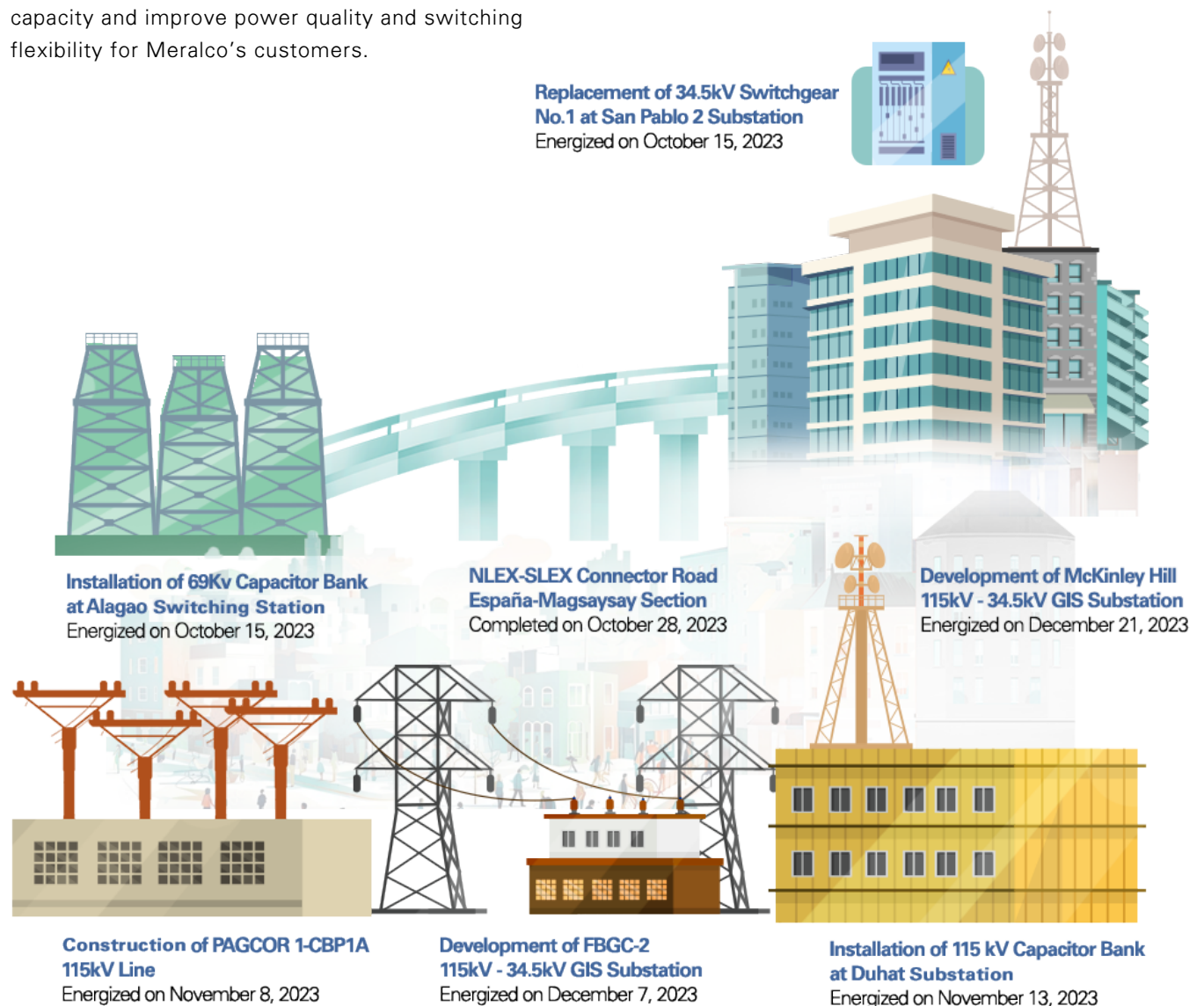


Aligned with **SDG 9: Industry, Innovation, and Infrastructure**, we spent PHP 20.2 billion on distribution network capital expenditure projects, covering new connections, asset renewals, and load growth projects, as well as pole relocation works to support various Government infrastructures. Throughout 2023, we successfully completed the construction of eight (8) new substations, including three (3) smart substations, alongside nine (9) major projects dedicated to enhancing reliability and power quality across our network.

These include the Gas Insulated Switchgear (“GIS”) smart substations in Arca South, Fort Bonifacio Global City, and McKinley Hill in Taguig City that helped provide additional system capacity and improve power quality and switching flexibility for Meralco’s customers.

In ensuring the delivery of reliable and continuous service to our customers, we also remained proactive in securing competitively priced supply through our strategic sourcing initiatives under our Power Supply Procurement Plan.

To cover our future capacity requirements, we conducted various Competitive Selection Process (CSPs) for 1,800 MW and 1,200 MW baseload supply beginning 2024. The PSAs arising from the CSPs are currently subjected to the review and approval of the ERC.





Power Supply, Demand and the Meralco Bill



Meralco's average retail rate rose by 11% to Php 10.55 per kWh from Php 9.52 per kWh year-on-year largely due to the 11% increase in generation charge, which accounted for about 66% of the total retail rate during the year.

On the other hand, Meralco's average distribution charge accounted for 14% of the retail rate. Meralco's approved tariff is at Pesos 1.3522 per kWh.

Purchased power cost ("PPC") increased by 2% to Php 328.2 billion from Php 322.6 billion, reflecting

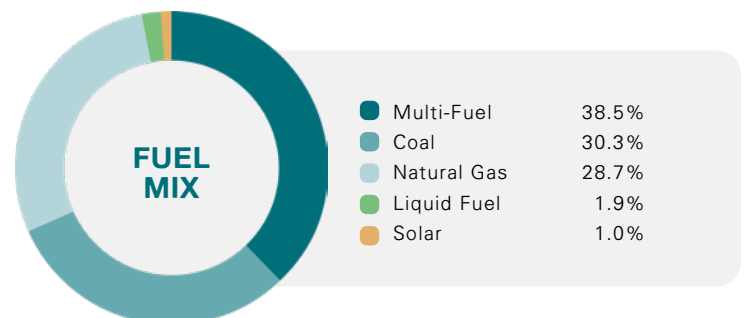
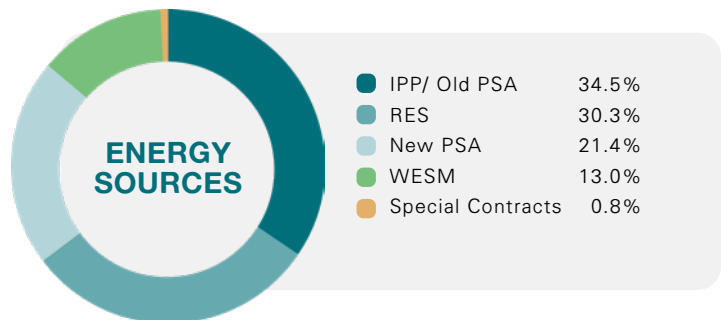
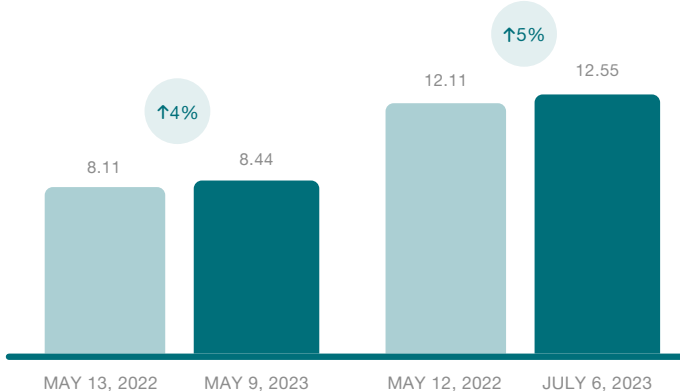
- higher cost of replacement power for the capacity previously provided under the terminated Power Supply Agreements ("PSAs") with South Premiere Power Corporation ("SPPC") for 670 MW and with Sual Power, Inc. for 330 MW
- increase in the fuel component and energy fee of the non-renewable power generation plants
- peso depreciation

FY 2023 PEAK DEMAND (in GW)

Meralco and Luzon Peak demands grew vs. 2022 also driven by increased economic activity

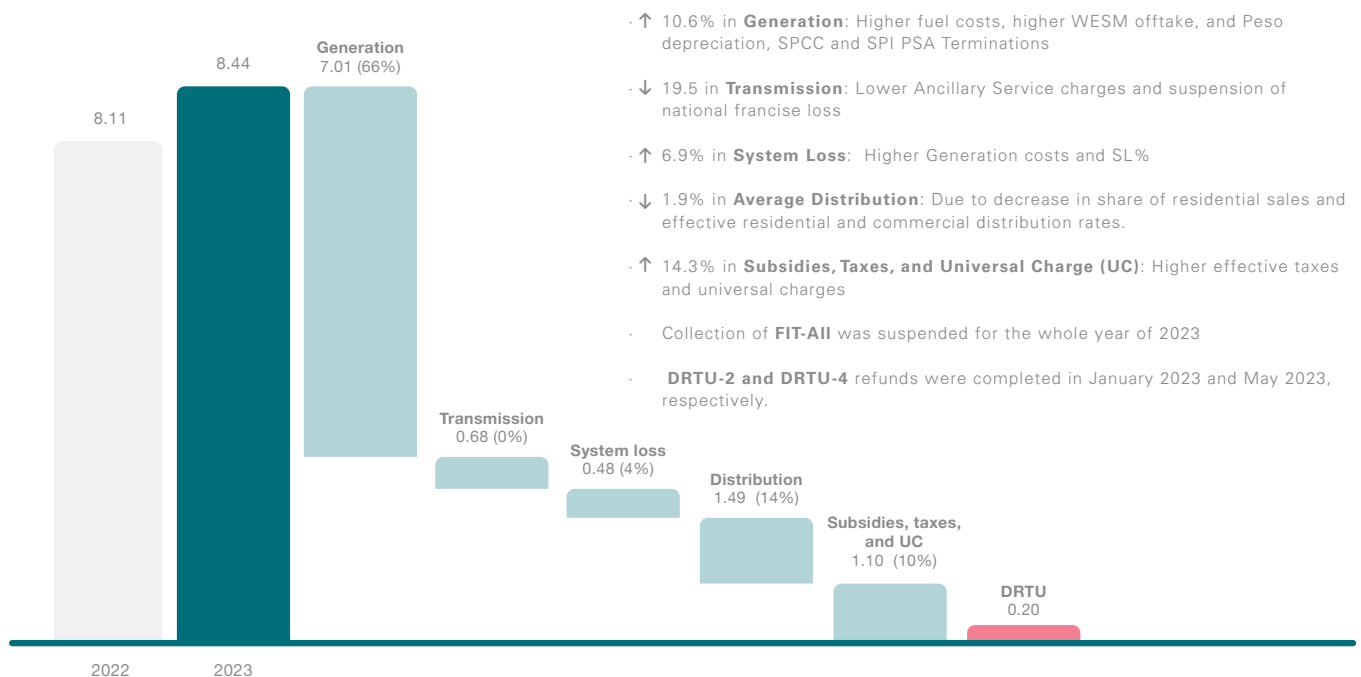
MERALCO PEAK DEMAND

LUZON PEAK DEMAND



FY 2023 AVERAGE RETAIL RATE (in PhP per kWh)

10.9% Higher vs. 2022 rate mainly due to higher generation charge, and cessation of DRTU



AVERAGE RATE PER CUSTOMER SEGMENT



11.86
Residential



10.36
Commercial



9.10
Industrial



12.16
Streetlights



0.34
Gen. Wheeling

Partially mitigating the increase in PPC were the lower Malampaya gas price, which was at an average price of US\$ 9.60 per GJ in 2023 from US\$ 10.18 per GJ a year ago, and lower average Wholesale Electricity Spot Market ("WESM") prices with improved supply conditions and lesser instances when the secondary price cap was imposed.

There were only one (1) Yellow/Red Alert and two (2) Yellow Alerts in 2023 compared with two (2) Yellow/Red Alerts and 10 Yellow Alerts in 2022. The secondary price cap was triggered only 7.2% of the time in 2023 versus 25.6% in 2022.



Digital Transformation Advancing Customer Centricity via 4DS

Meralco's 4DS digital transformation strategy from 2019 to 2023 yielded significant achievements across the pillars of digital innovation, delivery reliability, data-driven operations, and a dynamic workforce. The Company reaped substantial rewards from this multi-year initiative, unlocking new capabilities that translated into tangible benefits for the organization and its customers.

Under the digital innovation pillar, the Company witnessed remarkable growth in its online customer engagement, with Meralco Online enrollments surging from a modest 300,000 to an impressive 2.29 million active accounts by 2023. This exponential increase in digital adoption was further complemented by the Company's concerted efforts to enhance its digital service delivery channels, which now account for a staggering 64% of all customer touchpoints, underscoring Meralco's successful transition towards a digitally-driven customer experience.

Enhancing the reliability of its power delivery operations remained a key priority during this period, prompting the commencement of cutting-edge Smart Grid initiatives. The rollout of the Advanced Metering Infrastructure (AMI), Smart Metering, and the Advanced Distribution Management System 2.0 (ADMS 2.0) laid the foundation for a more intelligent and responsive grid network. Additionally, the deployment of the Enterprise Geographic Information System (EGIS) and the Data Historian platform solidified Meralco's commitment to modernizing its grid operations and leveraging data-driven insights for improved decision-making.

Meralco Online Enrollments

↑ ↑
↑ 2.29
↑ million
active accounts by end 2023



Notably, the Company enabled remote control capabilities for 2,390 circuit line devices, contributing to a 6% improvement in the System Average Interruption Duration Index (SAIDI), a testament to the enhanced reliability and resilience of its power distribution network.

Recognizing the importance of data-driven decision-making, Meralco delivered the Meralco

Data Platform, a centralized data infrastructure that underpins its analytical capabilities and serves as the backbone for data-driven insights across the organization. Furthermore, the launch of the OPTIC end-to-end ICT monitoring system exemplifies the Company's dedication to leveraging data for improved operational efficiency and proactive issue resolution.

Under the dynamic workforce pillar, Meralco developed 35 Robotic Process Automations (RPAs), resulting in substantial cost savings, increased productivity, and operational efficiencies. The Company's Meralco Innovation Awards celebrated the benefits of automation,

including cost avoidance and man-hour savings, further incentivizing a culture of innovation and continuous improvement within the workforce.

Through these accomplishments, Meralco not only enhanced its operational efficiency and service delivery but also laid a robust foundation for continued innovation and growth. While the 4DS transformation journey was not without its challenges, the Company successfully navigated the complexities, emerging as a more agile, data-driven, and customer-centric organization, well-prepared to embrace the next phase of its digital evolution.



External Drivers	2019-2023 Digital Transformation	MVP and RLA GEAR-UP DU Directives
Franchise renewal 2028 DOE SDUR (Smart Distribution Utility Roadmap) Industry 3Ds - Decarbonization - Decentralization - Digitalization 5th Industrial Revolution (5IR) - Human-machine collaboration - Sustainability and environmental awareness - Advanced AI and Robotics - Advanced simulations and digital twins	Meralco Online enrollment from 300k to 2.29M active accounts Digital channels taking up 64% of all customer touchpoints Commencement of Smart Grid AMI (Advanced Metering Infrastructure) Smart Metering and ADMS 2.0 (Advanced Distribution Management System) Go-Live of key Grid platforms: Enterprise Geographic Information System (EGIS) and Data Historian 2,390 circuit line devices enabled with remote control, contributing to 6% SAIDI improvement Development of 35 Robotic Process Automations (RPAs) delivering millions in savings Delivery of Meralco Data Platform, serving as the central data infrastructure Launch of OPTIC end-to-end ICT monitoring Meralco Innovation Awards reaping benefits of cost avoidance and man-hours savings through automation	Support evolution from Consumers to Prosumers Rollout and showcase Smart Grid AMI Smart Meters Integrate Payments across MVP Group Enable cross-vertical insights through data exchange and APIs Mass deployment of charging stations and eVehicles Support DER Integration into the grid Roll-out next-gen comms infra to support AMI Smart Meters and Grid Automation Strengthen Backhaul communications through collaboration with SMART and Radius/PLDT Ensure resiliency and reliability of ICT assets Deliver excellence and quality in ICT services

Charting the Path Forward with Our 7 Digital Ambitions

Building upon the successes and learnings from the 4DS strategy, Meralco is now poised to embark on a revitalized digital transformation journey for the next four to five years. The 7DS strategy will serve as our compass for 2024-2028 as we aim to further solidify the Company's position as a digital leader in the Philippine energy industry, leveraging emerging technologies and data-driven insights to drive operational excellence, customer-centricity, and sustainable growth.

The 7DS strategy will focus on the seven key pillars of Digital Customer, Digital Grid, Digital Employee, Digital Enterprise, Data Platforms & AI, Digital Infrastructure, and Digital Communications with the following corresponding digital ambitions:

1

Customer-centric
(Consumer-Prosumer)
Products and Services

2

Smarter, Resilient
and Sustainable Grid

3

Empowered and Connected
Digital Workspace and
Employee Workflows

4

Integrated, Automated
and Compliant
Enterprise Processes

5

Data-as-a-Service-
enabled Organization

6

Hyper-reliable
Communications
Network

7

Highly Secure and
Available Digital
Operations



Powered by One Meralco Synergy, the 7DS strategy is proof of Meralco's commitment to fostering a culture of collaboration, alignment, and unity across all functions and stakeholders.

Through a customer-centric approach, Meralco aims to develop innovative products and services that cater to the evolving needs of both consumers and prosumers, enabling a seamless and personalized experience. Concurrently, the Company will focus on building a smarter, more resilient, and sustainable grid infrastructure, leveraging cutting-edge technologies and data-driven insights to enhance reliability, efficiency, and environmental sustainability.

Empowering its workforce with digital tools, connected workspaces, and streamlined workflows is another key priority, enabling employees to thrive in a digital-first environment. Meralco will also prioritize the integration, automation, and compliance of enterprise processes, driving operational excellence and enabling agile decision-making.

Furthermore, the Company will position itself as a data-as-a-service-enabled organization, unlocking the full potential of its data assets to fuel innovative solutions, drive operational improvements, and uncover new revenue streams.

Complementing this data-driven approach is the development of a hyper-reliable communications network, ensuring seamless connectivity and real-time information exchange across the organization.

Underpinning all these initiatives is a commitment to maintaining highly secure and available digital operations, safeguarding the company's systems, data, and stakeholders from emerging cyber threats and ensuring business continuity.

By capitalizing on the solid foundation laid during the 4DS transformation and with a renewed commitment to innovation, agility, and customer-centricity, Meralco is well-positioned to navigate the ever-evolving digital landscape and deliver exceptional value to its stakeholders through the 7DS strategy, powered by the collective synergy of One Meralco.

MERALCO's DIGITAL TRANSFORMATION FRAMEWORK (2024-2028)

APPROACH

TRANSFORM

Transform the way we do through innovation and technology

GROW

Grow and scale up data capabilities to gain deeper insights into operations and customer personalization

RUN

Run our digital operations with reliability & continuous improvement

LEAD

Lead the talents of the future to be agile, digital, & data-savvy

HOLISTIC COVERAGE

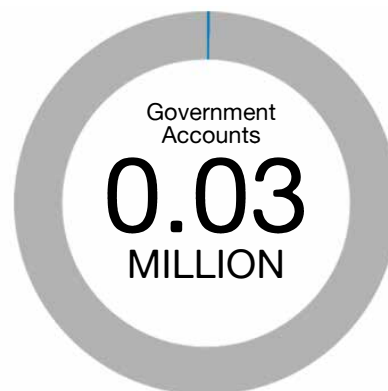
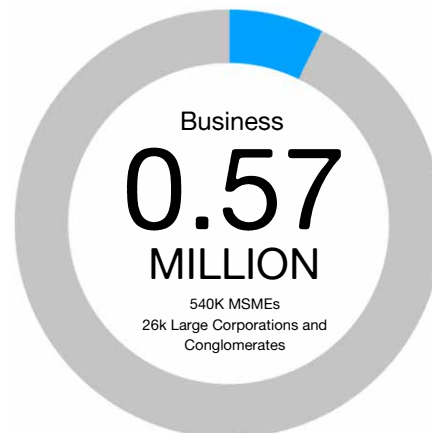
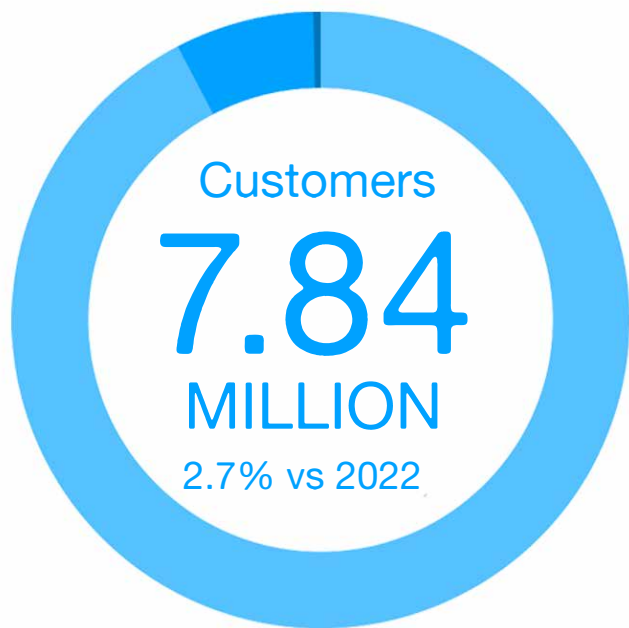


The Power of Promise: Customers as Our Reason for Being

120 years of fueling the economic heart of the nation have provided invaluable insights. As we have evolved alongside our customers, we've tailored our solutions and started updating our processes to meet their current needs while also future proofing for their aspirations of a brighter tomorrow.

2023 reflects a dynamic environment as life after the pandemic normalized and commercial activities ramped up, greatly influenced by technological advancements, economic fluctuations, and shifting consumer preferences.

Meralco's Distribution Utility closed the year with 7.84M customers, almost 3% more than the previous year.



To deliver an excellent customer experience, taking off from the Customer Centricity and Digital Transformation framework introduced in 2021, we sharpened our focus on the following Pillars:

- **Customer Operations:** Improving process and platforms to deliver efficient customer service
- **Customer Touchpoints:** Delighting the customers through excellent customer service in traditional and digital channels

Supporting this is our digital strategy, which is embodied by the 4Ds: Digital Innovation, Delivery Reliability, Data-Driven, and Dynamic Workforce.

CUSTOMER CENTRICITY TRANSFORMATION FRAMEWORK

CORPORATE STRATEGIC THRUST

Revenue Enhancement
and Expansion

Customer-Centricity

Digital Transformation

Sustainability

EXCELLENT CUSTOMER EXPERIENCE

Customer journeys

Service Application

Billing & Payments

Concerns & Inquiries

Outage Restoration

Customer Touchpoints

Delighting customers through
excellent customer service in
traditional and digital channels



Customer Operations

Improving process and platforms to
deliver efficient and reliable
customer service



Digital Strategy

Digital Innovation

TRANSFORM
our Customer
Process and
Customer
Touchpoints

Delivery Reliability

RUN
our systems
with
consistency
and resiliency

Data Driven

Accelerate
GROWTH
by maximizing
data and analytics

Dynamic Workforce

LEAD
the talents of
the future that
are agile,
digital, and
data-savvy

CUSTOMER CENTRICITY TRANSFORMATION

Customer at the CORE of the business

Delight customers through
improved service operations
and enhanced customer care
across all touchpoints

DIGITAL STRATEGY

Transform the “way we do” through digitization

Accelerate business
value by driving
technology-enabled
transformation

The Customer Centricity and Transformation Program+Digitization framework was applied in 2023, cognizant of the reality that the Philippine customer landscape post-pandemic is now characterized by a growing reliance on digital channels, increasing expectations for personalized experiences, and a heightened awareness of sustainability issues.

Customer Trends / Challenges

Digital Transformation and mobile connectivity tempered by infrastructure limitations-increasing number of consumers adopting online platforms for shopping, banking, and entertainment. However, challenges in stable and reliable internet connectivity and logistics persist

Demand for Personalization:

Seek personalized experiences tailored to their preferences and needs

Rising Expectations: With access to global trends and experiences through digital channels, Filipino consumers have higher expectations regarding product quality, service efficiency, and brand transparency.

Sustainability Concerns:

Environmental and social consciousness are becoming more prevalent among Filipino consumers. Brands that demonstrate commitment to sustainability, ethical practices, and corporate social responsibility are gaining favor among socially-conscious customers.

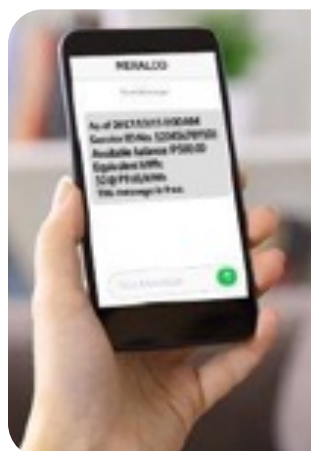


Business Center Queueing System

Improved order through automated queueing processes in the BCs since May 2023

Official Receipt Look Update

OR receipt experience aligned with the new and enhanced bill



Advanced Metering Infrastructure (AMI) Postpaid

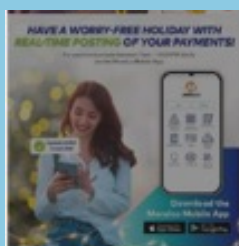
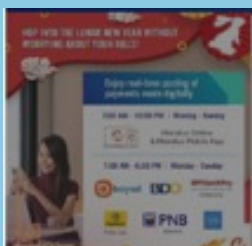
1.2k

Customers empowered by consumption notification and updates powered by smart meters

Real-time Posting of Payments

Customer **pH**P
savings
realized **17.9M**

Lower convenience fees from payments
through GCash and Maya



21.3%

Third Party
Payments posted
real-time

14 Corporate | 3 Bank Partners Activated

5.91M

Customer contacts
updated

Ensuring that notifications and
reminders reach the correct customer

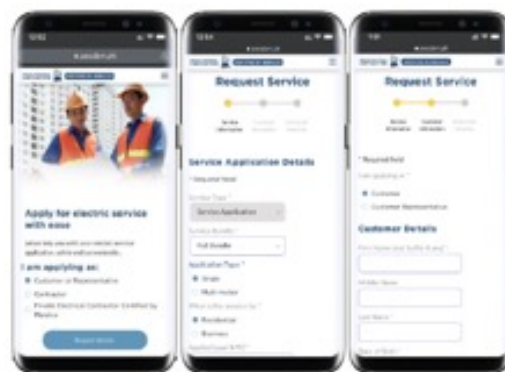
Certified by Meralco (CBM)

Platform enhancements in November

**13.7
DAYS**

Average Processing
Time for Ordinary
Service Application

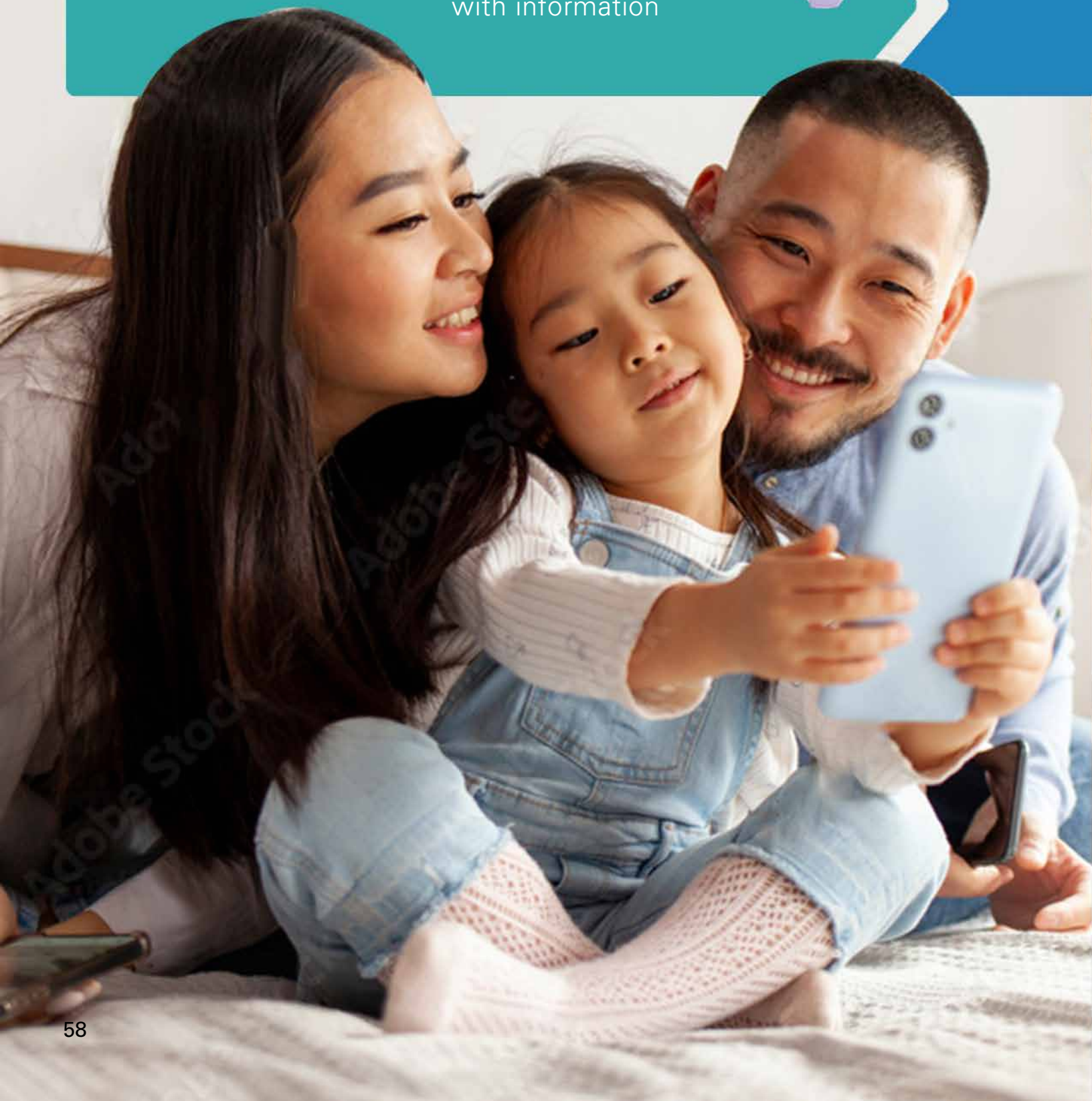
8 days faster than non-CBM applicants



We complement our customer journey projects by providing value even during their day-to-day use of electricity through solutions, programs, and campaigns.

ENLIGHTEN

with information



EMPOWER

with actionable
options



ENERGIZE

with renewable energy
and innovative solutions



We recognize that customers are at different stages of engagement with Meralco – thus, we employ with a three-pronged communication strategy:

- Enlighten with information
- Empower with actionable options
- Energize with renewable energy and innovative solutions

Through these efforts, we equip our customers with knowledge to empower them to make informed energy decisions, lighting the way towards an elevated lifestyle or a thriving business.



Residential Customers

We recognize that residential customers are at different stages of engagement with Meralco – driven by their capacity to act, as well as their willingness to do so.

ENLIGHTEN

Enlighten customers with information

- Power supply forecast/issues
- Brownout information and restoration efforts
- Monthly rate movements
- Regulatory and Government Mandates
- Alerts and notifications on billing, payment and outages

EMPOWER

Empower customers with actionable options

- Energy efficiency & conservation: Bright Ideas, Cost-to-operate, Appliance Calculator
- Peak / Off-Peak
- Meralco Online and appointment booking for BC visits or video conference
- Payment options and channels

ENERGIZE

Energize customers thru renewable & innovative solutions

- Harness renewable energy with net metering and Zero Export
- Prepaid and postpaid service powered by smart meters



Meralco Advisory

Monthly releases on rates and tips

+505%
in Facebook reach
vs 2022

5.0M
Reached on
TV monthly



Update, Update, Para 'di Ma-Late

In 2023, Meralco tapped influencers to encourage customers to update their contact information with Meralco so that they can receive service-related notifications.

Outage Map and Paperless Billing via Meralco Online

Consistent communication on Meralco Online hero features, with reach of as much as 2.4M users on Facebook

614K
Downloads
22% increase vs.
previous year



696K
Registrations
10% increase vs.
previous year

4.2M
Reach on Social



5.9M **25.0M**
updated contacts in 2023
15% increase vs.
previous year
Impressions
on Tiktok



14.8M
Reach on Social

Bright Ideas

Energy efficiency & conservation

Our year-round 'We've Got the Power to be a Lightsaver' campaign aligns with the DOE's drive to empower customers in managing their energy consumption.



23.7M
Reach on Social

4.9M
Reach on Spotify

71.9K
Sessions on Website
↑73% increase vs. previous year



Peak/Off-Peak (POP)

We pushed the POP solution to targeted customers who consume more electricity at night or on Sundays, such as those with air conditioners and clothes dryers.



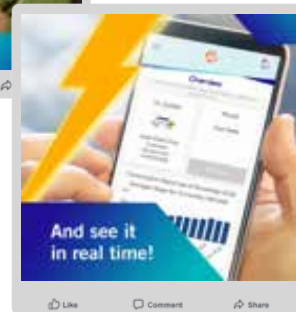
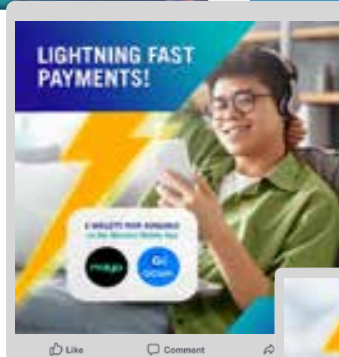
19,450
Sessions on Website
↑118% increase vs. previous year

4.5M
Reach on Social



Real-time Payment Channels

We aggressively drove awareness for payment channels that are posted real-time.



3.4M
reached on Meralco Advisory

2.8M
reached by digital ads that push e-wallet payments via Meralco Online

25.2M
reached by digital ads that push for channels that post payments real-time

Net Metering

To support installations of solar panels, we implemented an information campaign detailing the benefits of net metering

5.0M
reached through Meralco Advisory TVC

3,117
Applications YTD
↑15% increase vs. 2022

4.2M
Reach on Social



We ended a year of empowering customers with a music video featuring all Residential programs, solutions and products. The video aired on select stations and boosted across digital channels.



Scan to watch the video



Business Customers

Customers are at different stages of engagement with Meralco. In time, we hope to influence them to commit to us for nation-building partnerships.

ENLIGHTEN

Frontload relevant and timely information

- Power supply forecast/issues
- Regulatory, Tax and Government Mandates
- Updates on bill charges and payment reminders
- Safety Tips
- Brownout Alerts and restoration updates
- Power Consult, Power Match
- Contact Channels

EMPOWER

Improve operational efficiency

- Energy management and compliance with the EE&C Law
- Peak / Off-Peak
- GEOP
- Payment Options
- Power Ideas on RE, EV, and New Technologies

MSME only

- Safe and convenient energization via CBM
- Power Ideas: Power Quality

ENERGIZE

Strengthen partnership with Meralco and Participate in Nation Building

- Net Metering / Zero Export/DER
- Subsidiary availments
- Substation partnerships
- Build Better More partnership projects

Large Corp. & Conglo. only

- Power Quality
- Interruptible Load Program
- AMI - Prepaid electricity



Power Up Events

37 MSME
12 Large Corp

Industry Events

14 MSME
4 Large Corp

Institutional Partnerships

16 MSME
5 Large Corp

Contact Channels

18,865

Ave. webpage views

1:28

Minutes
Ave. Time on Page

Power Consult

7,551

Ave. webpage views

2:49

Ave. Time on Page

Power Ideas

We supported the DOE's call to empower customers to manage their consumption by featuring stories of customers who implemented energy management solutions.



500k

Reach via bill ads

1.4M

Reach on Social Media and other relevant sites



54k

Social ad clicks

14k

Email reach

68

Total New Availers

Peak/Off Peak (POP)

POP is an alternative energy pricing scheme designed to help business owners lower their total electricity expenses through rates based on peak and off-peak periods. This solution is best for businesses that operate on or can shift a larger part of their energy-intensive operations to off-peak hours and Sundays.

POP can help you:

- Generate savings that can be reinvested to grow the business
- Improve operational efficiency
- Contribute to a reduction in peak hour consumption



ILP and EE&C

We promoted these programs to Enterprise customers to help mitigate the impact of the power supply deficiency and highlight our partnership in managing their energy supply.

3

Forums Mounted to help customers prepare for the summer months and aid in EE&C law compliance



1,400
Attendees

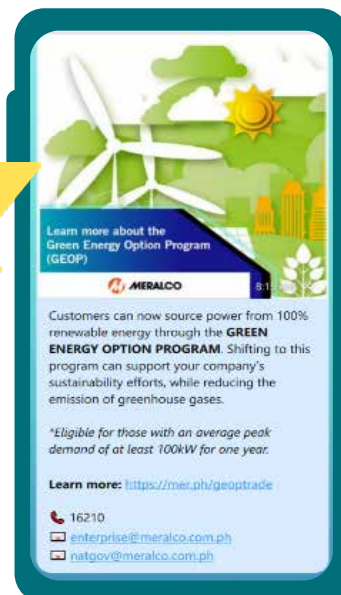
100%
Satisfaction



We promoted renewable energy and the benefits of signing up to Meralco's renewable energy solutions.

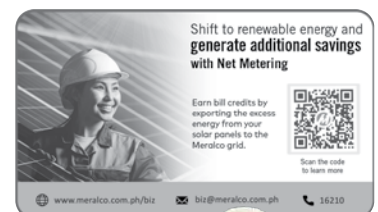
88k

Customers reached through various channels



Net Metering / Zero Export

94 New applications for Net Metering





Government

With **111 LGUs** within the franchise, we aim to **build and sustain fruitful relationships** to **improve the lives of our customers** and **contribute to the growth of the communities** we both serve.



To improve customer experience in Service Application in relation to Anti Obstruction of Power Lines ("AOPL"), Meralco together with DOE and DILG mounted various fora to detail its benefits and to address the challenges on LGU implementation; **94/96 LGUs attended**

AS OF YE 2023

29,298

Approved Lifeline Rate Discount Applications

25

LGUs implementing

1,592

PLOC Applications received

4

MOU Signings

to push our agenda for community electrification and other energization projects



Challenges in implementing AOPL in LGUs:

A. Power Lines Operator Certification ("PLOC") as a requirement for securing Building Permit is not yet included in Citizen's Charter as mandated by Ease of Doing Business ("EODB")

B. PLOC is not incorporated in the National Building Code



8

PUFs and AOPL sessions

to empower customers on EE&C, electrical safety and innovative solutions



8

Supported other LGU events

i.e. city foundation days, parades, fundraising, caravans, and other info campaigns



Meralco continues to advocate for the adoption of clean and renewable energy solutions with optimal customer experience

Meralco engaged with the Department of Energy (DOE) to provide input on policies for Net Metering and Electric Vehicles and to promote standardized requirements and equipment for the franchise. We also partnered with the Energy Regulatory Commission (ERC) and local government units (LGUs) to establish One-Stop Shops that enable faster acceptance and

processing of Net Metering applications.

A pilot was implemented in Pasig that allowed Meralco customers to submit their applications at the Pasig City Hall after obtaining the necessary requirements from the LGUs. This made the process more convenient and efficient for the constituents.

Additional partnerships

- With industry associations, such as the Philippine Solar and Storage Energy Alliance (PSSEA), to promote best practices and cascade applications requirements approved by the ERC
- With media for energy education
- With consumer groups, such as Liora Homes and Barangays Bel-Air and Salcedo, for localized information drives

AS OF DEC 2023

10,008 66.8MWp

Activated Net Metering Customers

Installed Capacity

General Overview

Equipment

Process and Documentation

Overview of Meralco's RE Solutions

NEW



	Net Metering (NM)	Renewable Distributed Energy Resources (DER)	Zero Export (ZE) ¹	DER Non-Exporting NEW
Meralco Customer	✓	✓	✓	✓
Non-Meralco Customer	○	○	✓	✓
RE Capacity	100kWp & below	>100kWp – 1MWp	Below Contracted Capacity	Below Contracted Capacity
Renewable Energy	✓	✓	✓	✓ / ○
Pricing Methodology	100% Exported energy compensated	30% Maximum of Installed Capacity ²	--	--
RE Ownership	End-User	End-User or Contractor	End-User	End-User or Contractor DER Owner and End-User are separate entities
Bi-directional Meter	✓	✓	○	○
REC Meter	✓	✓	○	✓
Regular Meter	○	○	✓	✓
Reverse Power Protection	○	○	✓	✓
Regulatory Mandated Processing Timeline	20 Working days	30 Calendar days	--	30 Calendar days
DU Certificate Issuance	Customer	DER Owner End-User or Contractor	Customer	DER Owner End-User or Contractor
COC Application (ERC) ³	Meralco	DER Owner End-User or Contractor	Customer	DER Owner End-User or Contractor

¹ZE is a Meralco program to accommodate applications involving RE system that will output solely for the customer's own-use.

²Credit Scheme for DER based on installed capacity:
75% of the blended generation rate for above 100kWp to 500kWp
60% of the blended generation rate for above 500kWp to 1MWp

³ERC's COC processing time is 60 calendar days

Spotlight

Meralco ramps up awareness efforts to promote Lifeline Rate applications in light of new regulations



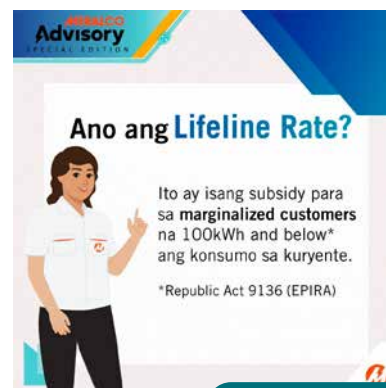
Aligned with the updated Implementing Rules and Regulations set forth by the DOE, ERC, and DSWD under Republic Act 11552, eligible customers are now required to apply for the Lifeline Rate Discount to continue benefiting from it. In adherence to this and in support of **SDG 7: Affordable and Clean Energy**, Meralco has made serious efforts to ensure that the subsidy reaches every corner of our communities.

The Lifeline Rate Discount serves as a lifeline for marginalized and low-income households consuming less than 101 KWh per month. Those who qualify are 4Ps (Pantawid Pamilya Pilipino Program) as well as those who are tagged by SWDOs (Social Welfare and Development Office) as living below the poverty threshold. The amendments to the program's criteria have been made to ensure fair and equitable access to the

lifeline subsidy among end-users to uplift the lives of our most vulnerable communities.

With a sincere commitment to customers, Meralco partnered with local government units from April to December 2023 for a comprehensive information campaign, accompanied by organized caravans and recorrida events, to reach 33,603 eligible and active Meralco customers.

The intensified house-to-house efforts were implemented in barangays identified as having the highest concentration of 4Ps beneficiaries. Areas such as Addition Hills in Mandaluyong, Pinagbuhatan in Pasig, Poblacion in Muntinlupa, West Bicutan in Taguig, and Brgy. 649 in Manila were specifically targeted, ensuring that those who needed to know about the discount were reached.



scan to watch video



17

Million Views

across Facebook, Youtube, Viber, Tiktok and GCash

10

Million

Viewers and listeners on TV and Radio

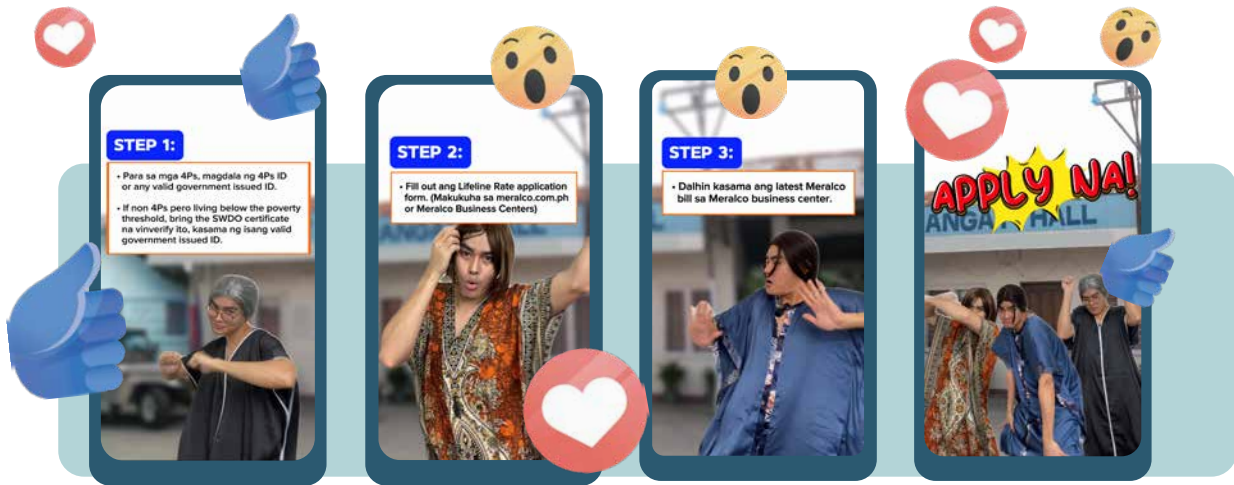
961k

Readers

5.4 Million Eligible Customers

via bill ads and bill inserts, and all residential customers through SMS notifications

1.2 Million Commuters through eJEEP spots



ANU-ANO ANG MGA REQUIREMENTS PARA MAG-APPLY?

4Ps BENEFICIARY
Validity period: Based on the 4Ps list endorsed by ERC

NON-4Ps BENEFICIARY
Validity period: Three (3) years from the issuance of certification from the local SWDO

DISQUALIFIED ANG MGA SUMUSUNOD KAHIT MABABA PA SA 100KWH ANG KONSUMO KADA BUWAN:

- Mga naninirahan sa condominium*
- Mga naninirahan sa subdivisions*
- Mga out-migrant customers
- Mga customers na connected with tenancy or pagpapaang sa Anti-Filipino Act

* Mula sa mga rebelling ng government housing projects

Para sa karagdagang impormasyon kabalangian:

customercare@meralco.com.ph | www.meralco.com.ph

“Maraming salamat sa Meralco sa pagpunta sa aming barangay sa Del Monte upang mag caravan tungkol sa LDE. Nagkaroon kami ng kaalaman upang magkaroon ng lifeline discount. Malaking tulong din ito sa aming pang araw-araw na gastusin.”

“Thank you so much Meralco for holding an info caravan about LDE here in our Brgy. Del Monte. We learned about our eligibility to the lifeline discount. It will certainly help us with our daily expenses.”

These initiatives were further reinforced through placements on various Digital Channels, TV Commercials, Radio broadcasts, Direct Messaging through Bill Ads, SMS, and bill Inserts. The collective efforts reached **10 million viewers and listeners on TV and Radio, 961,000 readers on circulation, 17 million users across Facebook, Youtube, Viber, Tiktok, and Gcash, 1.2 million commuters through eJEEP spots, 5.4M customers via bill ads and bill inserts, and all residential customers through SMS notifications.**

As of December 2023, MERALCO has approved 29,298 applications for the Lifeline Rate Discount, underscoring the unwavering commitment to corporate responsibility. Beyond simply providing power, it is the dedicated effort to empower individuals and communities, that catalyze progress towards a more inclusive and prosperous future for our nation.

Spotlight

A Story of Illumination: Brighter Future with Smart Meters

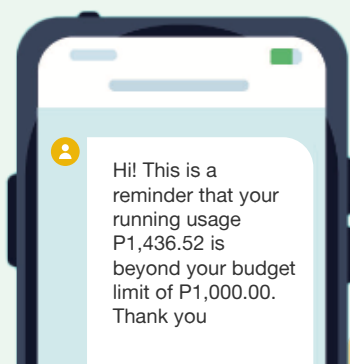
Meralco's Advanced Metering Infrastructure (AMI) Postpaid service represents a transformative step forward in enhancing the customer experience through smart meter capabilities.

With the integration of AMI smart meters, customers benefit from a range of valuable features, including: daily SMS notifications detailing

their energy consumption, budget alerts to help manage expenses, and timely notifications for disconnections and reconnections.

The advantages of AMI Postpaid are significant. Customers gain greater control over their energy usage through personalized daily consumption updates and budget notifications.

Alerts for service interruptions and restorations represent another key benefit of AMI. Reconnection is expedited without any additional fees, with restoration typically occurring within minutes of payment processing—eliminating the need for physical visits to Meralco's Business Centers.



Hi! This is a reminder that your running usage P1,436.52 is beyond your budget limit of P1,000.00. Thank you



01
Set Budget Limit



03
Remote Meter Reading



Here's your estimated consumption: Service ID No. 123456789012 as of 01/01 P1,436.52 Bill Period 01/15. For Inquiries kindly call 1622-7737. Thank you!

02 Receive SMS Alerts



When you're over budget limit



On your Daily Consumption



Disconnection Warnings

04 Remote Reconnection and Disconnection



Your service may be disconnected after 24 hours. Please settle your unpaid bill to avoid inconvenience. Please note that posting of payment via non-MERALCO channels will take at least 2 days.



Hi! Service ID No. 123456789012 will be restored in 15 minutes. If not please call 1622-7737. Thanks!



"Nakakatuwa kasi nakikita natin at nau-update kung magkanong [kuryenteng] nagagamiit natin, hindi na magiisip kung gaano kalaki yung bill natin kasi nakikita na natin, narereceive po natin [ang updates] araw-araw."

"We're glad because we can now monitor our [electricity] consumption, we don't have to think about high bills since we can monitor and receive daily updates) said one of AMI's active customer, underscoring the value of near real-time updates and daily consumption visibility in empowering efficient energy usage."

AS OF DEC 2023

1,172

Active AMI Postpaid Accounts
in Manila and Caloocan



MERALCO
KURYENTE
LOAD

Just like AMI Postpaid, Meralco's Kuryente Load is also powered by the AMI technology. Launched in 2013, Kload has consistently showed high customer satisfaction marks, garnering a 8.33 CSI score in 2023, 4 significant points higher than regular postpaid.

Kload, Meralco's prepaid electric service, has been extremely helpful to our customers as it provides near real time information on their electricity consumption, as well as allowing them to align their electricity top ups with their cash flow and budget.

AS OF DEC 2023

98,310

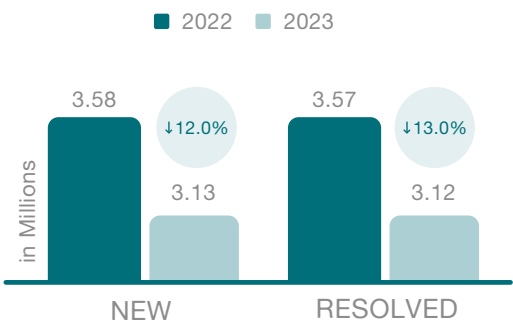
Active Kload Customers in Manila, Pasig, Makati and Mandaluyong, as well as portions of Rizal

Fulfilling Our Promise

Experience that is SIMPLE, FAST and CONVENIENT is the aim of Meralco’s service delivery, customer engagements and customer solution offerings.

We measure the satisfaction of our customers through various metrics, including reduced open customer service cases, improved First Contact Resolution and 24-Hour Resolution Rates, and maintenance of other operational metrics.

CASE MANAGEMENT (Volume in Mn)



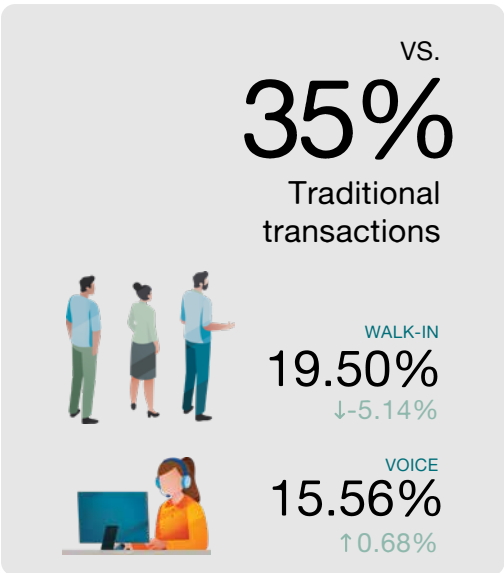
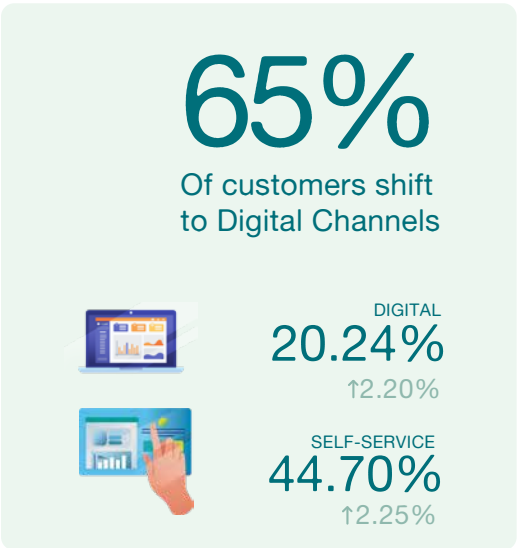
RESOLUTION RATE	AVERAGE TIME TO ANSWER	SERVICE LEVEL % answered within 20 secs
98.7%	3.8 secs	96.7%

Responding to Customer Needs

Overall customer cases reported to our customer care channels decreased by 12%, reflective of a relatively steady 2023, with the absence of major typhoons or power supply shortages that could cause long periods of power outages.

Billing and Payments continue to dominate concerns at 64%, followed in far second by Outages and Incidents.

Our digital service for concerns and inquiries is at a high of 70%. Once customers experience the ease of using digital platforms, it will be easier for them to shift from traditional to digital.



Enabling Customers

Key projects implemented in 2023 delivered a simple, fast, and convenient experience for different customer journeys.

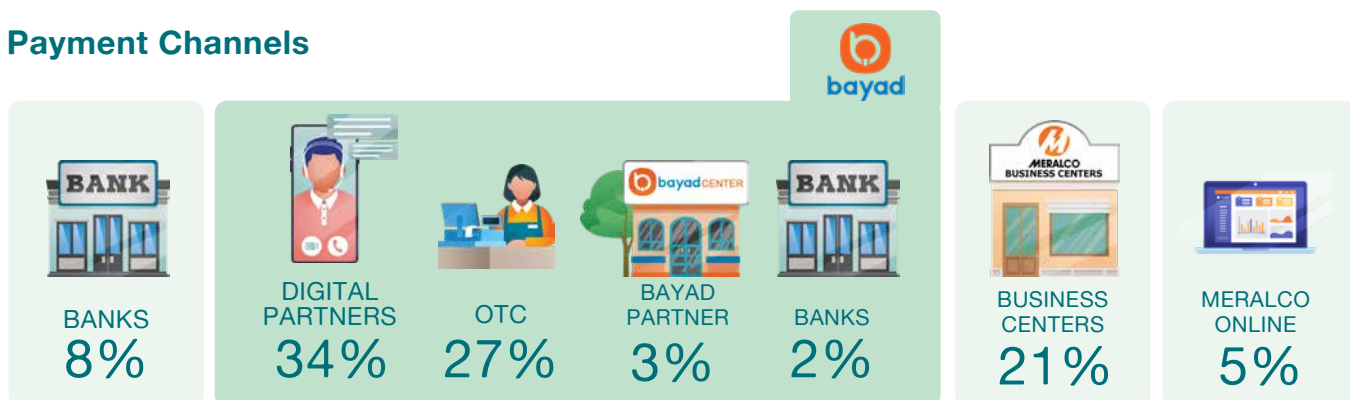
Meralco Online achieved improved performance on online payment and concerns management, delivering an all-time-high monthly average collection of PhP 1.5 billion, a 56% increase versus 2022. Customers who used the platform also realized savings from lower convenience fees, which totaled PhP 12.6 million.

Real-time payment posting improves the payment experience by giving customers peace of mind with the knowledge that payment has been posted to their Meralco account. In 2023, 12 Bayad corporate partners and 3 new bank partners were activated for real-time payment posting.

1.5 Billion

All-Time high monthly average collection in Meralco Online

Payment Channels



The collective social media reach surged to 322 million in 2023, marking a staggering 194% increase compared to the previous year. This expanded reach enabled a wider scope of more informed and engaged customers.

194%

Increase in social media channels overall reach



GUESS WHAT?

Para sa ating mga senior citizens

Enjoy a **5% discount** on your bill for monthly electricity consumption lower than 100kWh!

Just visit the Meralco Business Center to apply!

Like Comment Share

Guided by the Voice of the Customer: Customer Satisfaction, Customer Experience, Value for Money and Trust



2023 Highlights

In 2023, Meralco achieved a significant milestone with a Customer Satisfaction Index (CSI) of 8.20, marking the highest score since 2020 and signaling a return to pre-pandemic levels. This improvement was driven by enhanced power quality management for business and government accounts, along with a perception of reasonable rates. Despite challenges in the residential segment, such as increased average bills, our exceptional customer service and multiple service channels mitigated the impact.

Additionally, our Customer Experience Index (CXI) soared to 92, four points higher than 2022. This success was attributed to well-explained processes, accommodating attitudes, and prompt issue resolution across various interaction channels, including face-to-face, voice, and social media. These achievements underscore our commitment to delivering exceptional experiences to our valued customers.

92

Baseline CX Rating for Face-to-face,
Voice and Digital Transactions





Meralco continuously prioritizes customer satisfaction by ensuring affordability and reliability of its services. Affordability, as reflected in electricity rates, and reliability, measured by the absence of power outages and fluctuations, are key attributes that drive customer happiness.

Improved Value for Money

Year	Percentage
2018	92%
2021	83%
2023	86%



At Meralco, fostering trust with our customers is fundamental to nurturing enduring relationships. Our overall trust rating has increased to 71, marking a significant recovery of 5 points from last year. Our business trust rating has returned to pre-pandemic levels, while residential trust has reached its highest point since the pandemic began. This upward trend demonstrates our commitment to fostering strong and trusting relationships with all our customers.



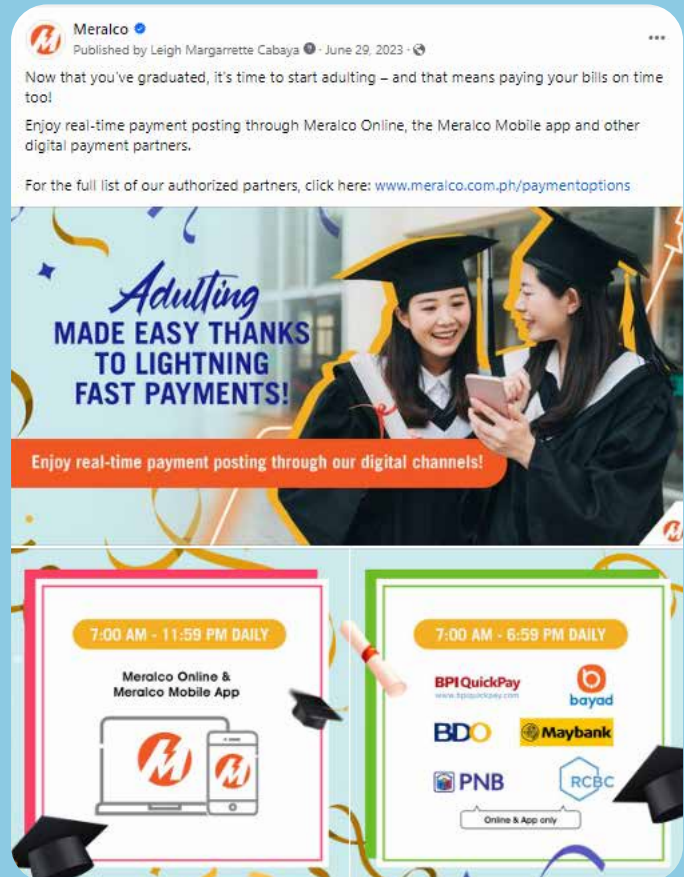
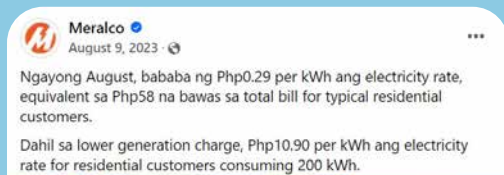
2024 Pledge to Our Customers

For 2024, given the major shifts in customer behavior and psyche, we will revisit the Customer Journey framework that was launched in 2015 and 2021, then enhance and expand it so we can be with our customers all throughout their journey with Meralco.

The framework reintroduced:

- I Join (Service Application)
- I Pay (Meter Reading, Billing & Payments)
- I Ask (Concerns & Inquiries)
- I Need Repair (Outage Management & Restoration)
- I Move (Transfer & Modification of Service)

Further, I Use (DU Sales, DU Solutions & Leads Prospecting) has been added. Additionally, Enablers will provide support across all journeys. This approach is geared towards ensuring that pain points in regular service are addressed while innovations and value added services are explored to satisfy and delight the customer.



I JOIN

Provide a safe, timely and value-driven end-to-end energy solution through:

- **Accessible** channels and services
- **Simple, quick, and consistent** application processing
- **Efficient provision** of adjacent services for "new" customer needs

Strategies:

- Accelerate energization by increasing efficiency, reducing processing time, and aggressive prospecting
- Provide adjacent services to serve "new" customer needs
- Spur community and economic growth through ease of doing business

I USE

Cultivate organic sales growth through strategic initiatives aimed at enhancing product offerings and optimizing lead generation channels

- Attain **sustainable organic sales** growth by introducing complementary products that enhance the ability or experience of offerings
- Leveraging **deliberate strategies** that emphasize customer centricity and innovation
- Implement **targeted initiatives to recover terminated services** that effectively restoring customer relationships and revenue sales

Strategies:

- Ensure service reliability and quality for all customer segments
- Reinforce strategic customer relationships
- Discover and leverage customer insights
- Offer Smart energy and value-added products and services

I PAY

Provide customers with delightful and effortless billing and payment experiences, through

- **Understandable, Accurate and Real-time** Information
- **Customer-centric, efficient, secure,** billing and payment processes
- **Accessible, easy-to-use and innovative** platforms

Strategies:

- Ensure continuous meter-to-cash operations and provide accurate and real-time information
- Deliver delightful and effortless meter reading, billing and payment experiences
- Modernize and automate meter-to-cash process and tools

I MOVE

To provide customers a seamless transition and effortless transfer of service experience through:

- **Pro-active and consistent** customer engagements
- **Reliable and accessible** channels for refund and contracting
- **Streamlined and standardized** processes for the prompt delivery of service

Strategies:

- Transfer of service
- Termination
- Reloc / Non-revenue

I ASK

Enable personalized customer engagement through:

- **Accessible products and services** via face-to-face, voice, digital and self-service channels
- **Simple, quick and consistent concerns handling** that deliver results
- **Reliable and empathetic** personnel

Strategies:

- Optimize and enhance existing touchpoints and elevate frontline CX capabilities
- Deliver consistent experience on "moments that matter"
- Leverage on digital touchpoints and empower customers through self-help channels
- Communicate proactively through the right channel with the right information at the right time
- Cultivate the Meralco brand and excellence in customer service

I NEED REPAIR

Manage customers' outage experience effectively & efficiently through:

- **Assurance of accurate, pro-active, and two-way communication channels** with customers
- **Ensuring timely and quality delivery** of restoration service

ENABLERS

Customer Experience

Process / Data Management

Organization / Human Resources

Systems / Platforms

Infrastructure (Networks)

Project Management / Transformation Projects

Performance Management / Governance

Partners shine bright at Meralco's Annual Luminaries Awards

Celebrating over twelve decades of service, Meralco has been a guiding light, illuminating landscapes and transforming countless lives. As Meralco charts its course towards a future brimming with promise and opportunity, strategic partnerships further solidify its commitment to nation-building in this new era.

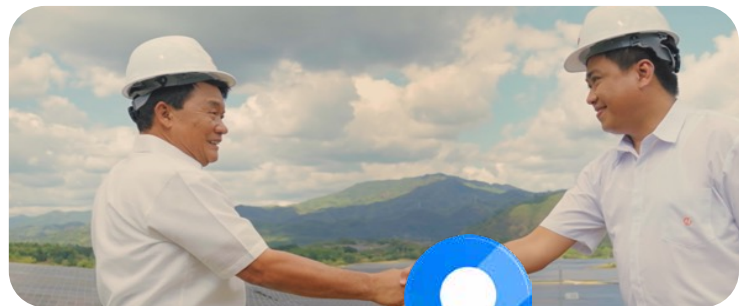
The Luminaries event shines a spotlight on the remarkable alliances forged between Meralco and the organizations, propelling the nation towards a braver, brighter tomorrow. After a five-year hiatus, it returned to celebrate inspiring partnerships that will continue to pave the way towards progress and excellence.

The gala provides a distinguished venue for Meralco executives and its top brass customers to mingle, fostering synergy and opportunities that fuel progress and excellence. It embodies collaboration, resilience, innovation, adaptability, and determination as it showcases best practices for other customers to emulate.



Local Government Units

The synergy between Meralco and LGUs enables the adoption of sustainable energy solutions, aligning with national objectives for a more environmentally conscious future. These Luminaries serve as a testament to commendable initiatives and notable achievements, providing access to power to enrich the lives of constituents, embodying champions of sustainability and leading in renewable energy innovations and smart solutions.



Municipal Government of Baras

Through innovative eco-tourism initiatives such as deploying electric vehicles in parks and a steadfast commitment to renewable energy, Baras sets the standard for local governments striving for a more sustainable future.

Accompanied by operational improvements like eCFEI for faster business permit processing, this partnership between the local government and Meralco not only fuels growth but also fosters a thriving community, driving economic development in the area. *"Dahil sa tuloy-tuloy na renewable projects with Meralco, Baras is racing towards a sustainable future."* (Because of the

ongoing renewable projects with Meralco, Baras is racing towards a sustainable future)," said Hon. Willy Robles, Mayor of Baras, Rizal.

- Anti-Obstruction of PowerLines (AOPL) sets power line clearance standards
- Electronic Certificate of Final Electrical Inspection (eCFEI) fast-tracks service applications to same-day release of eCFEI
- E-trikes to shuttle tourists and residents
- 75 MWac solar power plant in partnership with Meralco wholly-owned subsidiary MGen, energizing 80,000 Filipino homes



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Municipal Government
of Doña Remedios Trinidad
Meralco Local Government Unit Luminary 2023



30 joint
RAISE
projects in
5 barangays



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Energized
more than
1,800
households



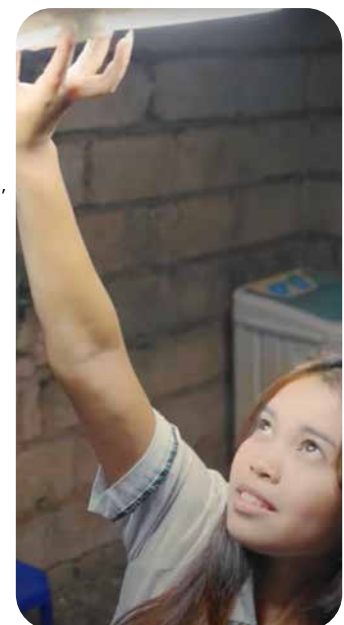
Municipal Government of Doña Remedios Trinidad, Bulacan



By ensuring safe and reliable electricity reaches even the most remote areas, through the building of roads and subsidizing energization costs to enable fast electrification, the local government of Doña Remedios Trinidad (DRT) partners with Meralco to elevate the lives of its community and raise their standard of living, as what DRT Mayor Hon. Ronaldo Flores said, "Meralco, we build the roads, you bring the lights."

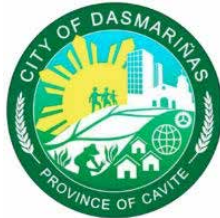
With unwavering commitment, Meralco and DRT empower residents, energizing every corner for progress.

Meralco RAISE (Relocatees and Informal Settlers Electrification Program) energized more than 1,800 households
Custom energization for marginalized communities





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City Government of Dasmariñas



Through modernizing vital facilities, enriching residents' lives with sustainable solutions such as solar energy harnessing and net metering initiatives, Dasmariñas and Meralco pioneer progress while ensuring a greener, more empowered community for generations to come.

Vice Mayor Rex Mangubat of Dasmariñas expressed his appreciation for the partnership, stating, "We want our citizens to live their best lives so we can continue to make Dasmariñas as green, as beautiful, and as bright as it can be. Thank you, Meralco, for making Dasmariñas a very desirable place to live."

This collaboration underscores Meralco's commitment to sustainable development and community enhancement, fostering a thriving environment where residents can thrive and prosper.

- Supported additional electrical load for specialized equipment
- Green e-Skwela program gives students access to digital equipment
- Savings of PhP 4.6 million through Meralco's Net Metering Program
- sustainable development and community enhancement, fostering a thriving environment where residents can thrive and prosper.



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City Government of Pasig



By fostering a culture of innovation through providing and encouraging its citizens to adopt smart, energy-efficient solutions like net metering and staying dedicated to quality and efficient service, the City of Pasig partners with Meralco to empower every Pasigueño to catalyze progress.

“We want people to adopt renewable energy. It’s good for a local government to do it first,” emphasized Mayor Vico Sotto on the importance of renewable energy adoption.

Together with Meralco, Pasig is driving positive change and shaping a more sustainable future for its residents.

- Smart Streetlights pilot controlled via dashboard
- Oplan Kaayusan
- Upgrading streetlights to LED lights
- PhP 800,000 monthly savings through Meralco’s Net Metering Program
- Tripartite Agreement for the fast and convenient Net Metering application

Business (BIZ)

Meralco's dedication to understanding and meeting businesses' distinct power needs has been instrumental in their success stories, exemplified through achievements celebrated by the Luminaries. Through this recognition, Meralco highlighted positive outcomes of collaborative efforts, demonstrating how customized solutions and close partnerships contribute to advancing the Philippine business landscape.



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O.B. Montessori Center

O.B. Montessori Center, anchored on the humanitarianism of Operation Brotherhood and the Montessori method of education, molds its students to be global leaders by educating them on caring for the community and the environment beyond the four walls of the classroom. Their partnership with Meralco has particularly enabled them to fulfill their sustainability goal and inspire their students and their community by introducing solar energy. "I was looking for a solar company for a long time now, but it was only MSpectrum that really took care of us. This is a dream project for us, and thanks to Meralco, they made it happen," said Sara Soliven-De Guzman, President of O.B. Montessori. Their partnership with Meralco also gave them business gains through Power Consult and Net

Metering. "Through Meralco's Power Consult, we were able to save almost half a million, and I'm so happy with that because I saw their sincere service," Sara Soliven added.

Truly, the collaboration between Meralco and O.B. Montessori goes beyond business gains and extends to nation building, shining the path towards a more sustainable future.

- 99 kWp solar panels installed in the Fairview campus in partnership with MSpectrum
- Saved PHP 1 million with solar panels and Net Metering
- Saved PHP 500,000 with Meralco's Power Consult



Biostar



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Veterinary products company Biostar NutriProducts, Inc. offers an inspiring story for local businesses that started from the ground up. Leveraging local talent by hiring an all-Filipino research and development team, Biostar has proven that businesses can grow alongside their employees.

Meralco has been with Biostar in every step of its journey—from the early energization of their first plant and ensuring their power requirements for expansion and automation are met to cater to the increasing demand of their customers, to their enrollment in Net Metering for their MSpectrum solar panels.

Biostar acknowledges the critical role that their

partnership with Meralco plays in their business growth. "*Hindi posibleng maka-expand tayo without the help of Meralco,*" said Diosdado Serviento, President of Biostar. Biostar's story is a prime example of how businesses that value local talents and partners flourish alongside them.

- Early energization of poultry, piggery, and layer farm
- 25 kWp solar panels installed in broiler building through MSpectrum
- Saved Php 400,000 with solar panels and Net Metering
- Automation of first plant enabled through Power Consult

Enterprise

Throughout its illustrious history, Meralco has empowered enterprises, providing essential energy infrastructure to propel business growth. Committed to excellence, Meralco assists companies in navigating the complexities of powering operations, ensuring reliability, and contributing to sustained success.



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Atkins

With the intention of helping Atkins deliver on their commitment to food security and empower the local community (through affordable, quality meats), Meralco energized their biggest cold storage facility in Naic, Cavite. "Meralco has been vital to the launch of our Cavite cold storage facility, and we were spared the unnecessary cost of renting another cold storage," said Gabriel Ang, the President of Atkins Import & Export Resources, Inc.

This led to the reduction of food waste through extended shelf life and the preservation of product quality. These facilities will also play a crucial role and will help enhance economic stability in the agricultural sector.

- Php 2 million annual savings with Meralco's POP
- Timely energization of cold storage
- 977 kWp solar panels installed at Naic Facility through MSpectrum
- Php 10 million projected savings through solar power



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"Meralco has really been outstanding. They went beyond and above because they have been helping in improving the quality of our power," expressed Aliou Lo, General Manager of STMicroelectronics, Inc. Meralco's projects with STMI have significantly improved the power quality of the company, making the system serving Calamba City more reliable.

These will also encourage more foreign investors to expand their businesses in the Philippines, as Meralco is more than capable of addressing their evolving array of requirements such as reliability, redundancy (N-1), and additional capacity.

- 115 kV substation built with Meralco to meet power demands
- Improved power quality and reduced power interruption



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BPI's advancements in digital banking and dedication to sustainability are contributing to a more inclusive Philippines, with Meralco playing a pivotal role in empowering their corporate goals.

"Our aligned efforts have led to the fast deployment of reliable, accessible, and secure platforms that both BPI and Meralco consumers have access to," said Juan Carlos Syquia, Head of BPI Institutional Banking.

- Annual savings of PHP 8.8 million with Power Match Consumption behavior review
- Enabled compliance with EE&C Law through collaboration with MServ



Robinsons Retail

The partnership between Robinsons Retail Holdings, Inc. and Meralco is a testament to resilience, commitment, and transformation.

It's not just about maintaining business operations, but contributing to the community's well-being. Robina Gokongwei, President of Robinsons Retail Holdings, Inc., expressed appreciation for Meralco's proactive approach: "What I truly appreciate about Meralco is that their relationship management team proactively visits and updates me personally with anything related to our energy needs." This partnership embodies the core values of both organizations, paving the way for a sustainable and bright future.



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- Enrolled 208 convenient stores in Auto Debit Arrangement
- Monthly savings of PhP 500,000 with Power Match Consumption behavior review
- Partnered with MSpectrum for the installation of solar panel at the Libis Head Office

United in resilience, Meralco and its partners have confronted challenges with determination and celebrated collective triumphs. The ongoing collaboration underscores a steadfast commitment to realizing their shared vision for a brighter future.

Meralco Liwanag Park Brightens Community

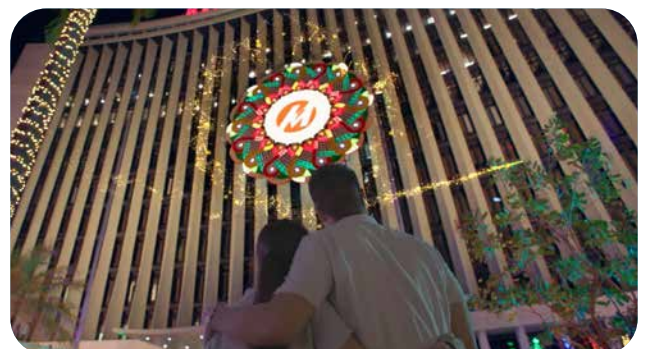


After three years of dormancy due to pandemic restrictions, Meralco Liwanag Park reopened its doors to the public in November 2023 to usher in the holiday season and give back to the community.



Open to the general public, visitors enjoyed the festive displays of the park, which was decorated with a giant parol, a light tunnel, a large nativity scene, and a train ride, among others.

More than an attraction, Liwanag Park serves as a way for us to show our appreciation for the support we receive. We hope to continue fostering our relationship with our valued customers with this much-awaited annual display.



Sustainability

Powering the Nation with Reliable Electricity



Throughout the year, we exemplify our commitment to our values of bayanihan and malasakit by extending support beyond our franchise areas.

Meralco demonstrated resilience, collaboration, and adaptability, from aiding in restoring power lines after typhoons to ensuring seamless electricity supply during major events in the country. These efforts underscore Meralco's dedication to reliability, ensuring customers, clients, partners, and communities can always count on our services.

Empowering 2023 Barangay Elections

A brighter future means voting in the elections. In our commitment to preparedness, collaboration, and adaptability, Meralco collaborated with the Commission on Elections (COMELEC) and the Department of Energy (DOE) for the Barangay and Sangguniang Kabataan Elections on October 30, 2023.

We inspected nearly 300 polling stations and canvassing centers, conducted essential maintenance, and prepared generators and floodlights for emergencies. These efforts helped to ensure that Filipinos could efficiently vote with minimal electrical disruptions.



Bringing Light Amid the Storms

Meralco provided reliable electricity throughout the year, especially during critical events. Following Typhoon Egay's impact on Ilocos Norte, the Company swiftly deployed 32 engineers and line crew, along with 11 vehicles, to aid the Ilocos Norte Electric Cooperative (INEC) in restoring power lines. One Meralco Foundation and the MVP Group of Companies also sprang into urgent action to provide relief goods and assistance to disaster victims.







Generation 26%

In 2023, Generation contributed PhP 9.7 billion to the CCNI, 80% higher than in 2022. In terms of percentage share to CCNI, Generation saw a 6% point rise, a CCNI contribution reaching 26% compared with the previous year's 20%.

Meralco PowerGen Corporation (MGen)

MGen is an invaluable asset to Meralco's efforts to address the country's growing energy demand while offering competitively priced power. It strives to develop a diverse power generation portfolio to ensure ample, dependable, and cost-effective supply through advanced coal technology such as High Efficiency, Low Emissions ("HELE"), Circulating Fluidized Bed ("CFB") technology, and renewable energy sources.

MGen's contribution to Meralco's CCNI increased to PhP 9.7 billion in 2023. The increase in MGen's contribution to Meralco's CCNI was driven by the sustained performance of PacificLight and San Buenaventura as well as positive contributions from GBP and MGreen.

Energy Delivered in GWh

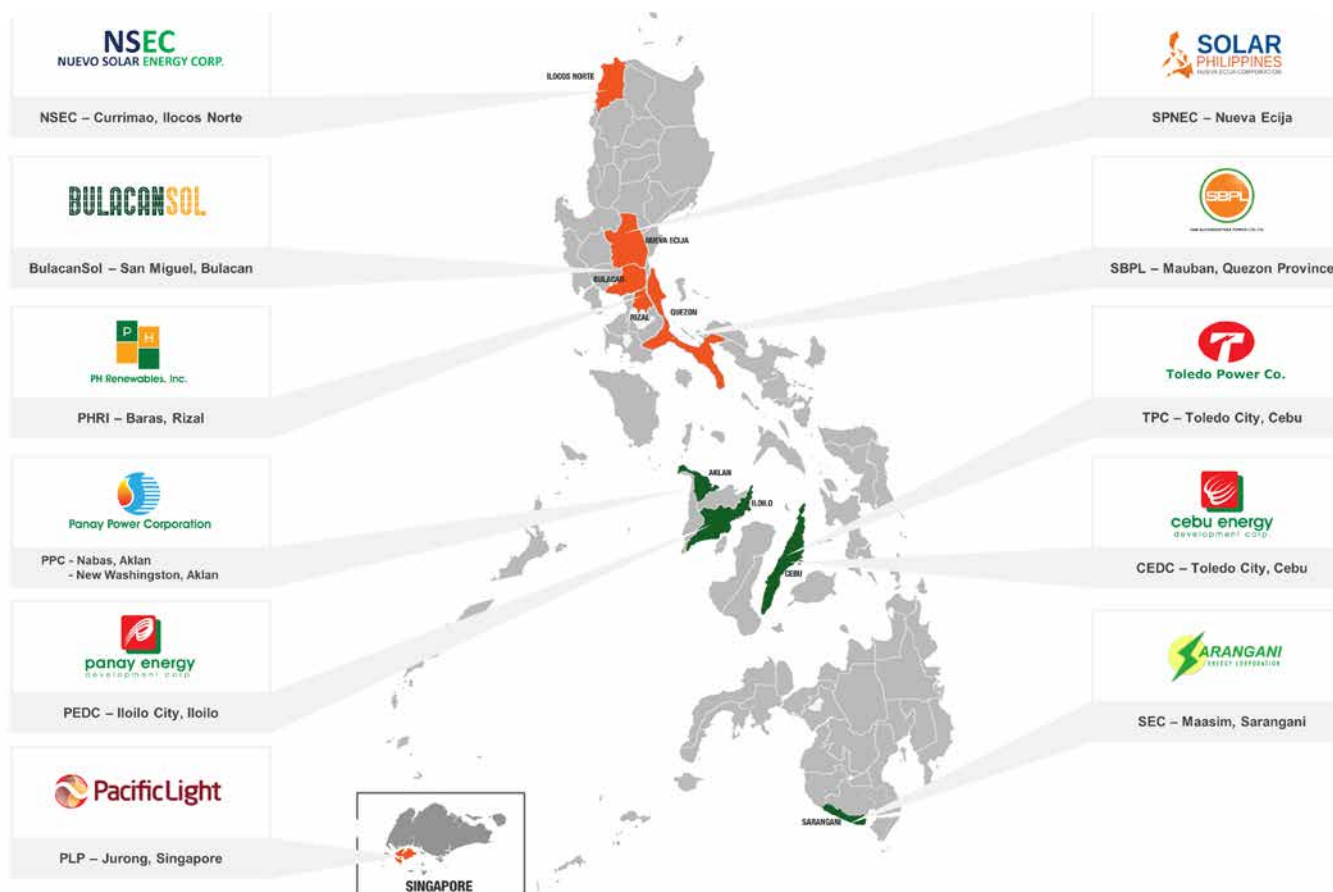
Plant	Year-to-Date Performance		
	FY 2023	FY 2022	% Change
 GBP GLOBAL BUSINESS POWER	5,867	5,756	▲2%
 SBPL	2,360	2,765	▼15%
 PacificLight	5,719	5,619	▲2%
 MGEN MGREEN	347	112	▲210%
Total	14,293	14,252	▲0.2%

MGen delivered 14,293 GWh for the year, slightly improved than the 14,252 GWh posted a year ago. The growth in delivered energy was driven by the continued high availability of the plants and the addition of two solar facilities located in Baras and Currimao.

GBP energy delivered settled slightly higher at 5,867 GWh from the 5,756 GWh recorded last year on the back of higher plant availability and strategically timed preventive maintenance.

SBPL's YTD energy capped at 2,360 GWh, lower than the 2,765 GWh posted a year-ago on account of a 13-day forced outage in June and scheduled PMS in December. Singapore-based subsidiary, Pacific Light, delivered 5,719 GWh, slightly higher than the 5,619 GWh recorded in the same period of last year.

MGreen energy delivered closed at 347 GWh with its increased capacity supported by the operations of the Currimao and Baras solar power plants which came online in the first quarter of 2023.



Global Business Power Corporation (GBP)

GBP operates coal and oil plants across Visayas and Mindanao. In 2023, GBP delivered 5,867 GWh, a 2% increase from last year's 5,756 GWh. GBP's total net capacity is 824 MW, with 635 MW already contracted under Power Supply Agreement ("PSA") and Ancillary Services Procurement Agreements ("ASPAs"). GBP's positive net income contribution came primarily through increased volume delivery and the conclusion of fixed-rate contracts in the fourth quarter of 2022.

PacificLight Power Pte. Ltd. (PacificLight)

PacificLight is MGen's power plant outside the Philippines. It operates a 771 MW (net) liquefied natural gas ("LNG") plant in Jurong Island, Singapore. For 2023, PacificLight delivered 5,719 GWh, a 2% increase from 5,619 GWh in 2022. The power plant had an average availability of 88.4%, as its performance was propelled by enhanced margins derived from secured contracts. MGen has combined direct and indirect interests of 58% in PacificLight.

MGen Renewable Energy, Inc. (MGreen)

MGreen is MGen's wholly-owned subsidiary focused on providing electricity from renewable energy sources by driving a balanced energy mix with the rise of our renewable energy portfolio. MGreen also ensures the upkeep and performance monitoring of Meralco's conventional power plants. In support of **SDG 7: Affordable and Clean Energy**, it spearheads One Meralco's initiative to develop a renewable energy portfolio with a minimum of 1,500 MW of attributable capacity by 2030.

MGreen celebrated several milestones in 2023. These include the successful launch by Nuevo Solar Energy Corp. ("NSEC"), a 68 MWac solar project in Ilocos Norte, and PH Renewables Inc. ("PHRI"), a 67.5 MWac (net) solar plant in Baras, Rizal (Phase 1). MGreen capped the year with energy delivered at 347 GWh harnessed from its solar plants, namely, PowerSource First Bulacan Solar, Inc. ("BulacanSol"), and PHRI. MGreen's total capacity is 190.5 MWac across its solar plants in Bulacan, Ilocos Norte, and Rizal. Furthermore, MGreen's efforts have secured two winning bids in the Department of Energy's (DOE) second round of the Green Energy Auction Program (GEAP), resulting in the development of a 49 MWac solar power plant in Cordon, Isabela, and an 18.75 MWac solar power plant in Bongabon, Nueva Ecija.



Growth in Sustainable Power Generation

The Group made significant strides in growing and expanding its power generation portfolio to better contribute to powering the nation with reliable and sustainable energy.

In 2023, MGen delivered 14,309 GWh of total energy from its operating power plants. As of year-end, MGen's total power generation capacity was 2,240 MW (net), 60% of which was directly attributable to the MGen group.

Two new solar projects are currently under construction and are slated to be operational in 2024. These are the 49 MWac solar plant in Cordon, Isabela and the 18.75 MWac solar plant in Bongabon, Nueva Ecija—which are among the winning bidders in the DOE's second round of Green Energy Auction Program ("GEAP").

Overall, the growth in delivered energy was due to the continued high availability of the plants and the addition of two solar facilities located in Baras, Rizal and Currimao, Ilocos Norte. As synergies from investments here and abroad begin to bear fruit, Meralco remains committed to building a more balanced energy mix for the country through cleaner and more sustainable energy technology.

MGEN Delivered

14,293

GWh

Total Energy

MGEN

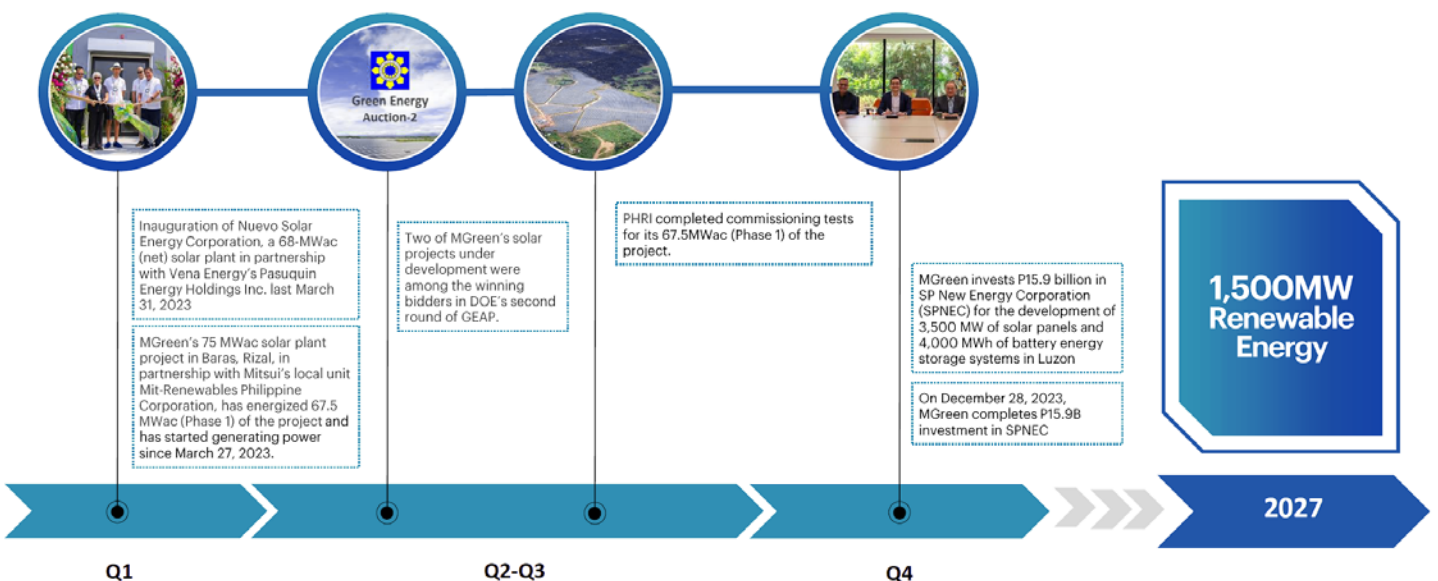
2,240

MW(net)

Power Generation Capacity

Low-Carbon Energy Transition Journey

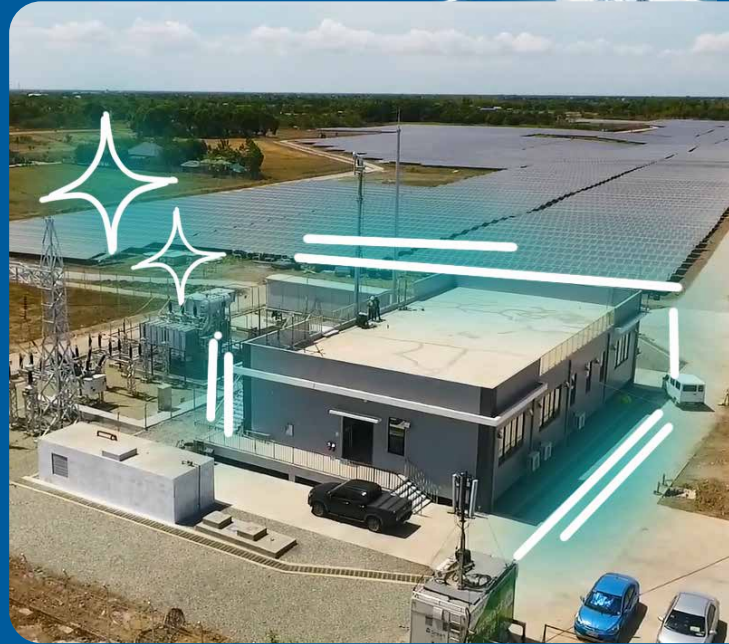
2023 Milestones



Wrapping up the year's milestones is the acquisition of a 50.5% controlling stake for SP New Energy Corporation ("SPNEC"), a listed energy firm. SP New Energy Corporation ("SPNEC"), a listed energy firm, through a substantial PhP 15.9 billion investment. MGen aims to leverage SPNEC as the leading platform for constructing 3,500 MWp solar panel installations and 4,500 MWh of battery energy storage systems, which is poised to be one of the biggest in Asia.

PHRI's 75 MWac (net) solar plant in Baras, Rizal, established through a partnership with Mitsui & Co., Ltd.'s local unit, Mit-Renewables Philippine Corporation, successfully completed commissioning tests for Phase 1 of the project, reaching a capacity of 67.5 MWac.

These represent part of the Company's efforts to achieve the goal of building 1,500 MW of renewable facilities by 2030.



MGen Sustainability Empowering and Enriching Communities

400
Students
Basura-Palit-Gamit-
Eskwela Program

For the year, MGen focused on giving back to communities by participating in various community initiatives led by its subsidiaries, in partnership with One Meralco Foundation (“OMF”) and other local organizations promoting sustainability.

MGreen launched the Basura-Palit-Gamit-Eskwela program, promoting environmental consciousness among Filipino students. In the initial run, over 400 students from San Juan Elementary School in San Miguel, Bulacan, and Pinugay Elementary School in Baras, Rizal, collectively gathered 175 kilos of recyclable materials. Through the partnership with GreenAntz Builders, Inc., an environmental solution company specializing in eco-friendly practices and green technology solutions, the students were able to exchange the materials for school supplies, including pencils, crayons, and notebooks.

PowerSource First Bulacan Solar, Inc. (BulacanSol) empowered the barangay tanods of Brgy. Tibagan, San Miguel, Bulacan, with essential skills through the Klinika-Kaalaman Program. This initiative enables them to effectively uphold peace and order within their communities.

Atimonan One Energy organized free leadership and communication skills training for 30 leaders of civil society organizations (“CSOs”) in Atimonan, Quezon Province. Participants, representing various sectors such as farming, fishing, business, livelihood, and cause-oriented groups, underwent the training to enhance their communication and leadership skills for more effective organizational leadership.



Fully embracing its commitment to community development, GBP, through subsidiaries Panay Energy Development Corporation (“PEDC”) and Panay Power Corporation (“PPC”), actively joined the 2023 Brigada Eskwela at La Paz I Elementary School in Iloilo City. The participation of MGen-GBP underscores its dedication to creating a conducive learning environment. Encouraging its scholars, partners, and affiliates to join, the effort saw a turnout of 140 dedicated volunteers.

MGreen and its subsidiaries continue their commitment to sustainably support quality education in their host communities through One Meralco Foundation, Inc.’s (“OMF”) Balik-Eskwela Project. In September 2023, MGen employees, from its GBP subsidiaries, assembled and distributed more than 300 backpacks filled with essential school supplies and hygiene kits for kindergarten to Grade 3 students. The initiative reached Labne Elementary School in San Miguel, Bulacan; Sitio Malalim Elementary School in Baras, Rizal; E. Pesa Elementary School in Bongabon, Nueva Ecija; and Caridad Ibaba and Caridad Ilaya Elementary Schools in Atimonan, Quezon.

These community initiatives have made a significant impact on various stakeholders, enriching communities, from empowering individuals with essential skills to fostering a conducive learning environment for students. Through this commitment to community development, the Group continues to make a positive difference in the lives of the Filipinos.

MGen GBP

140

dedicated volunteers

Brigada Eskwela



Retail Electricity Supply



MPower

By offering advanced tools and contracting with multiple power suppliers, MPower seeks to empower businesses by efficiently managing their energy requirements, as encapsulated in its motto, "We eMPower your business".

In 2023, MPower sold 5,400 GWh of energy to more than 500 customers. To provide for the growing green energy requirements of customers and in compliance with DOE's Renewable Portfolio Standards ("RPS"), MPower contracted 805 MW of renewable energy from power plants using solar, wind and geothermal technologies.



Vantage Energy Solutions and Management, Inc. (Vantage Energy)

Vantage Energy is Meralco's first affiliate RES. It provides energy products and solutions to contestable customers across Luzon and Visayas regions, particularly in Pampanga, Nueva Ecija, Zambales, Cebu and Iloilo.

In 2023, Vantage Energy posted close to 760 GWh energy sales serving over 90 commercial and industrial customers.

The Promise of Choice: Regaining Competitiveness

Every decision made is an opportunity to shape and change the outcome of the future. The freedom to choose is power – especially as the electricity industry transitions to become a competitive market. The Retail Electricity Supplier ("RES") units of Meralco, MPower and Vantage Energy, play in the Retail Competition and Open Access ("RCOA") arena, providing innovative, customized energy solutions and unparalleled service to qualified businesses across the archipelago. MPower remains to be the top individual Local Retail Electricity Supplier within the Meralco franchise area.

However, reduced customer count, energy sales and billed demand came on the heels of the Fuel Cost Recovery Adjustment, a revenue-neutral pass-through charge paid to assure continuous supply of electricity to customers. The landscape became even more cutthroat, as the commitment to supply the reliable, competitively priced electricity that customers sought proved challenging to deliver.

MPower, the local RES unit of Meralco, Clark Electric's Cogent, MGen's Global Energy Supply Corporation and two other affiliate retail electricity suppliers namely Vantage Energy and MeridianX, sold 7,075 GWh of energy to the contestable market in 2023.

Imminent Recovery

The road to recovery is well underway. Amidst these hurdles, the RES business is battle ready, gearing up on the acquisition of new accounts, continuously strengthening relationships, and maintaining razor-sharp focus on customer-centric programs and value-adding services.

RES have also continued to arm operations with the commitment to retail excellence and strict adherence to regulatory standards. Both MPower and Vantage Energy have been recognized by the Department of Energy for their full compliance with the reportorial requirements of the DOE Circular No. DC2013-05-0006, emphasizing its role in driving the successful implementation of RCOA.



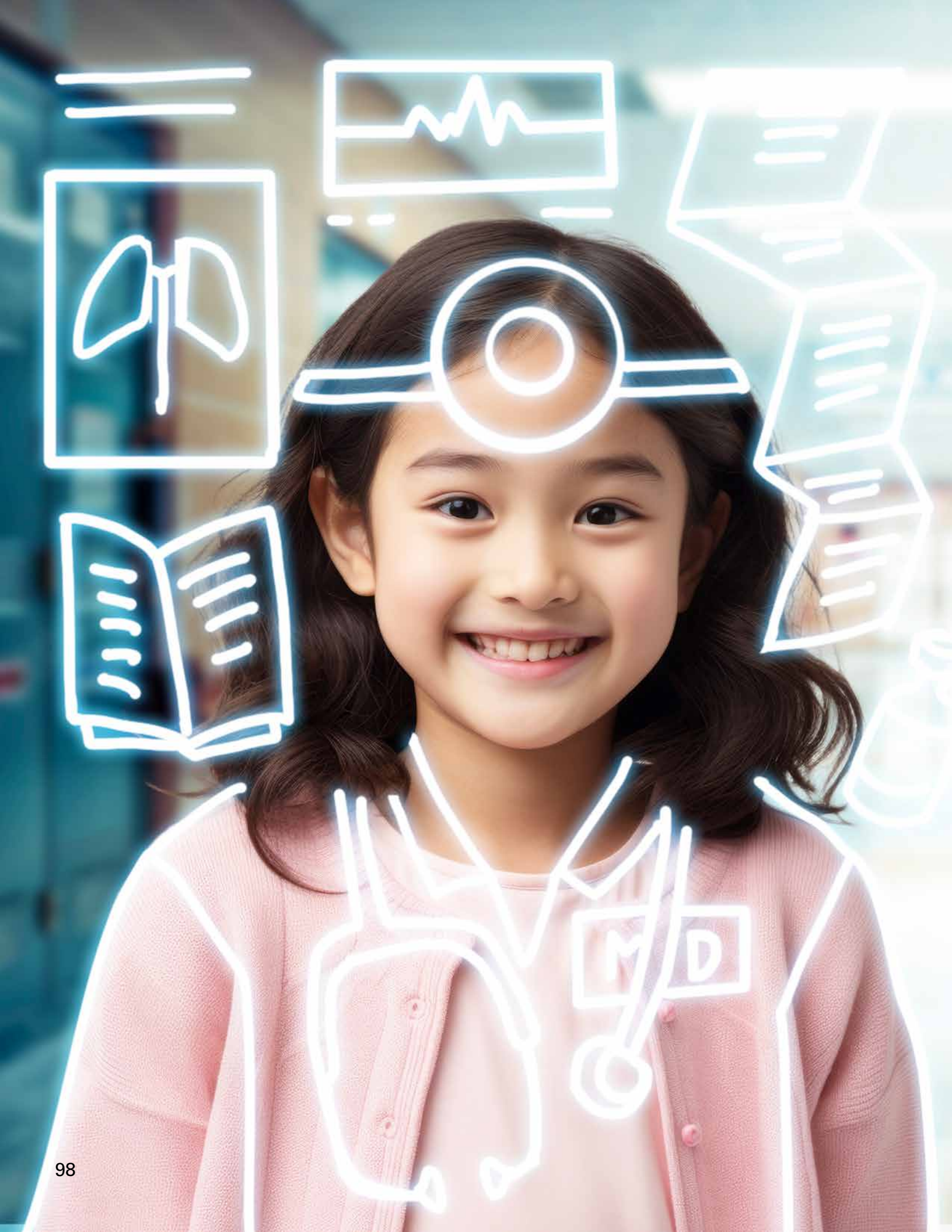
With 805 MW of renewable energy contracted from solar and wind power plants, we are on-track on our 1,500 MW milestone in total contracted RE capacity.

Customer tours to the solar plants were also conducted to encourage both engagement and a deeper understanding of renewable energy.

Even in Corporate Social Responsibility initiatives, embracing sustainability practices was also a thrust - from planting seedlings via the CommuniTrees project to giving out reusable water bottles to school children and teachers.



On top of providing end-to-end energy solutions and relevant learning programs, the RES business has continued to differentiate itself through community-building efforts aimed at imparting a positive impact on Filipino education and the planet. In close partnership with its customers and One Meralco Foundation, these initiatives include the provision of solar panels to off-grid schools, the building of 9 classrooms, and donations valued at PhP 16M, benefitting more than 30,000 students over the span of a decade. The Back-to-School Donation Drive provided reusable water bottles, backpacks, books, rubbing alcohol, school supplies, and printers to impact the lives of students and teachers alike. Over 12,000 seedlings have also been planted as part of the CommuniTrees program since its inception in 2015.



After the Meter

Energizing Green Solutions

The Group's sustainable innovations drive both revenue growth and positive environmental impact.

Pangako ng Meralco ang paabutin sa higit na nakararami ang renewable energy, at maparami pa ang kanilang mapagpipiliang anyo ng transportasyong hindi nakasisira sa kalikasan. (Our promise is to make renewable energy more accessible and support customers with more sustainable mobility choices.)

After the Meter



**Meralco Energy, Inc.
(MSERV)**

Meralco Energy, Inc. (MSERV) is Meralco's wholly-owned subsidiary dedicated to providing after-the-meter energy services to commercial and industrial customers. The company's flagship services, namely Strategic Loadside Outsourcing and Energy Efficiency Solutions, offer customers efficient electric load management as well as improvements to energy efficiency and cost reduction. Other services that MSERV offers include Energy Audit, Advisory and Consultancy Services for Energy Efficiency, Engineering, Procurement, and Construction (EPC) of Mechanical, Electrical, Plumbing, and Fire Protection (MEPF) facilities; Operations and Maintenance (O&M) of customer-owned establishments; smart building and streetlight management; wastewater treatment and hyperscale data center solutions.

Almost

PHP 2B

total contract value awarded
to MSERV

174 MW

total load from Hyperscale
Data Center projects
won in 2023



Highlights:

- MSERV played a key role in supporting the local data center industry by providing sustainable electrical and the most efficient cooling solutions to two major data centers in the country: ePLDT Vitro with a load capacity of 50 MW, the first truly hyperscale data center in the Philippines, in Sta. Rosa, Laguna, and ST Telemedia Global Data Centres (Philippines) with an ultimate load of 124 MW in Fairview, Quezon City.
- Won major low-voltage projects from Mandani Bay Development by HT Land Inc., a joint venture by Hongkong Land and Taft Properties. Mandani Bay is a premium mixed-use development in Mandaue, Cebu.



2024 and beyond:

Focus on the digitalization of Street Lights in LGUs, introduce Energy Efficiency 360 ("EE360") to customers for monitoring and managing energy consumption efficiently, extend Supervisory Control and Data Acquisition ("SCADA") and Security Control System to renewable energy power plants.



Movem Electric, Inc. (MOVEM)

As Meralco's sustainable mobility master planners, Movem provides the highest value end-to-end electric vehicle ("EV") and charging solutions, purposely designed and tailor-fit to align with its clients' sustainability and operational goals. Movem's mission is to help spur the adoption of electric mobility in the Philippines.

Highlights:

Deployed EVs to different customers like Maynilad, Manila Water, First Delta, and First Pacific. EVs range from eCar, eSUV, ePickup, and eShuttle. Movem has also installed an AC charger for First Delta.



290 EVs

Total deployed number
as of December 2023

150

Established EV charging stations



2024 and beyond:

Expand offerings through the deployment of a 2-wheel ecosystem solution to cater to new customer requirements, and collaborate with strategic partners, stakeholders, and government agencies in electrifying the growth of the EV industry through innovative solutions, new policies and regulations aligned with consumer interests.



MSpectrum, Inc. (MSPECTRUM)

MSpectrum is Meralco's subsidiary on end-to-end solar solutions offering (1) Solar for Business for commercial and industrial customers, (2) Microgrid for off-grid customers and Utility Scale EPC for large scale projects, and (3) Operations and Maintenance for existing renewable energy installations. Included in MSpectrum's expanded portfolio of customers are Ajinomoto Philippines, Avon Manufacturing, Atkins Import and Export Resources, Maynilad, Alphatech, and the International Rice Research Institute.

Highlights:

- Strategically expanded its footprint beyond the Meralco franchise area to Visayas and Mindanao to help companies all over the Philippines start their sustainability journey through solar
- Developed multiple solar generating facilities for different industries such as retail superstores, semiconductor manufacturers, food and beverage plants, among others.

64MW

Total installed capacity
as of December 2023

40%

Increase in generated GWh vs 2022

2024 and beyond:

Join government initiatives promoting renewable energy and penetrate the Utility-scale and micro-grid solar market as an Engineering Procurement and Construction ("EPC") provider.





Beyond Energy

Transforming Operations,
Strengthening Customer
Relations

At the heart of our services is our customers *Pangako ng Meralco: na patuloy maghahanap ng mga paraan upang pagsilbihan ang ating mga kababayan.*

(Our promise: we are in constant pursuit of more ways to serve the Filipino people.)

For us, bringing light to Filipinos means going beyond energy. We are dedicated to contributing to the country's progress in leading progressive technologies and solutions.

Beyond Energy



Meralco Industrial Engineering Services Corporation (MIESCOR)

As Meralco's oldest and largest subsidiary, Meralco Industrial Engineering Services Corporation ("MIESCOR") celebrates 50 years of distinguished service. With its own subsidiaries Miescor Builders Inc. (MBI), Miescor Logistics (MLI), and Miescor Infrastructure Development Corporation ("MIDC"), they cover services from engineering, procurement, and construction of electromechanical works, designing, building, and maintaining telecommunication infrastructures, utility attachment management, distribution utility services, and trading of electrical supplies and equipment; all necessary building blocks for laying the foundations to a brighter future.

PhP 4.6B

All-time highest revenue
for MIESCOR

12

Power
facilities
energized



PhP 373M

All-time highest net income
for MIESCOR

PhP 80M

All-time highest net income for MLI

PhP 45M

2023 net income for MBI

In 2023, MIESCOR undertook numerous clean/renewable energy projects to support our vision of a more sustainable energy future:

- Sustainable innovation through a hybrid power service that reuses utility vehicle batteries as an alternative energy source, in partnership with SeoChang
- EPC of the 500 kV transmission line in Batangas for SMC and the 230 kV and 500 kV transmission facilities in Zambales for ACEN
-

Aside from these, MIESCOR also undertook projects to support energy distribution utility services:

- Camarin Substation 115KV Printed Circuit Board ("PCB") & Disconnect Switches
- University of the Philippines Los Baños ("UPLB") Substation Interim
- MAKBAN Substation Expansion
- Replacement of 115KV Capacitor Switches at Malibay Substation,
- Civil Works for Brgy. Cruz na Daan, Bulacan
- Conjective Works to Power Transformer Upgrading
- Calumpit Substation Expansion.



2024 and beyond:

With a robust portfolio of grid connection assets for renewable energy projects, MIESCOR reaffirms its dedication to nation building and a better, more reliable, and sustainable energy future for everyone.





Radius Telecoms Inc. (Radius)

Radius is a Meralco subsidiary focused on building a full end-to-end fiber optic network that provides dedicated internet access, global networking, and cloud services across Metro Manila and its nearby provinces.



Php 2.5B

2023 revenue for Radius

3 New industrial park
and ecozone facilities

2 New industrial park
and ecozone facilities

10,000 km

of Fiber Optic Network

Highlights:

- Expansion of product portfolio with the launch of RED Fiber on Demand, Cloud Security and Wireless Connectivity Solution.
- Recipient of the global recognition "Most Strategic Partnership for Hyperscale Data Center" of International Finance Awards 2023

2024 and beyond

Radius will continue to implement network resiliency, redundancy, and scalability and enhance customer experience to cement its current market position, strengthen customer base in the SME segment, and seize opportunities to address requirements of data centers and hyperscalers.





CIS Bayad Center, Inc. (Bayad)

Initially introduced as Meralco's centralized bills payment channel, Bayad has steadily grown and expanded its operations while also strengthening its commitment to sustainable practices such as eco-friendly approaches to billing, optimizing internal operations, and improving workflows.



3,000+

Onboarded Billers

400,000+

Customer channels

PhP 2B

2023 revenue for Bayad

PhP 362B

Gross Transaction Value in 2023



Highlights:

- Digital transaction count increased by 13% with a 25% increase in gross transaction value.
- Innovations that empower businesses with enterprise solutions
 - Bayad Checkout (Payment Gateway)
 - Bayad Express (Omnipayment platform)
 - QR Ph Scan-to-pay Bill
- Onboarding of 3,000 Bayad Asenso agents nationwide

2024 and beyond:

Bayad will continue to expand its physical and digital footprint by creating tailor-fit payment solutions for MSMEs and Enterprise segments, as well as leveraging new technology for cybersecurity measures and operations value streams.



Our Sustainability Pillars Beyond Power

Powering the Good Life

Powering the Good Life continues to serve as One Meralco's blueprint in providing our customers the best-value energy solutions—reliably, affordably, superbly, and sustainably.

In 2023, we deepened our commitment to the Sustainable Development Goals, enabling us to power our cities and communities while safeguarding our planet, inspiring our people, and bringing prosperity to all.



STORIES OF LIGHT Charting a Greener Course with One Meralco's Long-Term Sustainability Strategy

In response to the global shift toward clean and renewable energy (RE), One Meralco continues to take decisive steps in transforming our business into a sustainable enterprise. Anchored on our **long-term sustainability strategy (LTSS)**, the Group will drive its **just, orderly, and affordable transition to clean energy** with the goal of becoming coal-free by 2050. Supporting this emissions reduction effort is One Meralco's commitment to promoting the well-being of communities across five (5) social impact areas.

The Group's transition to clean energy—which supports the Philippines' climate targets—is outlined across three horizons:

- **Horizon 1 (2021-30)** - Initiate a low-carbon transition to serve the country's growing energy demand with greener power;
- **Horizon 2 (2031-40)** - Accelerate the green energy shift through the adoption of next-generation cleantech; and
- **Horizon 3 (2041-50)** - Drive deep decarbonization and achieve sustainability leadership in the energy sector.

HORIZON 1

Under Horizon 1, One Meralco has made twin commitments: to contract 1,500 MW of RE supply and to build 1,500 MW of attributable RE capacity through 2030. By the end of 2023, the Distribution Utility, including MPower, had signed RE PSAs amounting to 1,880 MW, while MGen's RE pipeline had a total attributable capacity of 1,442 MW.

HORIZON 2

In Horizon 2, the Group will evaluate emerging, cleaner innovations that are expected to mature technologically and economically beginning 2030. These include battery energy storage systems as well as offshore wind and nuclear energy.

The Group has already laid the foundation for this horizon through our partnership with Ultra Safe Nuclear Corporation (USNC)—a global leader and vertical integrator of nuclear technologies and services based in Seattle, USA—on the potential deployment of micro-modular reactors in the Philippines. In November 2023, Meralco and USNC presented their signed agreement before Philippine President Ferdinand Marcos, Jr. on the sidelines of the 2023 Asia-Pacific Economic Cooperation Summit in San Francisco, California.

HORIZON 3

Finally, under Horizon 3, One Meralco will further decarbonize the business through key levers, including the use of carbon capture, utilization, and storage; the development of more dispatchable low-carbon power, such as combined-cycle gas turbine co-fired with green hydrogen; and the heightening of our carbon sink solutions.

On the social front, Meralco, through One Meralco Foundation OMF), has begun advancing the well-being of communities with electricity as an enabler across five impact areas, namely water access, education, quality healthcare, livelihood, and disaster resilience.

Meralco's partner communities are already benefiting from the Company's social initiatives, which include the electrification of public schools, rural health centers, and agricultural facilities, as well as trainings on disaster resilience and recovery.

In the decades ahead, the LTSS will continue to serve as a guide for One Meralco—from the Board of Directors down to each business unit—in powering the good life for all our stakeholders.

One Meralco's Long-Term Sustainability Strategy

A just, orderly, and affordable transition to clean energy, while powering the good life for communities





STORIES OF LIGHT
Ensuring Continuous Progress on
Sustainability Through
Corporate GAINS

Amid growing calls for corporate accountability and transparency, companies worldwide face mounting pressure from stakeholders to align their strategy and operations with sustainability objectives. As such, at the beginning of each year, Meralco sets practical yet ambitious sustainability goals and initiatives (GAINS), which collectively account for 10% of the Company's annual corporate GAINS carried at the CEO level. These GAINS are aimed at minimizing the Company's negative environmental impact as well as improving social and economic equity within and beyond the organization. Metrics to gauge the Company's performance against these GAINS include but are not limited to:

People

% of women employees in
Meralco's workforce

Prosperity

Number of off-grid schools electrified by OMF

Power

% of households energized in
Meralco's franchise area

Planet

Scope 1 emissions and
emissions intensity

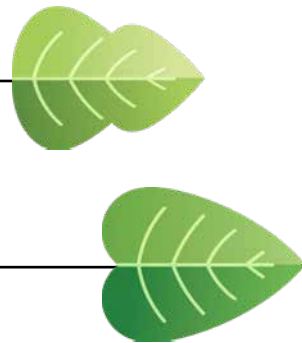
Reviewed and monitored every month by the Company's senior management through the leadership of its Chief Sustainability Officer, these GAINS not only underscore Meralco's commitment to sustainability but also reflect its role as a catalyst for change in the private sector by leading through example. By setting annual corporate-level targets and monitoring year-on-year performance on sustainability, the Company drives meaningful change and aligns its business with the global sustainability imperative.





Protecting and Preserving Mother Earth

*The state of our world continues
to be a cause for grave concern.*





NASA reports that 2023 marked the warmest year on record, with a mean global surface temperature 1.35°C above pre-industrial levels, driven by increasing concentrations. Continued global heating is primarily a result of the unabated burning of fossil fuels, which is also the leading source of air pollution that causes over 5.5 million premature deaths worldwide each year. Amid this escalating environmental crisis, wildlife populations around the world continue to approach extinction.

Recognizing the crucial role businesses play in addressing these socio-ecological challenges, One Meralco intensified and multiplied its efforts in 2023 to continue paving the way toward a greener future. The Group rolled out innovative solutions to mitigate greenhouse gas (GHG) emissions, manage air pollutants, regulate water consumption, and reduce solid wastes across our value chain.

The well-being of Mother Earth is not simply a matter of environmental concern; it is also fundamental to sustaining all life forms and ensuring the survival of humanity. As such, One Meralco remains steadfast in its commitment to protect and preserve the planet, in support of **SDG 12: Responsible Consumption and Production**, **SDG 13: Climate Action**, and **SDG 15: Life on Land**.



8%

of Meralco's
vehicle fleet
electrified

8%

decrease in One Meralco's
electricity consumption

95%

of Meralco's solid
wastes diverted

Climate Change: Mitigating a Global Environmental Crisis

GRI 302-2 | GRI 302-3 | GRI 302-5 | SASB IF-EU-110

The 2023 United Nations Climate Change Conference (COP28) in Dubai, United Arab Emirates, marked the first time world leaders collectively and explicitly agreed that there is an urgent need to transition away from fossil fuels to achieve net zero by 2050. To fulfill this global commitment, immediate and decisive action is needed across all levels of society, especially in the private sector.

As such, in support of **SDG 13: Climate Action**, in 2023, One Meralco maintained GHG emissions reduction as a top sustainability performance indicator at the corporate level.

In defining the boundaries of its emissions inventory, One Meralco abides by the GHG Protocol, a universally recognized standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) for measuring and monitoring GHG emissions. Emissions tracked by One Meralco follow the international convention as follows:

- **Scope 1** – direct emissions from sources owned/controlled by an organization
- **Scope 2** – indirect emissions from the generation of electricity purchased from the grid then used/consumed by an organization but physically occur at the facility where the power was generated
- **Scope 3** – an optional reporting category covering all other indirect emissions that do not fall under the control/management of an organization (i.e., emissions from value chain)

Aside from absolute emissions, we also give utmost importance to measuring and managing our emissions intensity by adopting cleaner and more efficient technologies across our businesses.



Scope 1: Managing Direct Greenhouse Gas Emissions

GRI 302-1 | GRI 302-4 | GRI 305-1

In 2023, One Meralco's Scope 1 emissions amounted to over 6.4 million tCO₂e. This increase of nearly 3% from 2022 was mainly driven by higher energy sales by MGen and the Distribution Utility.

Acknowledging that fossil fuels are the principal drivers of climate change, Meralco, through our subsidiary MGen, targets to build at least 1,500 MW of attributable renewable energy (RE) generation capacity across multiple technologies by 2030. By the end of 2023, our RE pipeline stood at 1,442 MW.

EQUITY-APPLIED SCOPE 1 EMISSIONS PER SOURCE (in tonnes CO₂e)

	2021	2022	2023
SF ₆ leakage	5,079	2,478	3,384
Gasoline consumption	2,256	2,864	2,740
Diesel consumption	13,768	12,760	14,519
Coal combustion	5,393,517	5,083,208	5,307,255
Natural gas combustion	1,088,675	1,081,710	1,066,488
Diesel combustion	40,987	74,183	49,325
TOTAL	6,544,282	6,257,204	6,443,711

Apart from carbon dioxide emissions, Meralco also monitors its sulfur hexafluoride (SF₆) outflows from various substation equipment and ensures the recovery and recycling of this potent greenhouse gas. Presently, the Distribution Utility measures SF₆ emissions by monitoring gas pressure levels and measuring the SF₆ cylinder weight before and after refilling activities.

In 2023, Meralco recorded SF₆ leakages amounting to 144 kg, up by almost 37% from 105 kg in 2022 due to leakage stemming from faults in the Zapote and Legazpi substations. Despite the substantial increase, the discharges still only represented 0.27% of the total SF₆ installed in all of the Company's substation equipment—way below the limit of 0.5% as prescribed in the Institute of Electrical and Electronics Engineers' Guide for SF₆ Gas Handling for High-Voltage (over 1,000 Vac) Equipment.

To further abate emissions, Meralco aspires to be fully SF₆-free by 2057. To realize this ambition, starting 2026, the Company will actively replace old SF₆-insulated switchgears and power circuit breakers with new, SF₆-free units. Initial research and consultations with potential suppliers of SF₆-free switchgears and breakers have already been conducted. Finally, Meralco will also deploy emerging SF₆-free technologies—including technical dry air, purified air, vacuum interrupter, and solid dielectric insulation—as part of its overarching Greening the Network Program.



POWERING THE DRIVE TO VEHICLE ELECTRIFICATION

To accelerate the efforts toward electrifying 25% of our vehicle fleet by 2030, Meralco continues to strengthen its Green Mobility Program, one of the Company's key levers in lowering both its Scope 1 emissions operating costs. Meralco has already rolled out a total of 156 EVs—comprised of cars, motorcycles, pick-up trucks, and vans—to its various Business Centers (BCs) and Sector Offices across the entire Meralco franchise, all of which are supported by 12 charging stations. Since the inception of this program in 2020, Meralco has avoided a total of 18.4 tonnes of GHG emissions.

Meralco also plans to expand the coverage of its Green Mobility Program beyond passenger vehicles by deploying electric emergency pick-ups, pick-ups with ladder rack, and forklifts.





**Scope 2: Regulating Indirect
Greenhouse Gas Emissions**
GRI 302-2 | GRI 305-2

One Meralco's Scope 2 emissions increased by 5% from almost 2.2 million tCO₂e in 2022 to nearly 2.3 million tCO₂e in 2023 due to an increase in the Distribution Utility's system loss volumes, which accounted for almost 98% of the Group's emissions for this scope.

**EQUITY-APPLIED SCOPE 2
EMISSIONS PER SOURCE (in tonnes CO₂e)**

	2021	2022	2023
System loss	1,998,437	2,087,699	2,214,381
Electricity consumption	53,980	63,684	59,076
TOTAL	2,052,417	2,151,383	2,273,457

Meanwhile, One Meralco's own electricity consumption, another driver of Scope 2 emissions, decreased by 7% from 89,418 MWh in 2022 to 82,948 MWh in 2023 due to energy conservation measures set in place by Meralco and its subsidiaries.

**TOTAL ELECTRICITY
CONSUMPTION (in MWh)**

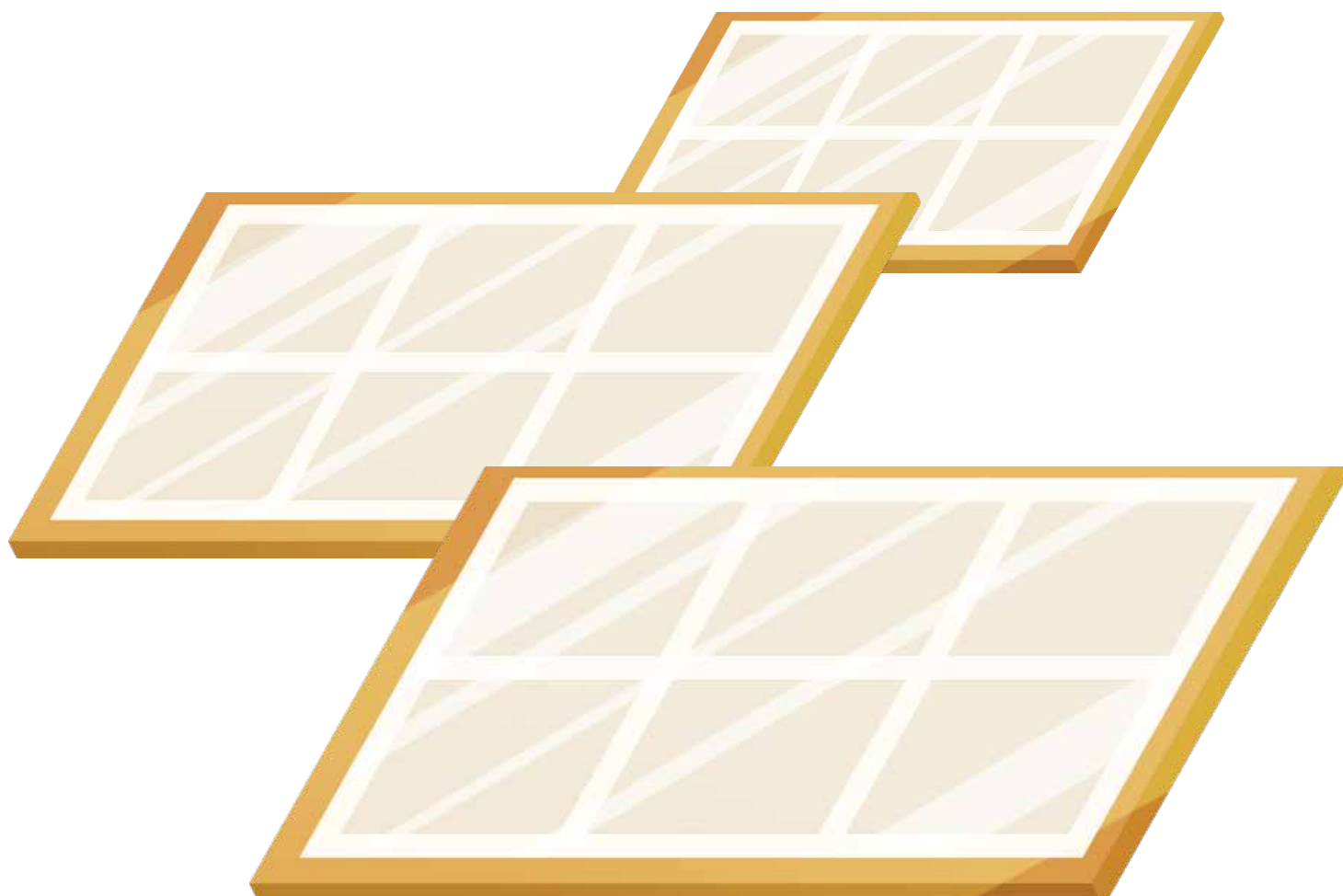
	2021	2022	2023
System Loss	59,326	61,894	59,890
Electricity consumption	16,468	27,524	23,059
TOTAL	75,794	89,418	82,949

DECARBONIZING MERALCO THROUGH ENERGY CONSERVATION AND EFFICIENCY

Energy conservation and efficiency stand out as low-hanging fruits in decarbonizing any enterprise, as they mutually present an economically advantageous case for companies. In 2023, One Meralco continued driving its Resource Conservation and Efficiency Program (RCEP), which aims to lower the Group's Scope 2 emissions as well as its operating expenses by managing its own electricity consumption. Established in 2020 to contribute to **SDG 12: Responsible Consumption and Production**, the RCEP covers facilities within and outside the Meralco Center in Pasig City. In 2023, Meralco avoided a total of 2,251 tCO₂e and saved Php 22.1 million in operating expenses.

To further lower the amount of electricity it sources from the grid for own use and consequently its Scope 2 emissions, Meralco has installed solar panels in its Pasig headquarters. The existing solar installations have generated about 162 MWh to date, powering part of the headquarters' 17.97 GWh electricity consumption in 2023. This is lower than its electricity consumption of 19.5 GWh in 2022 due to various energy conservation measures and lower occupancy in the Lopez Building, the largest facility in the Company's center of operations.

Beyond the Meralco Center, a total of 48 kWp of solar panels were installed in the Company's Antipolo, Marikina, and Roosevelt Business Centers, all expected to be operational in 2024.



Scope 3: Controlling Value Chain Emissions

GRI 305-3

In 2023, One Meralco's Scope 3 emissions amounted to nearly 36 million tCO₂e, an increase from 33.4 million tCO₂e in 2022. This almost 9% increase was driven by the growth in Meralco's and Clark Electric's primarily fossil fuel-based energy sales.

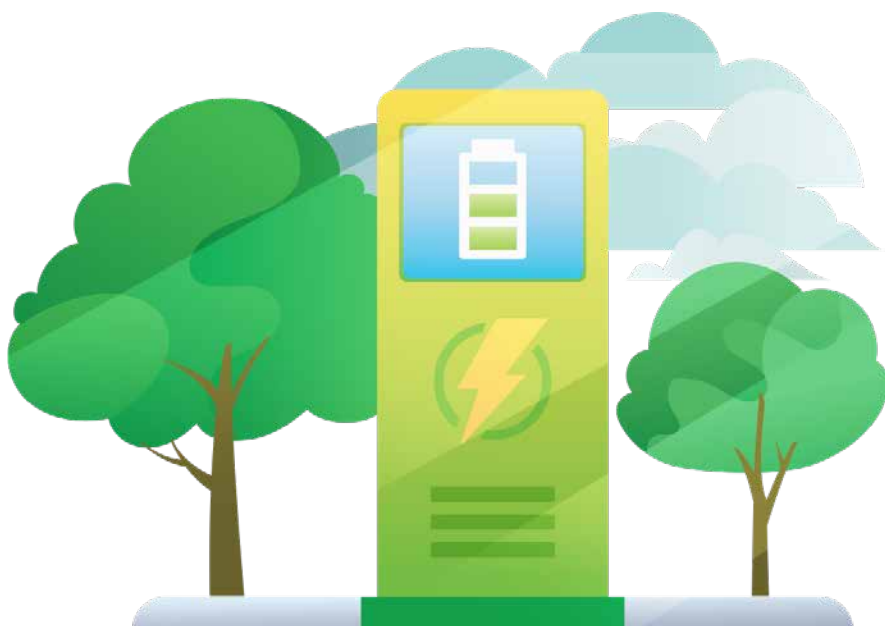


EQUITY-ADJUSTED APPLIED SCOPE 3 EMISSIONS PER SOURCE (in tonnes CO₂e)

	2021	2022	2023
Energy sales	31,050,758	33,441,843	36,352,500
Gasoline consumption of rented/contractor-owned vehicles	57	71	2
Diesel consumption of rented/contractor-owned vehicles	12	11	5
TOTAL	31,050,827	33,441,925	36,352,508

Meralco bears the social responsibility and legal duty to supply energy to consumers in its franchise area at the most affordable cost. Republic Act 9209 mandates the Company to "supply electricity to its captive market in the least-cost manner." While Meralco recognizes that the continuous combustion of fossil fuels exacerbates global warming, coal and gas continue to be the most reliable energy sources in the Philippines today and remain the Company's primary sources of electricity for its customers.

Despite this, Meralco, as part of its LTSS, is gradually transitioning away from coal in its supply portfolio. In fact, the Company has already contracted 1,880 MW of RE to date, exceeding its initial target of 1,500 MW by the end of the decade, in line with the Philippine government's Renewable Portfolio Standards.



Emissions Intensity: Ensuring Cleaner Energy

GRI 305-4

On top of managing our absolute emissions, One Meralco also prudently tracks its emissions intensity—the amount of GHG emissions (measured in tonnes of carbon dioxide equivalent, or tCO₂e) per unit of output or activity (quantified through GWh energy sales).

In 2023, the Group's combined Scope 1 and 2 emissions intensity was 136 tCO₂e/GWh, marginally lower than the 137 tCO₂e/GWh recorded in the previous year. Meanwhile, the Group's Scope 3 emissions intensity increased by nearly 4% from 685 tCO₂e/GWh in 2022 to 712 tCO₂e/GWh in 2023.


**EQUITY-ADJUSTED SCOPE 1+2
EMISSIONS INTENSITY (in tonnes CO₂e/GWh)**

	2021	2022	2023
Total Scope 1+2 emissions	8,596,698	8,408,587	8,717,168
Energy sales from distribution and generation businesses	59,269	61,342	64,253
EMISSIONS INTENSITY	145.04	137.08	135.67

**EQUITY-ADJUSTED SCOPE 1+2
EMISSIONS INTENSITY (in tonnes CO₂e/GWh)**

	2021	2022	2023
Total Scope 1+2 emissions	31,050,827	33,441,925	36,352,508
Energy sales from distribution utilities	46,073	48,829	51,044
EMISSIONS INTENSITY	673.95	684.88	712.18

As part of our LTSS, One Meralco is implementing substantial measures that will progressively reduce our absolute emissions and emissions intensity through and beyond 2030 (versus a business-as-usual scenario) while continuing to expand our customer base and energy sales. Key initiatives in this endeavor include securing additional RE supply contracts and building more RE power plants.



CARBON OFFSETTING: RESTORING ECOSYSTEMS TO NEUTRALIZE EMISSIONS

In addition to tackling its direct emissions and those from its value chain, One Meralco actively engages in carbon offset initiatives. Aligned with **SDG 15: Life on Land**, the **One for Trees (OFT) Program**—led by the One Meralco Foundation (OMF) in partnership with various non-government organizations—serves as a nature-based solution to sequester emissions while revitalizing land ecosystems.

By the end of 2023, Meralco, through OFT, had planted a total of 2.3M trees—equivalent to offsetting about 50,777 tCO₂e of emissions per year—across different areas in the country. To preserve the country's biodiversity, the program prioritizes planting trees that are indigenous to the Philippines.

Aside from helping in the revival and rehabilitation of damaged and threatened forests and watersheds across the country, OMF also provides a reliable source of income to local communities that provide support in planting trees under the OFT.



Special Section: Climate-Related Disclosures

GRI 2-22 | GRI 201-2 | GRI 302-5

Meralco, an official Task Force on Climate-Related Financial Disclosures (TCFD) supporter since July 2022, is committed to integrating the recommendations of the TCFD into its ESG reporting. By fully adopting the TCFD's climate disclosure recommendations, we provide its investors, shareholders, and other stakeholders with a comprehensive, science-based assessment of the various climate-related risks and opportunities material to the Group's business and long-term sustainability strategy.

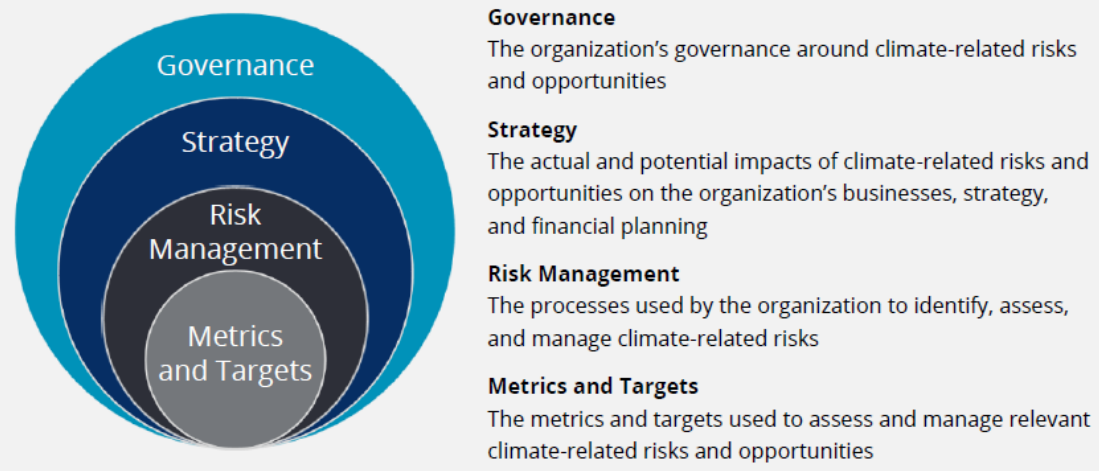
A stylized illustration of two trees with green foliage and brown trunks, located in the bottom left corner of the page. The trees are rendered in a flat, modern style with layered green shapes for the leaves.

A

THE TCFD GUIDANCE

Financial markets need complete and high-quality information on the diverse impacts of the climate crisis on the private sector, including risks and opportunities arising from the following: the effects of climate change on natural and built environments, climate-related policies, and developing technologies aimed at addressing global warming. As such, in 2017, the TCFD released a set of recommendations applicable to all companies in the world geared towards voluntary disclosure of clear, comparable, and consistent climate-related information. Core to these recommendations are four (4) disclosure elements: governance, strategy, risk management, and metrics and targets.

Core Elements of Recommended Climate-Related Financial Disclosures



Source: Recommendations of the Task Force on Climate-Related Financial Disclosures

Moreover, since GHG emissions data—the most ubiquitous climate disclosure—does not provide sufficient information on the financial and operational implications of the impacts of climate change on a business, the TCFD encourages companies to conduct a climate scenario analysis (CSA) to better understand both the unprecedented challenges and the untapped opportunities arising from the shifting global climate. One Meralco considers the CSA an effective organizational planning tool that can aid in informing stakeholders about the Group's most important climate-related risks and opportunities.

B

ONE MERALCO'S CLIMATE DISCLOSURES

One Meralco enables investors and shareholders to make informed short- and long-term investment decisions by integrating the assessment and management of climate-related risks and opportunities into our strategy and operations, as detailed in the following tables:



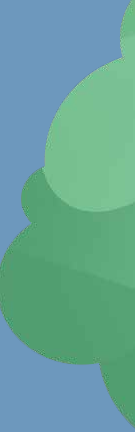
GOVERNANCE

The organization's governance around climate-related risks and opportunities

TCFD Recommendations	Meralco Group's Disclosures
Describe the Board's oversight of climate-related risks and opportunities.	The seven-member Sustainability Committee is the highest-governing body in Meralco entrusted with the responsibility of overseeing and reviewing the Company's sustainability strategy, policies, and programs, including and especially those related to climate change. The Committee monitors Meralco's environmental, social, and governance (ESG) performance in alignment with the Sustainable Development Goals (SDGs). To effectively operationalize these functions and ensure requisite focus on sustainability matters, the Sustainability Committee is positioned as a standalone body. Headed by the Chairman of the Board of Directors, the Sustainability Committee is composed of five (5) Directors, one of whom is independent. The President and CEO as well as the Chief Sustainability Officer serve as non-voting representatives of the Management to the Committee. In 2023, the Sustainability Committee convened to review Meralco group's long-term sustainability strategy (LTSS), chiefly focused on the Group's just, orderly, and affordable transition to clean energy through 2050. Thereafter, the Committee endorsed the LTSS to the Board for final approval. Moving forward, Meralco group will strengthen its climate governance by: · Ensuring that material climate-related information is routinely communicated by the management to the Board through and beyond the Sustainability Committee; · Building the capabilities of the Board, especially the Sustainability Committee, in assessing and managing climate-related risks and opportunities; and · Ensuring climate-related issues are thoroughly considered by the Board in its discussions and decisions on major capital expenditures, acquisitions, and divestments.



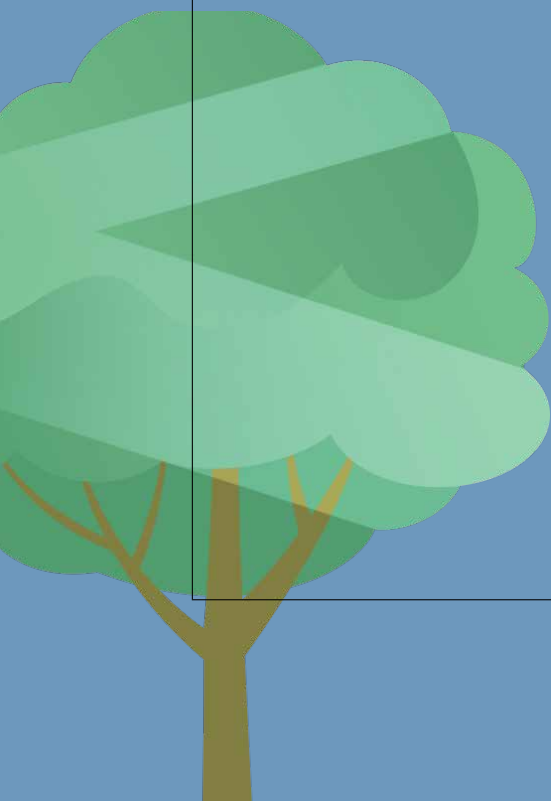
Describe management’s role in assessing and managing climate-related risks and opportunities.	The Sustainability Office (SO) leads the Meralco group in embedding ESG factors (with a special focus on climate change) into the Group’s strategy and operations. In support of Meralco group’s goal to constantly uphold responsible business principles, the SO, headed by the Chief Sustainability Officer, drives and monitors the Group’s sustainability efforts toward clear outcomes and measurable results. In 2023, as the SO continued to enhance Meralco group’s LTSS, it also worked with Meralco’s business units, including Finance (which houses the Enterprise-Wide Risk Management Office or EWRMO), Networks, and Regulatory Management Office (RMO) among others, in assessing climate-related risks and opportunities material to Meralco. In the same year, Meralco group continued to work with its council of 26 Sustainability Champions (comprised of senior managers from Meralco’s business units and subsidiaries) in driving the Group’s sustainability initiatives. The Champions serve as the SO’s partners in matters concerning sustainability, including the assessment and management of climate-related risks and opportunities in their respective organizations. For instance, the Sustainability Champions from the Facilities & Safety Management and Customer Retail Services groups co-directed the Green Mobility Program with the SO. Meanwhile, the Sustainability Strategy unit under the SO worked closely with RMO’s and MGen’s Champions to update the Group’s LTSS throughout the year.
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STRATEGY

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

TCFD Recommendations	Meralco Group's Disclosure
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	As the Meralco group gradually transitions to clean energy, the Group may face structural challenges inherent in the Philippine power sector, which may hamper its progress toward climate action. From an economic standpoint: · Fossil fuels (e.g., coal, natural gas) remain the country's most reliable fuel source, particularly from a baseload standpoint. · While renewable energy (RE) sources such as solar have the potential to reduce the levelized cost of electricity, their capacity factors are lower, thus requiring other technologies, including advanced battery energy storage systems, to provide a reliable, 24/7 power supply. From a regulatory angle: · Meralco is bound by the government's least-cost, technology-neutral mandate, where distribution utilities must undergo a Competitive Selection Process (CSP) in the procurement of power supply. From a technical perspective: · Certain RE projects typically require significantly more land (up to four times) than fossil fuel plants. · Additional grid infrastructure must be put in place to effectively manage intermittent RE capacity. Despite these challenges, Meralco group remains committed to its transition to clean energy by: · Securing 1,500 MW of RE through 2030 in line with the Department of Energy's (DOE) Renewable Portfolio Standards; and · Building 1,500 MW of attributable RE generation capacity across multiple technologies through 2030. These thrusts will not only boost the share of RE in Meralco's supply mix and MGen's power generation portfolio but will also lead to a significant decrease in Meralco group's emissions versus a business-as-usual (BAU) scenario. Moreover, in 2023, Meralco continued to assess the potential impact of climate-related risks on its business. Building on the qualitative CSA disclosed in our previous sustainability reports, the Company assessed a broader range of potential physical and transition risks, with their corresponding impact quantified in financial terms.



Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Meralco group recognizes that the rapidly changing world caused by the climate crisis can significantly affect the Group’s operational and financial performance in the short-, medium-, and long-terms. For instance, physical hazards such as extreme typhoons and heavy rainfall can cause serious damage to the Group’s existing physical assets, especially its electric distribution system. Meanwhile, regulatory risks such as the DOE’s shifting stance on RE can disrupt Meralco’s power supply procurement plans and MGen’s power generation buildout plans, which will subsequently affect the Group’s financial planning and business strategies. Meralco group has integrated responding to climate-related risks and opportunities into its LTSS. From a financial standpoint, to effectively execute its LTSS, Meralco group has earmarked PhP 101 billion in sustainable capital investments through 2030. More than half of this will help build a sustainable and resilient network infrastructure, while the rest will be invested in sustainability initiatives beyond the core Distribution Utility business. Roughly PhP 43 billion of this CAPEX is allocated for RE buildout through MGen. The output of the CSA is currently being finalized by the Meralco group. Once completed, the Group will identify the most significant risks by quantifying the financial impact or the estimated loss of value to Meralco’s discounted cash flows over the next five (5) years, assuming no mitigating actions are taken. This quantification will influence the business’s strategy, capital allocation, and operational decisions. The findings will also be integrated into Meralco group’s LTSS.																		
Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower warming scenario.	Meralco expanded the scope of its CSA to include five (5) different potential future emissions pathways ranging from a “Paris Ambition scenario” (1.5°C warming) through to “No Policy” (>4°C warming)—or Representative Concentration Pathway (RCP) 2.6 to 8.5 scenarios—on its business. These scenarios are underpinned by the shared socioeconomic pathways (SSPs) and defined by assumptions about policy changes, technological innovation, and global temperature change. <table><tr><td>Policy Scenario</td><td>No Policy</td><td>Current Policy</td><td>Stated Policy</td><td>Paris Agreement</td><td>Paris Ambition</td></tr><tr><td>Temp Increase</td><td>>4°C</td><td>3°C</td><td>2.5°C</td><td>2°C</td><td>1.5°C</td></tr><tr><td>Emissions reduction target</td><td>200% by 2100</td><td>-55% by 2100</td><td>-75% by 2100</td><td>Net-Zero by 2070</td><td>Net-Zero by 2050</td></tr></table> Reversal of emissions reduction targets More aggressive emission reduction	Policy Scenario	No Policy	Current Policy	Stated Policy	Paris Agreement	Paris Ambition	Temp Increase	>4°C	3°C	2.5°C	2°C	1.5°C	Emissions reduction target	200% by 2100	-55% by 2100	-75% by 2100	Net-Zero by 2070	Net-Zero by 2050
Policy Scenario	No Policy	Current Policy	Stated Policy	Paris Agreement	Paris Ambition														
Temp Increase	>4°C	3°C	2.5°C	2°C	1.5°C														
Emissions reduction target	200% by 2100	-55% by 2100	-75% by 2100	Net-Zero by 2070	Net-Zero by 2050														

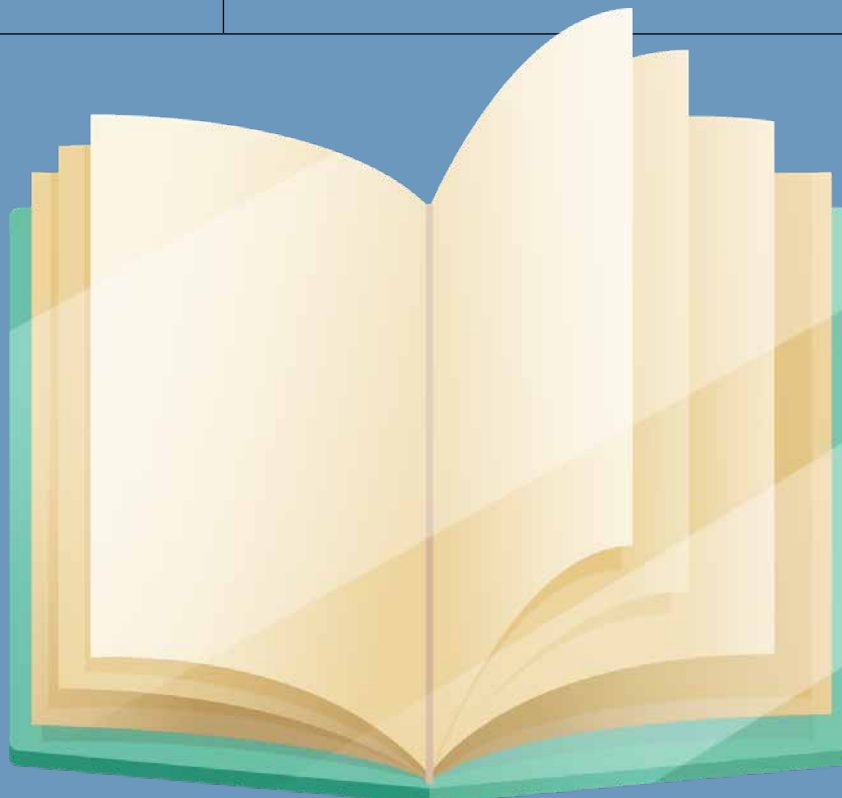
RISK MANAGEMENT

The processes used by the organization to identify, assess, and manage climate-related risks

TCFD Recommendations	Meralco Group's Disclosure
Describe the organization's processes for identifying and assessing climate-related risks.	Meralco group gives utmost importance to ensuring that there is constant and consistent identification and assessment of existing and emerging climate-related risks throughout the lifecycle of projects and activities within each of the Group's organizations. As such, the EWRMO and the SO work together in employing an integrated and decentralized risk management process where all levels of the organization are empowered to identify and assess climate-related risks across all business units, functions, and activities. This is part of a more formal process of risk assessment facilitated by EWRMO twice a year, starting from each business unit and subsidiary's Risk Champion, to the risk owner, and ultimately to Meralco's senior management and the Board-level Risk Management Committee. To complement this process, the Sustainability Strategy & Reporting unit under the SO monitors trends and updates in the sustainability space to ensure that climate-related risks are identified and assessed appropriately and in a timely manner and are taken into consideration in Meralco group's LTSS, as necessary. In 2023, the SO continued identifying and assessing the various climate-related physical and transitional risks to the Meralco group, with the ultimate aim of quantifying these risks and integrating the results into the Group's LTSS and financial planning.
Describe the organization's processes for managing climate-related risks.	The enormous task of managing climate-related risks starts with Meralco's highest executive body (i.e., the Management Committee), which provides strategic guidance toward the achievement of Meralco group's long-haul objective of sustainable business growth and stakeholder value protection and enhancement. The Management Committee, led by the Chairman & CEO, oversees the development and enhancement of the Group's LTSS. Additionally, the SO, headed by the Chief Sustainability Officer, has also initiated key efforts such as the Green Mobility Program and the Resource Conservation & Efficiency Program that reinforce our commitment to curbing our climate impacts and ensuring alignment with industry best practices. The SO also continues to raise awareness across One Meralco on sustainability issues to improve each business unit's knowledge on the matter and hone their capabilities in managing climate-related risks.



Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The EWRMO works closely with the SO and various organizations within the Meralco group in identifying, assessing, and managing climate-related factors that pose risks to the Group's businesses. For instance, during Meralco group's semiannual risk assessment, Risk Champions across the organization raise climate-related risks through their individual evaluations. Risk owners, with the support of the Sustainability Champions, are then tasked with managing the risks identified and assessed by the Risk Champions. In the 2023 year-end risk assessment, the following climate-related risks ranked among Meralco group's top enterprise risks: · Depleting supply from the Malampaya gas field · Delays in construction and/or limited supply of renewable energy (RE) plants to meet growing customer demand for clean energy · Possible business interruptions due to natural catastrophes · Growing pressure from ESG-focused stakeholders with respect to Meralco group's fossil fuel-heavy supply mix and generation portfolio In 2023, Meralco continued internal discussions regarding the integration of material climate-related transitions and physical risks into its Risk Universe. Modifications to Meralco's risk management process will be required to account for the connection between climate risks and other enterprise risks. Meralco aims to regularly refresh its Risk Universe and revisit its risk manual with the goal of integrating material climate risks identified through the scenario analysis. The EWRMO intends to engage stakeholders to assess the climate risks (e.g., by consequence, likelihood, and velocity) at alternative time frames and document these along with risk drivers, controls, and indicators in the Company's risk register. To ensure effective climate risk integration, Meralco will enhance risk mechanisms, including refreshed risk governance, mitigation and monitoring frameworks, and risk parameters.
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METRICS AND TARGETS

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

TCFD Recommendations	Meralco Group's Disclosure
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Meralco group uses the following key climate-related metrics, which are all monitored monthly, quarterly, and annually: For Scope 1: · Emissions from fossil fuel combustion by power plants · Emissions from gasoline and diesel combustion by company-owned vehicles and generator sets · Emissions from SF6-insulated distribution network equipment For Scope 2: · Emissions from the generation of electricity purchased from the grid then used to power company-owned facilities · Emissions from the generation of electricity lost during the delivery of electricity to customers (i.e., system loss) For Scope 3: · Emissions from the generation of electricity procured by Meralco and Clark Electric from power generators then sold to customers · Emissions from gasoline and diesel combustion by rented or contractor-owned vehicles In the future, the Meralco group may adopt metrics that will give the Group a more holistic picture of the climate-related risks and opportunities it needs to manage and capture, respectively. For climate-related risks, these may include the quantity and financial value of Meralco group assets vulnerable to damage from climate hazards such as typhoons. Meanwhile, possible metrics for climate-related opportunities may include the revenues gained by the Group from maximizing climate-related opportunities.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	In 2023, One Meralco's total GHG emissions amounted to more than 45 million tCO ₂ e, over 14% of which fall under Scope 1, at least 5% under Scope 2, and nearly 81% under Scope 3. Please refer to pages 37-43 for a comprehensive discussion of One Meralco's GHG emissions.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	The Meralco group has set the following key climate targets as part of its LTSS: · 20% reduction in Group-wide overall emissions by 2030 vs. business as usual (BAU) · 30% reduction in Group-wide Scope 1 emissions by 2030 vs. BAU





STORIES OF LIGHT

Weathering the Storm Through Climate Risk Assessment

In 2023, the Meralco group continued developing our disclosures aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) as a means to improve our oversight and management of the different risks arising from climate change. Adhering to the TCFD's recommendations allows the Meralco group to make sound business decisions in the long-term as we navigate and address a multitude of climate risks.

Through a series of engagements with the Group's senior management and subject matter experts, Meralco group assessed the potential impacts of the climate crisis on its businesses by:

- Identifying climate trends as well as significant transition and physical risk;

- Developing a digital twin of Meralco group's business; and
- Quantifying the financial impact of each risk per climate scenario or emission pathway.

As a result of this comprehensive climate assessment, the Meralco group is now well-equipped to improve and recalibrate its business strategy, investments, programs, and initiatives. The final quantitative results of the assessment will be integrated into our long-term sustainability strategy to better inform Meralco group's response to the climate crisis.

Moving forward, Meralco group will continue to refresh its climate risk assessment to ensure that the organization effectively responds and adapts to the rapidly changing natural and business environments.

Air Quality: Maintaining Breathable Air

GRI 305-6 | GRI 305-7 | SASB IF-EU-120

Fossil fuel-fired power plants are among the leading sources of air pollution globally. Recognizing this adverse impact of the power industry on the environment and human health, Meralco strives to maintain its non-greenhouse gas (GHG) emissions within the acceptable threshold set by the Philippine Department of Environment and Natural Resources (DENR).

For instance, the amount of non-GHG pollutants released by MGen's power-generating facilities in the past three years all met the air pollution standards set by the DENR Environmental Management Bureau.



CONCENTRATION OF AIR POLLUTANTS RELEASED BY MGEN'S POWER PLANTS⁴ (in mg/Nm³)

	2021	2022	2023*
Nitrogen oxides (NOx)	171	156	154
Sulfur oxides (SOx)	320	338	221
Particulate matter (PM10)	3	4	7
Persistent organic pollutants (POPs)	Not being monitored		
Volatile organic compounds (VOCs)			
Lead (Pb)			
Mercury (Hg)			

*Plants covered: TPC Sangi, CEDC, PEDC 1, PEDC 2, PEDC 3

Going forward, MGen shall explore ways to monitor other air pollutants such as POPs, VOCs, Pb, and Hg to better manage its impact on air quality.

⁴Power plants included: Toledo Power Company (TPC) 1A, Cebu Energy Development Corporation (CEDC), and Panay Energy Development Corporation (PEDC) 1, 2 & 3



Water and Effluents: Conserving a Scarce Resource

GRI 303 | SASB IF-EU-140

Water scarcity continues to be a major social and economic crisis in the Philippines. Millions of Filipinos continue to acquire water from unsafe and unclean sources. To help conserve this vital resource, One Meralco has formed different programs to manage its consumption without causing water stress within its areas of operation.

WATER MANAGEMENT

METRICS OF MGEN (in liters)

	2021	2022	2023
Withdrawn	1,271,898,962,659	1,201,625,458,354	1,468,927,962,266
Consumed	736,961,146	616,394,544	222,101,199,665
Discharged	1,271,162,001,513	1,201,009,063,810	1,246,826,762,601

In 2023, MGen, which accounts for more than 99% of One Meralco's total water use each year, extracted over 1.22 trillion liters of water, representing an increase of 2% versus 2022, from different sources to cool its coal-fired power plants during operations via a once-through process; 99.9% of this water withdrawn from surface water, groundwater, seawater, and utility water was discharged back to the sea. Meanwhile, the remaining 0.15% consumed by the company either vaporized during the cooling process or was further utilized for office operations and other power plant processes. Effluents generated in the same year were treated before being safely discharged into bodies of water.

To further minimize the adverse ecological impact of its power plants and help ease global freshwater scarcity, GBP has rolled out a fully owned subsidiary of MGen rolled out a wastewater management program across its facilities in the Visayas.

Initiatives under this program include but are not limited to recycling of deep well reverse osmosis reject water (for backwash, fire hydrants, and plant-watering service), conversion of closed-loop seawater pump cooling systems to open systems, and diversion of effluents to rainwater for desalination plants. Thus far, GBP has spent only PhP 600,000 on this program, specifically for the last initiative, as each project only required either internal process modifications or materials and equipment that were readily available in the company's facilities.



Waste: Optimizing Resource Utilization

GRI 306-1 | GRI 306-5

On average, the Philippines generates a staggering 21 million tonnes of solid waste every year, highlighting the pressing need for sustainable waste management to prevent waste from leaking into rivers and oceans. One Meralco responds to this mounting waste challenge by addressing the root cause of the problem—the linear take-make-dispose model of resource consumption. The Group has put in place policies and programs to shift away from this environmentally destructive approach by actively operationalizing the three Rs of waste management: reduce, reuse, and recycle. Materials that inevitably reach end-of-life are disposed of in accordance with national waste management standards.

**A****CURBING WASTE GENERATION**

To streamline and improve waste management practices and initiatives across Meralco's business units and subsidiaries, One Meralco continues to implement its Race to Zero Waste (RZW) Program, the goal of which is to reduce the impact of the Group on landfills and oceans. The RZW Program covers offices, Sector Offices, Business Centers, substations, and other facilities owned and managed by One Meralco.

Addressing the entire waste lifecycle—from generation and segregation to collection and disposal—the RZW Program was built on the success and momentum of One Meralco's Group-wide ban on single-use plastics (SUP) that began in 2019. The SUP ban currently covers all One Meralco offices and facilities and extends to the Group's suppliers.

**AMOUNT OF SOLID WASTE TREATED
OR DISPOSED OF BY MERALCO**
(in tonnes)

	2021	2022	2023
Biodegradable	1,644	2,133	1,562
Recyclable	821	411	403
Residual	421	116	105
TOTAL	2,886	2,660	2,070

We achieved more effective and efficient monitoring and segregation of our wastes by implementing a more robust waste management system, which included activities such as a comprehensive waste analysis and characterization study, the deployment of more labeled waste segregation bins, the establishment of materials recovery facilities (MRFs), and the facilitation of awareness campaigns. In 2023, the Company recorded 2,069 tonnes of non-hazardous wastes, down by more than 22% from 2022, due to a reduction in tree trimming activities.

In the same year, Meralco successfully diverted nearly 95% of all its wastes as a result of strict adherence to national waste management policies and Company-specific guidelines, expansion of waste management facilities, and better employee awareness campaigns. Meralco's biodegradable wastes (which accounted for at least 75% of the Company's total generated waste in 2023) were directed to Meralco's mechanized dual-drum composting units, which yielded a total of over 4.0 tonnes of high-quality compost by the end of the year.

We hold an ISO 14001 Environmental Management System Certification, a stamp of approval for the robustness of the Company's environmental management system.



GREENING THE NETWORK THROUGH TECHNOLOGICAL INNOVATION

In support of **SDG 12: Responsible Consumption and Production**, Meralco drives down its impact on the planet by adopting industry best practices on resource use and waste management. In this regard, we are actively transforming our operations by prioritizing the use of recyclable, biodegradable, and eco-friendly materials. A significant step in this direction is the adoption of natural ester oil (NEO) for our distribution transformers (OHDTs) and other equipment to enhance network efficiency and reliability without harming the environment.

Sourced from crops like soybean, grapeseed, sunflower, canola, and corn, NEO is a 99% biodegradable, recyclable, and non-toxic substance. Unlike conventional mineral oil, NEO lacks petrochemicals, siloxanes, or halogens, which are all known to harm ecosystems and worsen global warming. It is an environment-friendly alternative that can be recycled as input materials for other products such as lubricants and soaps.

As part of our overarching Greening the Network Program, Meralco's transition from mineral oil to NEO strengthens the Company's aspiration to become a sustainability leader in the energy sector. This transition has brought significant benefits to Meralco, including increased transformer loading capability, improved fire safety, and reduced waste generation.

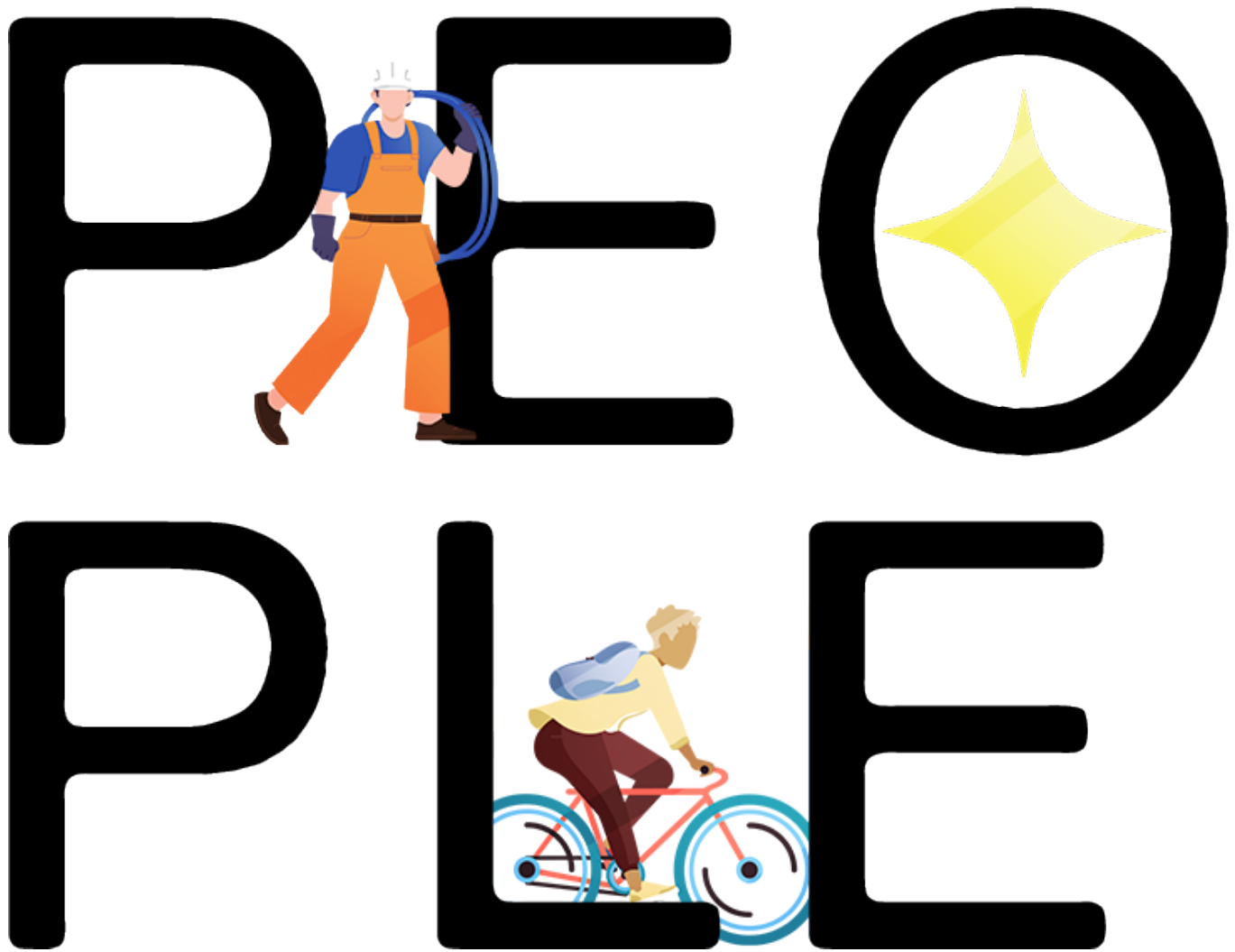


In 2023, a total of 15,066 NEO-insulated OHDTs were installed by Meralco, over 43% higher than the annual deployment target of 10,500 units. By the end of the year, a total of 30,915 NEO-filled OHDTs had been installed across the Company's franchise area. In the same year, Meralco also piloted the installation and commissioning of 12 automatic voltage regulators insulated with NEO. Ultimately, Meralco aims to operate 100% of its distribution equipment with readily biodegradable insulating media.

Another groundbreaking initiative under Meralco's Greening the Network Program is the replacement of valve-regulated lead-acid (VRLA) station battery banks—which contain lead and sulfuric acid that are known to harm the environment—at various Meralco substations with eco-friendly lithium iron phosphate (LFP) battery banks.

By replacing old, more-polluting equipment with cleaner alternatives, Meralco avoids unnecessary wastes and reduces carbon emissions across the Company's distribution system.





Nurturing Sustainability from Within

Employees are the reason
One Meralco continues to shine bright.

At the heart of the Group's journey toward sustainability is our diverse and driven talent pool, the main driving force that propels the organization forward. As such, One Meralco places immense value on cultivating a strong culture of and commitment to sustainability among our people, comprised of the brightest minds in the Philippine power industry.

In support of **SDG 5: Gender Equality** and **SDG 10: Reduced Inequalities**, the Group is committed to promoting diversity and inclusion and ensuring equal opportunities for all. In 2023, One Meralco's 20,620-strong workforce consisted of 21% women—well above the global energy sector average of 13%. By 2030, up to 40% of the Distribution Utility's workforce will be women.

In addition to striving for a more gender-balanced workforce, One Meralco takes active measures to build a safe and secure workplace, ensuring that all its employees feel respected and protected. The Group has enacted policies and programs designed to safeguard the health and fundamental rights of its employees, exemplifying the premium One Meralco puts on **SDG 8: Decent Work and Economic Growth**.

Last but not least, One Meralco's employees receive compensation above the industry average, enabling them to not only fulfill their daily needs but also foster personal growth. To further maximize each employee's potential, the Group gives its workforce many avenues for professional development and community involvement.

As One Meralco endeavors to transform our sustainability vision into action, our people will continue to be the torchbearers who will lead the Group toward a brighter future.



21% of workforce
comprised of
women

20,620

employees and workers nurtured

0.2%

gender pay gap in Meralco

Human Capital: Growing One Meralco's Tribe of Game Changers

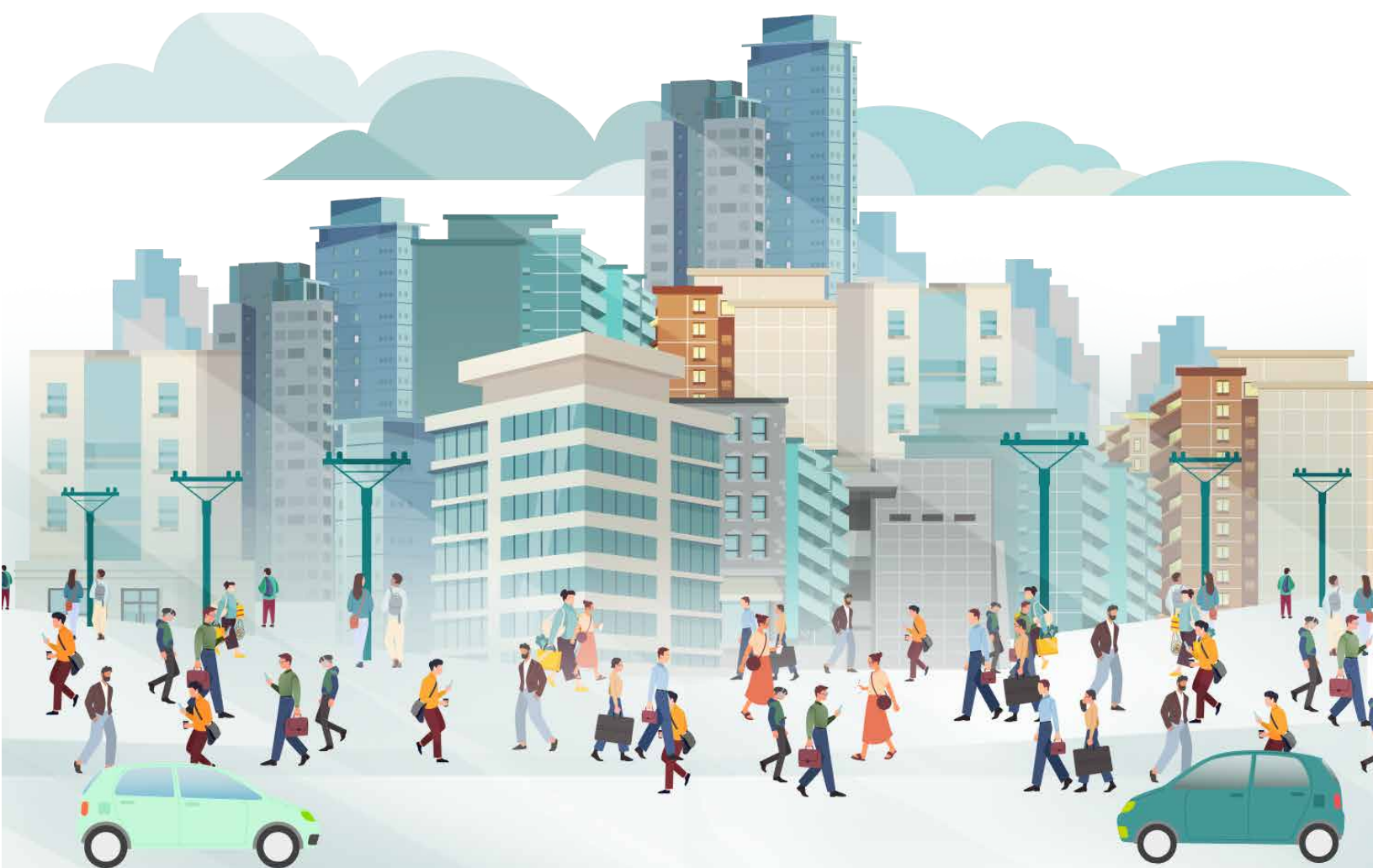
GRI 2-7 | GRI 2-8 | GRI 401 | GRI 406 | GRI 405

Human capital—which encompasses all the knowledge, skills, and time invested by individuals to contribute meaningfully to socioeconomic advancement—is intricately interwoven within each of the 17 SDGs. As such, One Meralco's focus on holistic human capital development not only empowers its people to lead flourishing lives and careers but also pushes them to make positive contributions to society.

The Group's recruitment process is characterized by fairness and inclusivity. Positioning itself as an equal opportunity employer, One Meralco hires candidates based on merit, without any consideration for gender, socioeconomic status, religion, age, and ethnicity. This allows the Group to continuously attract high-caliber individuals that meet the rapidly evolving needs of our businesses.

One Meralco adopts technology and progressive hiring principles in acquiring talent. In particular, the Group utilizes innovation as well as diversity and inclusion as enablers for efficient and effective human capital development. This strategy ultimately results in a diverse array of perspectives and competencies in the workplace that makes One Meralco's culture of excellence stronger.

In 2023, One Meralco's workforce was comprised of 20,620 employees and workers, down by almost 9% from 2022 as a result of functional integration and efficiency programs in various subsidiaries of Meralco. Nearly a quarter of the Group's population is comprised of women employees—almost double the 13% global energy sector average.



MERALCO EMPLOYEES AND WORKERS BY EMPLOYMENT STATUS

	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Permanent	4,491	1,205	4,481	1,239	4,518	1,262
Probationary	137	72	150	60	122	66
FTH and Project-based	184	125	230	90	218	90
Third Party	N/A	N/A	N/A	N/A	N/A	N/A
SUBTOTAL	4,812	1,402	4,861	1,389	4,858	1,418
TOTAL	6,214		6,250		6,276	

SUBSIDIARY EMPLOYEES AND WORKERS BY EMPLOYMENT STATUS

	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Permanent	3,950	2,075	4,796	1,970	3,041	1,190
Probationary	221	310	260	408	341	633
FTH and Project-based	6,169	1,321	6,180	1,138	6,096	1,288
Third Party	71	8	1,500	78	99	13
SUBTOTAL	10,411	3,714	12,736	3,594	10,615	3,729
TOTAL	14,125		16,330		14,344	





Hiring: Providing Equal Opportunities for All

To advance **SDG 5: Gender Equality**, One Meralco strives to achieve a more gender-diverse workplace that employs and empowers women. In 2023, 27% of the Group's new hires were female—2% above the share of women in the organization's existing workforce—as a result of One Meralco's conscious efforts to increase the ratio of female-to-male candidates. These efforts included recruitment campaigns that demonstrated women's active participation in the Group's businesses as well as different initiatives under the #Mbrace Diversity & Inclusion Program.

NEW EMPLOYEE HIRES

	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Meralco DU	256	147	304	130	309	129
Subsidiaries	3,644	1,177	3,289	1,155	3,126	1,171
SUBTOTAL	3,900	1,324	3,593	1,285	3,435	1,300
TOTAL	5,224		4,878		4,735	

Purposefully sourcing women for a wide range of entry-level and managerial roles operationalizes One Meralco's push for a higher degree of workplace diversity and inclusion. In 2023, more than 27% of the Group's senior managers were women, reflecting the organization's thrust to achieve diverse representation in leadership positions.

MERALCO DU EMPLOYEES BY RANK

	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Senior Managers	565	185	587	202	615	212
Middle Managers	462	299	480	315	485	324
Rank-and-file	3,601	793	3,564	782	3,540	792
Others*	184	125	230	90	218	90
SUBTOTAL	4,812	1,402	4,861	1,389	4,858	1,418
TOTAL	6,214		6,250		6,276	

*Covers employees who do not have a rank or are not recorded as organic members of Meralco or its subsidiaries

SUBSIDIARY EMPLOYEES BY RANK

	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Senior Managers	1,240	139	129	71	74	43
Middle Managers	797	398	964	437	871	351
Rank-and-file / Supervisory	5,442	2,566	3,897	1,936	7,153	2,590
Others*	2,932	611	7,746	1,150	2,517	745
SUBTOTAL	10,411	3,714	12,736	3,594	10,615	3,729
TOTAL	14,125		16,330		14,344	

*Covers employees who do not have a rank or are not recorded as organic members of Meralco or its subsidiaries

In 2023, Meralco continued the growth in building the necessary foundation that will enable the share of women in its workforce by:

- Performing a comprehensive review of existing functions that may be performed by women
- Collaborating with the Meralco Power Academy to train women on roles traditionally performed by men, such as equipment operators and field inspector
- Partnering with academic institutions to establish scholarship programs aimed at producing more female graduates in electrical engineering
- Encouraging female technical high school and university students to pursue careers at Meralco





Onboarding: Welcoming New Employees

B

Fresh hires are seamlessly integrated into the Meralco family through the Company's onboarding program called Orange Plug-in (OPI), which acquaints them with the organization's history, mission, vision, core values, as well as current businesses and initiatives. As a response to the evolving learning landscape, Meralco transformed its OPI into an online program—fittingly called OPI Online—comprised of both guided and self-paced learning sessions, featuring new modules on sustainability, corporate governance, and data privacy. The content also covers Meralco's corporate policies, productivity tools, compensation and benefits, and opportunities for professional development. OPI Online is not only highly effective but also convenient for new hires as well as for the Company's subject matter experts.

In 2023, Meralco started working with the Philippine Business Coalition for Women Empowerment (PBCWE) to design the Gender 101 Course for integration into the OPI. As part of the Company's #Mbrace Diversity & Inclusion Program, this initiative allowed new employees to better understand topics related to gender and appreciate the organization's push for gender equality.



Labor Relations: Safeguarding Workers' Rights

GRI 2-30 | GRI 402-1

Human rights serve as a crucial metric in evaluating the social aspect of ESG. Although this criterion is inherently more challenging to measure compared to environment and governance, Meralco still demonstrates its social responsibility toward its employees by upholding their basic rights, enshrined in the Company's Human Rights Policy. This policy—aligned with the United Nations Guiding Principles on Business and Human Rights—establishes protective measures for employees and other stakeholders at each level of the organization, clearly delineating the systems, structures, and processes in place to safeguard their fundamental rights of each stakeholder. Ensuring the highest standard of human rights protection for our workers and employees is integral to Meralco's long-term sustainable growth.

Aligned with this policy, Meralco cultivates a culture of trust, openness, and constructive engagement, evident in the Company's labor practices. For instance, Meralco is committed to providing its employees various avenues for meaningful and constructive dialogue concerning labor issues. In particular, the Company supports collective bargaining agreements (CBA) between its 4,332 rank-and-file employees (representing 72% of the workforce) and its leadership. Currently, these employees are covered by either the CBA with the Meralco Employees and Workers Association (MEWA) from December 1, 2022 to November 30, 2025 or with the First Line Association of Meralco Supervisory Employees (FLAMES) from December 1, 2021 to November 30, 2024.

EMPLOYEES COVERED BY CBA

	2021	2022	2023
Meralco DU	4,394	4,346	4,332
Subsidiaries	1,566	1,683	925
TOTAL	5,960	6,029	5,257



In addition to formalizing communication between employees and senior management through CBAs, Meralco ensures a secure platform for employees to report violations. The Company treats reports of infractions with the utmost seriousness, initiating prompt investigations and applying appropriate sanctions to address offenders. One Meralco's Whistleblowing Policy allows the lodging of complaints by offended parties or witnesses to violations and guarantees the full protection of the complainant against any form of retaliation. Complaints are directed to the Corporate Governance and Compliance Office (CGCO) where, upon receipt and review, immediate and appropriate action is taken.

In the unlikely occurrence of retaliation, the individual who reported the incident or served as a witness has the option to complete a Retaliation Protection Report Form. This form undergoes review by the Management Disciplinary Committee or the relevant Board Committee, with approval from the CEO, Chairman of the Board and CEO, or a designated representative.

Going beyond actively responding to employee issues, Meralco takes proactive measures to effectively prevent misconduct and address violations from the beginning of an employee's journey with the Company. For instance, Meralco conducts training sessions for new employees and managers on the Code of Right Employee Conduct (COREC) to make them aware of the appropriate workplace behavior.

Moving forward, Meralco will continue educating and empowering its workforce on human rights. As new initiatives are introduced, the Company will also continue to keep abreast of new labor laws or regulations and other jurisprudence to ensure full compliance.

**Occupational Health and Safety:
Protecting Employees from Harm**
GRI 403 | SASB IF-EU-320

Occupational Health and Safety (OHS) are entrenched as fundamental rights under Article 162 of the Labor Code of the Philippines. Furthermore, Republic Act 11058, otherwise known as the Occupational Safety and Health Standards Act, guarantees the protection of workers from all kinds of work-related hazards and affirms their right to decline job assignments that pose a danger to their health and safety. In support of these policies as well as **SDG 8: Decent Work and Economic Growth**, Meralco has established robust OHS policies and programs that guarantee that our employees can work away from harm.

A

**PROVIDING A SAFE WORKPLACE
FOR EMPLOYEES**

One Meralco's strong commitment to upholding the right of our people to a safe and healthy work environment originates from the senior management's decision to heavily invest in OHS, on par with the Group's investments in productivity, quality, and labor relations, among others. One Meralco adheres to standards and regulations set by the Department of Labor and Employment (DOLE) to ensure workplace safety.

At the parent company level, the Facilities & Safety Management organization is responsible for maintaining Meralco's culture of safety, overseeing and executing all OHS-related tasks and initiatives. Meanwhile, the Environment, Safety & Health (ESH) Committees across the Distribution Utility's business units serve as resident safety advocates, engaging with employees through monthly ESH meetings designed to keep the Company's safety and health standards and protocols relevant and to ensure these apply to all personnel.

At the forefront of Meralco's OHS efforts is its flagship program, TARGET ZERO: Zero Incident, Zero Harm, which is an ongoing initiative aimed at eliminating all work-related incidents within the organization. This program is complemented by various OHS initiatives, including the annual First Working Day Safety Campaign, which seeks to bolster the Company's safety culture and instill a "Safety First" mindset, particularly among frontline personnel regularly exposed to hazards and risks.



In 2023, Meralco further advanced employee health and safety by strengthening its OHS-focused employee training and awareness campaigns. The Company conducted various training courses and webinars covering OHS topics such as but not limited to fire prevention, heat stress management, indoor air pollution, and motorcycle riding rules and regulations. Additionally, Meralco continued to release safety announcements and guidelines via official corporate communication channels to keep its employees abreast of the latest safety protocols. The Company also ensured the safety of its people by providing personal protective equipment that met local and international standards. Finally, Meralco also installed building work-site posters on construction sites as part of its social responsibility to the public and communities it serves.

As a result of its efforts to keep its employees from harm and strengthen its OHS program, Meralco clocked in more than 14 million safe person-hours in 2023, a 6.5% increase from 13.2 million safe-person hours recorded in the preceding year. Moreover, the Company saw a decrease in its recordable work injuries by almost 40%—from 34 in 2022 to 21 in 2023 due to the continuous improvement of its OHS programs. Moving forward, Meralco will continue to enhance its health and safety efforts through sustained communication with and training of its employees to prevent incidents and unsafe conditions in the workplace.



OTHER OCCUPATIONAL HEALTH AND SAFETY METRICS

		2021	2022	2023
Total employee hours worked	Meralco DU	13,026,699	13,235,096	14,262,953
	Subsidiaries	31,725,516	37,426,124	42,046,928
Safe person-hours	Meralco DU	13,026,160	13,152,203	14,009,289
	Subsidiaries	26,475,134	28,836,133	30,951,439
OHS training hours	Meralco DU	35,280	30,423	24,226
	Subsidiaries	22,927	36,735	15,548
Average OHS training hours per employee	Meralco DU	5.97	5.12	4.06
	Subsidiaries	2.17	3.22	1.40
Overall		3.53	3.88	2.33

B

STRENGTHENING CAPABILITIES FOR EMERGENCY RESPONSE

Observing the highest standards of OHS, Meralco actively instills safety awareness and practice in its employees. The Company conducts mandatory OHS training programs that include updated and relevant workplace safety principles and standards, including Fire Safety and Building Work Site Awareness.

The Company also provides specialized competency programs on topics such as defensive driving, accident investigation, and heavy equipment and basket truck operations.

In 2023, Meralco offered 28 OHS training courses to its employees, representing a total of 24,226 training hours, a decrease of 20% from 30,423 training hours in 2022. This translated to an average of 4.1 OHS training hours per employee.

Meralco also ensures that its employees are well-prepared for disasters by providing training on how to face hazards like fire, earthquake, bomb threats, chemical spills, and others. Drills are regularly conducted to put employees' alertness, presence of mind, and know-how in navigating disasters in check.

In 2023, Meralco conducted a total of 45 earthquake and fire drills and 17 exercises across various offices to test its employees' readiness to protect themselves and their co-workers during times of emergency.

The Company will soon be launching the Meralco Rescue Academy, a new platform that will offer short courses on emergency preparedness and response to all One Meralco employees and their dependents. This initiative aims to (1) capacitate them with knowledge and skills necessary in cases of emergencies; and (2) supplement the government's efforts in making communities resilient.



EMPLOYEES AND WORKERS COVERED BY AN OHS MANAGEMENT SYSTEM

		2021	2022	2023
Permanent and Probationary	Meralco DU	5,905	5,930	5,928
	Subsidiaries	7,019	5,640	5,185
Project-based/fixed-term	Meralco DU	309	310	304
	Subsidiaries	7,771	7,555	6,902
Third Party	Meralco DU	9,583	9,846	7,224
	Subsidiaries	202	1,855	1,083
TOTAL		30,789	31,136	26,626

Remuneration: Rewarding Productivity and Excellence

GRI 2-19 | GRI 405-2

As the Philippines' leading electric utility, Meralco is dedicated to providing highly competitive employee remuneration packages that attract, retain, and motivate talent who deliver outstanding service to the Company's stakeholders. Meralco practices market pay competitiveness across all employee levels and positions, as well as internal pay equity, to ensure that compensation is proportional to the job's value and the employee's contributions to the Company.

In principle, Meralco's remuneration philosophy is about fulfilling employees' basic needs while opening opportunities for short- and long-term personal wealth generation. The base salary ranges that the Company offers are well above the minimum statutory levels and are competitive against industry peers and the general business community. Meralco's employees can expect salary growth over time through the Company's annual merit increase and promotion programs.

As part of our commitment to advancing gender equality across the organization, Meralco ensures that the annual compensation of our female employees matches that of our male employees. In 2023, the Company recorded an overall average pay gap of 0.2%, much lower than the global industry average of 19%.

On top of competitive salaries, Meralco also offers short-term bonuses as well as long-term incentives, such as the Variable Incentive Plan, Annual Bonus Plan, and Long-Term Incentive Plan. These bonus and incentive packages link individual employee performance to the Company's success (including in the area of sustainability), fostering a sense of ownership of and commitment to the organization's achievements.

Complementing these financial incentives, Meralco provides a broad employee benefits program that goes beyond legal requirements, covering paid leaves, health and life insurance, and retirement plans, among other subsidies.

The satisfaction of the Company's employees with their remuneration packages is evident in the high return-to-work rate of those who took parental leaves. For instance, in 2023, 98.9% of employees who took any type of parental leave chose to remain employed with Meralco after completing their leaves.

AVERAGE GENDER PAY GAP FOR MERALCO

	2021	2022	2023
Senior Managers	-1.40%	4.30%	-0.50%
Middle Managers	0.30%	1.50%	-1.10%
Rank-and-file	11.60%	11.60%	11.80%
Project-based/fixed-term	3.80%	-23.10%	-29.00%
WEIGHTED AVERAGE	0.90%	4.00%	0.20%

⁵Thomson, E. (2022) These 4 charts show the energy sector's gender gap and what needs to change, World Economic Forum.

⁵The average pay gap was identified by finding the difference between the average salary of female employees and the average salary of male employees, dividing the result with the average salary for male employees, and then multiplying the result by 100%.

MATERNITY LEAVE METRICS

		2021	2022	2023
Entitled to the leave	Meralco DU	1,277	1,299	1,328
	Subsidiaries	3,491	3,065	3,462
Took the leave	Meralco DU	73	87	110
	Subsidiaries	164	176	159
Returned after the leave	Meralco DU	73	86	110
	Subsidiaries	141	137	154
Returned after the leave and still employed 12 months after	Meralco DU	72	80	107
	Subsidiaries	140	126	145

PATERNITY LEAVE METRICS

		2021	2022	2023
Entitled to the leave	Meralco DU	4,628	4,631	4,640
	Subsidiaries	6,318	5,741	5,415
Took the leave	Meralco DU	218	200	236
	Subsidiaries	211	197	192
Returned after the leave	Meralco DU	218	200	236
	Subsidiaries	210	190	190
Returned after the leave and still employed 12 months after	Meralco DU	215	198	230
	Subsidiaries	186	183	186

SOLO PARENTAL LEAVE METRICS

		2021		2022		2023	
		Male	Female	Male	Female	Male	Female
Entitled to the leave	Meralco DU	10	24	11	24	11	28
	Subsidiaries	910	996	1,063	491	19	72
Took the leave	Meralco DU	10	22	11	23	11	28
	Subsidiaries	9	32	9	79	21	83
Returned after the leave	Meralco DU	10	22	11	23	11	38
	Subsidiaries	9	32	9	79	21	83
Returned after the leave and still employed 12 months after	Meralco DU	10	22	9	23	11	26
	Subsidiaries	8	26	9	74	15	85



#Mbrace

STORIES OF LIGHT Meralco reaffirms commitment to workplace diversity and inclusion

In November 2023, Meralco reaffirmed our unwavering commitment to women's empowerment, underscoring our thrust to foster diversity and inclusion within the organization.

Meralco Chairman and CEO Manuel V. Pangilinan joined many business leaders across the globe in endorsing the CEO Statement of Support for the Women's Empowerment Principles (WEPs), a set of values established by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the UN Global Compact. Informed by international labor and human rights standards, the WEPs offer guidance to companies on how to advance gender equality across all sectors of society.

By renewing the commitment that began in 2021, we strengthen our dedication to taking concrete steps that protect and promote women's rights and facilitate women's full participation in the labor force.

For Mr. Pangilinan, "Improving [D&I] in the workplace should not just be a pro forma sustainability effort—it is key [to] securing Meralco's future. Empowering women and advocating gender balance deepens the talent pool in our country while also expanding the menu of possible careers for young women."

This undertaking was done in support of Meralco's #Mbrace D&I Program, which has enabled the Company to expand women representation in its workforce, reaching 22% in 2023—well above the global energy sector average of 13%—with the ultimate objective of achieving up to 40% women representation in the Distribution Utility's workforce by 2030.

Moving forward, Meralco, through #Mbrace, will drive culture change in the organization by integrating D&I into corporate policies and key operations, as well as expanding the Company's D&I journey beyond women and gender.

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the
UN Global Compact Office



Training and Development: Investing in Professional Growth

GRI 404

Training and development are integral in unlocking the full potential of employees. As such, One Meralco not only ensures that each of the employees possesses the essential competencies for their current roles but also actively prepares them to take on leadership positions where they can tackle challenges and introduce innovative solutions that will enhance the Group's performance.

In 2023, Meralco rolled out technical and leadership training courses that amounted to a total of 337,381 training hours, representing an average of 53.8 training hours per employee. This is a 25.8% increase from 2022's 268,163 training hours (or an average of nearly 43 training hours per employee).

The heightened efficiency of online training platforms and the growing preference of employees to attend in-person meetings contributed to a higher number of training sessions in 2023.

Meralco actively finds ways to engage employees in continuing professional learning. To achieve this, we first ensure that our training content remains relevant, leading-edge, and engaging for all participants—from senior management down to rank-and-file employees. Moreover, as we continue on our journey toward becoming a more sustainable enterprise, Meralco incorporates sustainability topics into our learning and development (L&D) curriculum to make sure that our employees are equipped with the basic knowledge on sustainability that will help drive the Company's sustainability agenda.

AVERAGE TRAINING HOURS FOR MERALCO EMPLOYEES PER RANK

	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Senior Managers	49.7	35.7	38.3	31.2	44.9	29.8
Middle Managers	43.7	41.9	38.7	38.6	47.8	36.3
Rank-and-file	33.8	32.4	49.4	35.2	66.3	36.8
WEIGHTED AVERAGE	35.3	32.0	45.5	34.0	59.4	34.4
OVERALL AVERAGE	34.4		42.9		53.8	

AVERAGE TRAINING HOURS FOR SUBSIDIARY EMPLOYEES PER RANK

	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Senior Managers	2.3	6.6	11.1	4.7	29.8	43.2
Middle Managers	11.9	13.2	2.6	8.4	23.0	19.0
Rank-and-file	4.8	5.4	7.7	5.0	6.6	3.0
WEIGHTED AVERAGE	3.8	5.4	3.6	7.0	6.7	4.5
OVERALL AVERAGE	4.4		4.6		6.3	

Going forward, Meralco will remain committed to investing in L&D to unleash the full potential of our employees. Beyond delivering learning through conventional means, the Company is also fostering a robust mentoring culture by empowering managers to enhance their capabilities as subject matter experts and team leaders, as well as by encouraging them to promote a healthy and productive mentor-mentee relationship with their subordinates. Finally, the Company plans to continue training more coaches to strengthen the 7-20-10 L&D approach and introduce other L&D initiatives, including end-to-end competency assessments, to strengthen Meralco's culture of learning and growth.



STORIES OF LIGHT

One Meralco trains data stewards on ESG and sustainability

From reducing emissions to fostering diversity and inclusion, companies worldwide are now recognizing the imperative and benefits of integrating ESG principles into their operations. However, achieving meaningful progress in these areas necessitates more than just top-down initiatives; it requires a concerted effort from every level of the organization. As such, ensuring that employees are well-equipped with the knowledge and skills needed to embed ESG factors in their day-to-day functions is crucial to any sustainability endeavor.

In 2023, One Meralco, through the leadership of the Sustainability Office, facilitated ESG training sessions for sustainability data managers and providers with the following objectives:

- To develop an appreciation for sustainability and ESG and their connections with business and their daily lives;
- To have a better understanding of their role as ESG data stewards; and

- To develop effective ways to improve ESG data quality and data collection processes in their own organizations.

The two-day training covered topics ranging from conceptual ones (such as energy transition, regulatory policies, and market trends) to practical matters (such as ESG reporting frameworks, ratings, and indices, as well as ESG data management). The sessions equipped the participants with the ability to extract, organize, analyze, visualize, and communicate ESG data to various stakeholders of One Meralco.

The training was attended by over 70 data stewards across One Meralco and was rated by the participants at least 4.8 out of 5.00 across all training components, signifying the effectiveness of the initiative in educating them about ESG and sustainability.

Employee Engagement: Fostering Holistic Personal Development

Meralco's leadership in the power sector is attributable to its employees who are committed to its mission to power the good life for Filipinos. Ensuring that its employees are able to realize their sense of purpose is only possible when their basic needs are met and when they are nurtured in their pursuit of professional growth. This, in turn, empowers them to fulfill their personal aspirations and enhances their willingness and capability to serve others.

Aligned with the thrust to foster holistic personal development, Meralco goes beyond professional advancement by ensuring that employees receive adequate support for their physical, spiritual, emotional, and mental health and welfare through a wide range of initiatives.

A

Employee Wellness: Nurturing Healthy Employees

In 2023, Meralco continued to implement and expand numerous in-person employee engagement programs and activities to boost the morale and well-being of its people. These included the Orange Fit Month in July, where sports tournaments (basketball, football, badminton, bowling, frisbee, chess, and darts) and clinics were organized to strengthen friendship and camaraderie among employees. Supporting these activities was the reopening of the fitness gym and sports facilities at the Meralco Fitness Center in March to promote an active lifestyle among its current and retired employees as well as their dependents.

Aside from initiatives to nurture and improve the physical health of its personnel, the Company also conducted fun employee engagement activities throughout the year. For the first time since 2020, Meralco held all its annual corporate activities, including its Foundation Day celebration,



One Meralco Cool-tural Festival, and Service Awards ceremony, in person. The Company also brought its employees together at the One Meralco Salu-Salo in December to celebrate Christmas. Moreover, dependents of Meralco employees were allowed to participate in various activities, such as K-pop dance and music lessons and the Halloween Trick or Treat in November.

By offering a wide range of personal development initiatives, Meralco nurtures not only the passion and drive of our employees but also the culture of collaboration and excellence in the Company—key elements in attaining our sustainability objectives.



B

Employee Volunteerism: Giving Back to Communities

In addition to promoting the well-being of our employees, Meralco creates multiple avenues for them to contribute meaningfully to the welfare of others. Each year, the Company's employees actively volunteer to community outreach programs and fund-raising campaigns organized by the One Meralco Foundation ("OMF") to provide aid to underprivileged Filipinos.

In 2023, Meralco employees donated a total of nearly PhP4.2 million to several programs initiated by OMF, including the Earth Day fund-raising campaign (which provided additional funds for the One for Trees Program), the annual Balik Eskwela Program (which funded school bags and supplies for over 3,000 kindergarten students), and the Christmas Fundraising Campaign (which financed the solarization of the coffee-based livelihood of an indigenous community in Bukidnon).

Stories about OMF's social responsibility initiatives in 2023 and how Meralco employees enabled their successes are detailed in the 2023 OMF Annual Report, *Pangarap*.





STORIES OF LIGHT

Meralco hits the road towards a sustainable future through sustainability roadshows

In 2023, in support of its Powering the Good Life pillar of nurturing sustainability from within, Meralco launched a series of sustainability roadshows to educate its workforce on foundational sustainability concepts as well as the Company's sustainability agenda and initiatives. Aimed at instilling a sustainability mindset among employees and encouraging sustainable behaviors and practices within and outside the workplace, this initiative reached at least 3,500 rank-and-file personnel (representing more than half of the entire workforce) from Networks and Customer Retail Services, the two largest organizations in Meralco.

To ensure maximum reach, four onsite roadshows were conducted across Meralco's franchise area, with virtual participation via Microsoft Teams for those unable to attend in person. The roadshows covered a range of topics including global and local economic, social, and environmental challenges, the United Nations' Sustainable Development Goals, and Meralco's sustainability programs.

Featuring engaging talks of senior leaders, the Chief Operating Officer, Chief Sustainability Officer, and Sustainability Champions—as well as presentations of achievements and interactive games, participants gained insights into how their individual actions as employees can contribute to Meralco's sustainability goals. The roadshows also served as a venue for dialogue between the Company's executives and employees, with a Q&A session allowing employees to share ideas and feedback on Meralco's existing and future sustainability efforts.

Moreover, the roadshows provided a platform for employees to collectively commit to the Company's sustainability agenda. At the conclusion of each roadshow, participants were led and guided by senior leaders in pledging to drive and support Meralco's sustainability efforts.

Moving forward, Meralco will continue actively engaging its employees through sustainability roadshows to foster a sense of ownership and empowerment among its people. By recognizing and valuing their contributions to the Company's sustainability journey, Meralco aims to continue making a positive impact toward a greener, more sustainable future.

Sus10ability: Sampung Pakiusap para sa Pagtataguyod ng Powering the Good Life

Power

1. Ibahagi sa pamilya at mga kaibigan na ang renewable energy ang susi upang labanan ang climate change.
2. Suportahan ang One Meralco subsidiaries (MGen at Spectrum) sa pagsulong ng renewable energy.

Planet

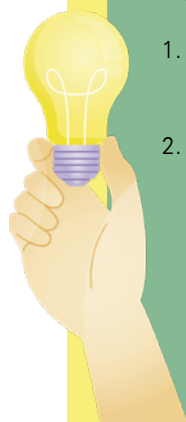
1. Iwasan ang paggamit ng single-use plastics.
2. Limitahan ang paggamit ng sasakyan; gumamit ng electric vehicle, maglakad o magbisikleta.
3. Magtipid sa paggamit ng kuryente at tubig.
4. Magtanim at pangalagaan ang kalikasan.

People

Magbigay ng respeto sa lahat ng kasamahan sa paggawa—ano man ang kasarian, relihiyon o kakayahan

Prosperity

1. Pangalagaan ang komunidad; magbigay ng tulong sa kapwa.
2. Pangalagaan ang sarili; mag-exercise at kumain nang wasto.
3. Gumamit ng sustainable products upang masuportahan ang circular economy at walang masayang na gamit.





PROS PERI TY



Creating Better Lives for All

Inspired by the **United Nations' 2030 Agenda for Sustainable Development**, One Meralco is committed to ensuring that all its stakeholders enjoy fulfilling and rewarding lives. The Group champions this global agenda by creating shared value for its customers, communities, and constituents, allowing them to not only survive but also thrive. This is what genuine sustainable development means for One Meralco: *leave no one behind*.

The Group powers the good life for its **customers** by ensuring access to electricity that fuels enduring and meaningful progress across all levels and sectors of society. One Meralco also works with key stakeholders and strategic partners in reaching unserved and underserved **communities** to guarantee that everyone, no matter how far they are, contributes to the country's development—truly reflecting the spirit of the **Sustainable Development Goals**. Finally, Meralco engages and enables **constituents** across the value chain to embark on their own sustainability journeys and promote sustainability in their own networks.

For One Meralco, advancing sustainability is both a responsibility and an opportunity to deliver lasting, positive impacts to present and future generations. Through our diverse businesses and initiatives, One Meralco gives stakeholders the power to lead prosperous lives.



94%

of generated
economic value
distributed to
stakeholders

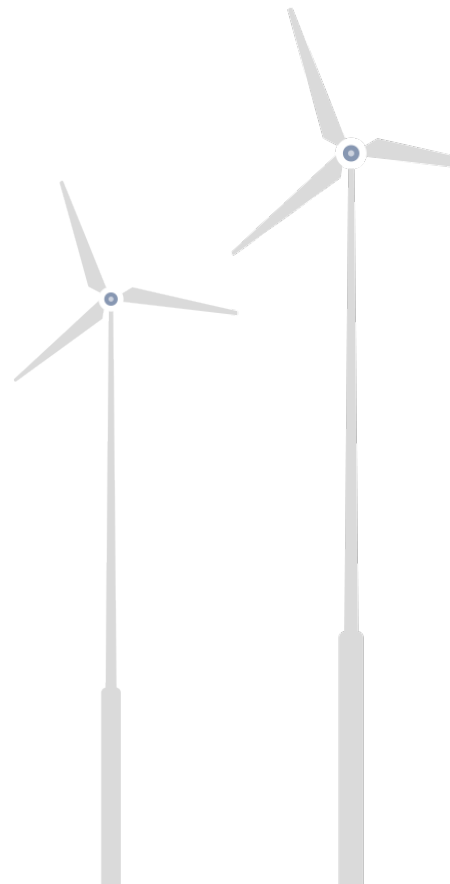
10

public schools energized



96%

of Meralco's procurement spend covered
by supply chain sustainability standards



Economic Impact: Delivering Shared Value to Stakeholders

GRI 201 | GRI 203

In principle, One Meralco produces economic value, the measure of benefits derived from goods and services provided by an individual or organization, for its stakeholders through operating expenditure, employee compensation, investor returns, government taxes, and local community investments.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (in PhP million)

	2021	2022	2023
Direct economic value generated (gross revenues)	322,317	432,292	447,762
Economic value distributed	293,692	412,958	419,078
Operating costs (including payment to power suppliers)	248,279	366,284	364,585
Employee wages and benefits	15,892	15,836	16,521
Payments to providers of capital (investors and shareholders)	18,246	21,824	27,161
Payments to government (taxes)	10,851	8,780	10,436
Community investments (expenses for CSR projects)	424	234	375
Economic value retained	28,625	19,334	28,684

In 2023, One Meralco generated a total direct economic value worth PhP 447.8 billion, a nearly 10% increase from PhP 406.8 billion in 2022. This growth in revenues was primarily driven by an increase in energy sales from growth in residential and commercial volumes.

To help spur inclusive economic development, One Meralco ensures that the value it generates is equitably distributed among all its stakeholders. In 2023, the Group delivered over PhP 419.1 billion (representing 94% of its gross revenues) to its stakeholders in the form of payments to suppliers, salaries and incentives for employees, dividends and interest payments to capital providers, payments to the government mainly in the form of taxes, and investments for community development.

Operating costs decreased by less than 0.5% from PhP 366.3 billion in 2022 to PhP 364.6 billion in 2023 due to prudent operating expense ("OpEx") spending.

Employee wages and benefits likewise grew 4% from PhP 15.8 billion in 2022 to PhP 16.5 billion in 2023.

Meanwhile, One Meralco's payments to investors and shareholders increased by more than 24% from PhP 21.8 billion in 2022 to PhP 27.2 billion in 2023 as a result of the increase in the Group's consolidated core net income in 2023, which is the basis of dividend declarations.

On the other hand, taxes and other fees paid to the Philippine government increased by nearly 19% from PhP 8.8 billion in 2022 to PhP 10.4 billion in 2023.

Finally, Meralco's total spend for One Meralco Foundation's corporate social responsibility programs grew from PhP 234.0 million in 2022 to PhP 375.0 million in 2023.

Apart from these financial benefits, the lasting contribution of One Meralco to our customers, communities, and constituents is through the continuous provision of affordable, dependable, and quality products and services that enable them to prosper amid growing societal challenges.

Customer Enablement: Ensuring Engaged and Satisfied Clients

GRI 418-1

Meralco's commitment to enhancing the quality of life for Filipinos extends beyond illuminating a customer's home or business. The Company also strives to ensure that those already linked to the grid experience the transformative power electricity brings in uplifting lives through efficient, uninterrupted service.

Central to achieving this objective is customer enablement. In 2023, Meralco continued providing world-class service to its 7.8 million-strong customer base so that they continuously remained connected to the grid. To deliver on this, Meralco made strategic investments in customer service innovations that allowed its always-ready customer service team to operate with heightened efficiency and effectiveness in addressing customer needs. The Company leveraged its wide customer knowledge base to facilitate insightful and actionable interactions, resulting in expedited transactions and prompt resolution of concerns, all while prioritizing the welfare of both customers and Meralco.

In the same year, the Company also fortified its communication initiatives to educate its customers on various methods to monitor and regulate their electricity consumption effectively. This was evident in the customer electricity bill, which provided comprehensive insights into year-on-year trends in energy usage, associated greenhouse gas emissions, and the requisite number of trees for emission offsetting.

This approach empowered customers to make informed decisions regarding their energy consumption while fostering environmental stewardship.

Additionally, through monthly advisories via mass media and online channels, Meralco's customers obtained relevant information regarding electricity rates and energy conservation. The Company also held several consumer and business forums to foster collaboration with its customers on energy efficiency initiatives.

Beyond innovative customer care and proactive communications, physical and digital channels were also strengthened to be able to provide a seamless and consistent customer experience to clients who are applying for service or settling bills payment. Finally, field representatives were equipped with a mobile app that provided real-time client information, allowing them to prevent service disconnections in situations where a customer made a last-minute payment.

A more detailed discussion of Meralco's customer centricity initiatives can be found in the Customer-Centric and Future-Ready section of this report (pages 64 to 79).



Community Engagement: Uplifting the Unserved and Underserved

GRI 203-1 | GRI 203-2 | GRI 413

Meralco is dedicated to fueling long-term social and economic progress, with a special focus on bringing electricity to marginalized households and communities. The Company also energizes schools to support the country's education sector, laying a strong foundation for sustainable development.



Electrifying Marginalized Communities

In 2023, One Meralco Foundation ("OMF") invested nearly PhP 17.3 million in its Household Electrification Program to connect low-income families within Meralco's franchise area to the grid. Specifically, OMF financed the installation of service entrances, metering centers, breaker walls, and intermediate polls for 5,751 low-income households. Meralco also took on the initial setup costs that residential customers applying for service connections usually have to pay for.

Complementing the Household Electrification Program, OMF also invested more than PhP 4.6 million in its School Electrification Program in 2023 to power 10 remote public schools across the country (mostly in Mindanao), supporting children and teachers in their academic endeavors.

On top of these two flagship initiatives, OMF also expanded its efforts to cover other equally important social impact areas: rural health electrification as well as electrification for livelihood, agriculture, and water access. In 2023, OMF electrified two off-grid health centers in Tanay, Rizal, and Kiamba, Sarangani; energized a coffee-processing facility for 150 farming families in Talakag, Bukidnon; and powered a water access project benefitting about 300 families in Mulanay Quezon.

Through OMF and its impactful community development programs, Meralco continues to harness the power of electricity to uplift and improve lives.

OMF's corporate social responsibility initiatives in 2023 are discussed extensively in the 2023 OMF Annual Report, *Pangarap*.

B

POWERING COMMUNITIES BEYOND ELECTRIFICATION

On top of energizing marginalized communities, One Meralco also ventures into other social development areas to uplift lives across the country. For instance, in 2023, MGen spearheaded various educational assistance initiatives to support hundreds of students in public schools close to its areas of operations. These efforts included school repainting, repair of essential school utilities, and distribution of school supplies and hygiene kits. MGen also conducted training courses for civil society and local government leaders to help them improve their leadership and communication skills.

Meanwhile, in the same year, MIESCOR partnered with local government units in Metro Manila, Leyte, Negros Occidental, and Zamboanga del Sur to organize and facilitate clean-up drives focused on collecting solid waste in communities and tributaries.





STORIES OF LIGHT

Hybridizing innovation and sustainability to power underserved communities

As enshrined in **SDG 9: Industry, Innovation, and Infrastructure**, the United Nations' 2030 Agenda for Sustainable Development emphasizes the critical role of promoting industrialization, fostering innovation, and building resilient infrastructure in achieving sustainability. With this vision in mind, MIESCOR forged a partnership with South Korean firm Seochang Electric Communication Co. Ltd. (Seochang) to develop a sustainable energy network that provides electricity to an underprivileged community in Cavite and serves as a charging hub for electric vehicles ("EVs") in the area.

A national research and development project funded by the government of Korea, the project involves the establishment of an on-grid hybrid power service, which is enabled by a 50-kWp solar PV system and a 300-kWh energy storage system ("ESS") made up of used EV batteries, for shared facilities in a Gawad Kalinga community in Barangay Hugo Perez, Trece Martires City. These include streetlights, a multi-purpose hall, and a learning center.

MIESCOR President and CEO Richard O. Ochava commended the project for its unique approach

to sustainable power service "Our one-of-a-kind facility creatively promotes the sustainable use of power to bring light to communities." Gawad Kalinga Executive Director Dan Bercasio echoed and added to the sentiment, "This project supports our mission to build communities towards zero poverty, zero exclusion, and net zero carbon."

Meanwhile, Seochang President Sung-Hee Yoon expressed her enthusiasm for the project's impact on the community, emphasizing its role in pioneering sustainable energy solutions in the Philippines. "We are thrilled to introduce our sustainable ESS solution to this community," Yoon stated during the inauguration ceremony in February 2024.

"Today marks not only the completion of a project but also a new beginning for the ESS industry in the Philippines."

The network began operating in September 2023 and has since been powering the community multi-purpose hall. MIESCOR and Seochang are currently assessing if other communal facilities in the barangay can be connected to the network.

Going forward, MIESCOR shall continue to develop EPC projects that will help advance One Meralco's thrust of providing affordable, accessible, reliable, and clean energy for all.

Supply Chain: Influencing Business Partners to Embrace Sustainability
GRI 2-6

The One Meralco ecosystem encompasses many constituents, including an extensive chain of companies that are essential gears in the economic machinery of the country. Committed to national development through the growth of domestic enterprises, the Group purposefully obtains goods and services from Philippine-based suppliers despite the availability of often cheaper foreign sources. As such, One Meralco spent over PhP 36 billion in 2023 on local procurement contracts. This substantial investment not only directly benefits local businesses but also has a ripple effect throughout their own value chains.



**TOTAL PROCUREMENT SPEND
IN 2023 (in PhP million)**

	LOCAL	FOREIGN	SUBTOTAL
Meralco	27,630	3,800	31,430
Subsidiaries	8,453	13,349	21,802
TOTAL	36,083	17,149	53,232



TOTAL NUMBER OF SUPPLIERS
BY CLASSIFICATION IN 2023

	TIER 1	NON-TIER-1	SUBTOTAL
Meralco	2,379	-	2,379
Subsidiaries	2,375	541	2,916
TOTAL	4,754	541	5,295

TOTAL NUMBER OF SUPPLIERS
BY LOCATION IN 2023

	LOCAL	FOREIGN	SUBTOTAL
Meralco	1,870	509	2,379
Subsidiaries	2,674	242	2,916
TOTAL	4,544	751	5,295

GREENIFYING THE ONE MERALCO ECOSYSTEM

One Meralco substantially shapes the revenue and business growth of its suppliers, who, in turn, impact the Group's overall ESG performance. Thus, it is imperative for One Meralco to actively involve and encourage all its value chain constituents to adopt sustainability principles and practices in their own operations. As such, the Group, through the leadership of the Distribution Utility, has embarked on its groundbreaking Supply Chain Sustainability Story to operationalize such objective.

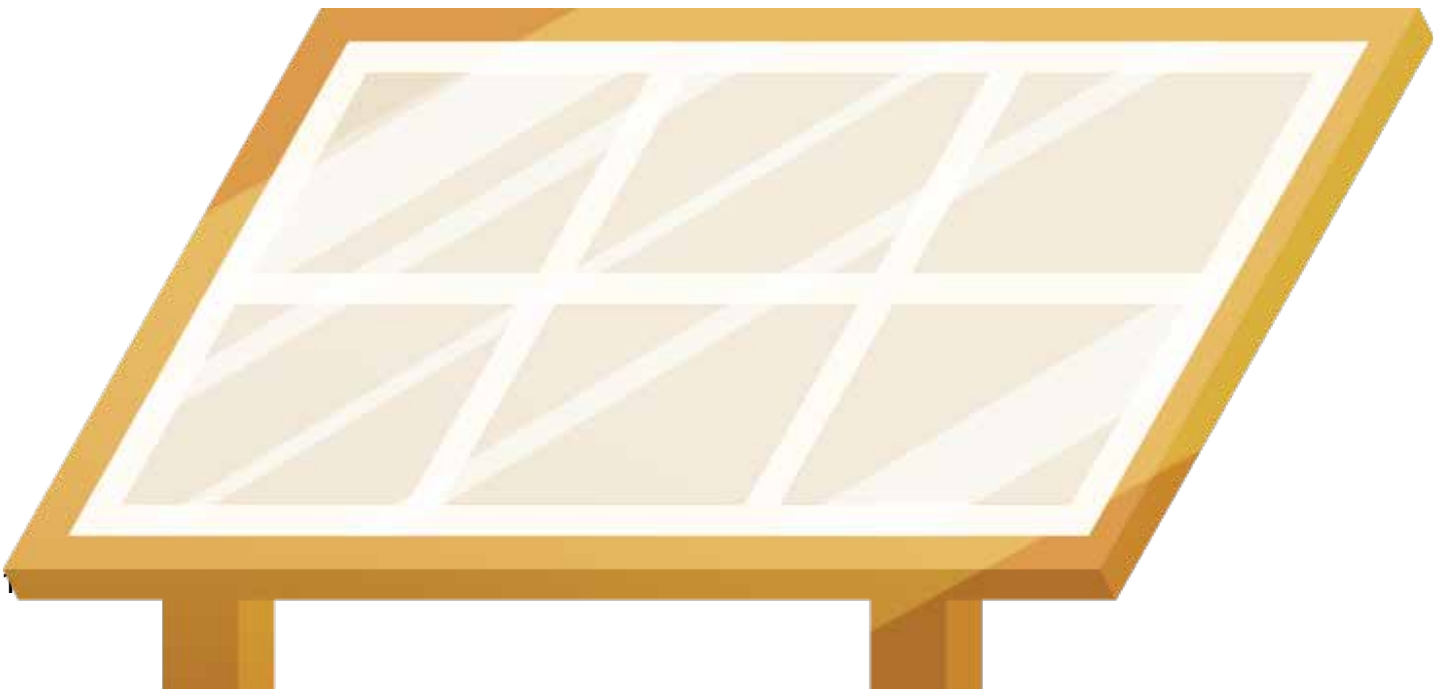
The Supply Chain Sustainability Story was established to integrate sustainability into the Company's supply chain in three distinct waves: **Introduce, Influence, and Ingrain**. The first wave focuses on **introducing** ESG principles into Meralco's supply chain and procurement processes. Meanwhile, the second wave is concentrated on **influencing** key stakeholders across the Company's value chain to form a deep understanding of and commitment to supply chain sustainability. Finally, the third wave is about **ingraining** and embedding sustainability in Meralco's mission, strategy, and decision-making to further create shared value and impact.



Across these three waves, Meralco will employ key initiatives such as baselining, segmentation of suppliers based on different criteria, partnerships with suppliers on strategic projects, capability-building workshops, performance monitoring, and communication campaigns. Across these three waves, Meralco will employ key initiatives such as baselining, segmentation of suppliers based on different criteria, partnerships with suppliers on strategic projects, capability-building workshops, performance monitoring, and communication campaigns.



In 2023, as part of the Introduce and Influence waves, Meralco continued implementing the Meralco Supplier Sustainability Scorecard (“MS³”), which covers 131 GRI Standards-based ESG criteria as well as 14 of the 17 SDGs for suppliers to comply with to maintain their accreditation with Meralco. This program provides the Company with a better view of our suppliers’ policies, processes, and initiatives that may affect Meralco’s sustainability performance. By the end of 2023, 348 supply chain partners, which collectively represent 96% of Meralco’s annual procurement spend, were fully compliant with the Company’s sustainability standards.





Beyond mere compliance, MS³ has yielded significant gains and now functions as a platform for Meralco to engage in meaningful dialogues with its suppliers, allowing the Company to better identify and address the challenges its suppliers face in becoming more sustainable.

Additionally, Meralco, building on its corporate- and value chain-wide ban on single-use plastics that began in 2019, also continued rolling out its Circular Economy Program, through which the Company aims to reduce the amount of waste it discards and to promote the prudent use of resources throughout its operations and supply chain. Anchored on the fundamental principles of the circular economy (minimization of waste and pollution, reutilization of old materials and products, and regeneration of natural systems), Meralco sustained the following initiatives in 2023:

- Sale of scrap copper wires to local manufacturers of electrical connectors
- Reuse of the wooden pallets and cable reels
- Upcycling of scrap pallets and used linemen's gloves into corporate giveaways

This program not only enabled Meralco to reduce its ecological footprint but also created new business opportunities for the Company to contribute to **SDG 12: Responsible Consumption and Production**.

Moving forward, Meralco shall roll out more supply chain sustainability initiatives as it continues to pursue the Ingrain wave, tackling challenging ESG topics such as Scope 3 emissions reduction and supplier diversity.





Caring for the communities we serve and beyond

As One Meralco, we continue to provide quality and reliable electricity service to our customers. Apart from providing our core services, we also contribute to national development through various corporate social responsibility initiatives in the areas of community electrification, environmental sustainability, youth development, community relations, disaster resilience and response, and employee giving and volunteerism.

Anchored on our corporate values of *malasakit* and *bayanihan*, we engage with various stakeholders, such as national and local governments, people's organizations, educational institutions, and the Church, among others, through our corporate foundation and social development arm, One Meralco Foundation (OMF). By joining forces with our stakeholders, we are able to implement social development programs that result in meaningful impacts on people, prosperity, and the planet.





Providing energy access to low-income households and off-grid communities

Meralco provided electricity to 5,751 low-income families in its franchise area through its household electrification program. Our business centers and network sectors, local government, and OMF worked together to address the technical, legal, and financial hurdles that make electrification challenging for these households, especially those in informal settlements and relocation sites. Since the program started, OMF has energized 75,715 low-income households.

Outside the Meralco franchise area, the Company also helps address the energy access challenges of remote and off-grid public schools, rural health centers and barangay health stations, agriculture and livelihood facilities and equipment, as well as support the electrification needs of water access programs. These community electrification initiatives utilize solar power, and strike at the heart of the Sustainable Development Goals (SDG) particularly SDG1: End Poverty and SDG7: Affordable and Clean Energy.

Remote public schools were energized using solar power and can now utilize multimedia learning equipment and other technologies. The ability to use these tools makes for improved learning experiences for students and helps educators innovate their learning delivery strategies. In 2023, 10 schools from the provinces of Sarangani, Sultan Kudarat, South Cotabato, and Palawan benefited from the program. The program also successfully electrified its 300th school, Catagupan Elementary School, situated on a remote island in Balabac, Palawan, located in the westernmost part of the Philippines. This year, OMF also energized, for the first time, schools from the province of Sultan Kudarat in Mindanao, which cater to students coming from indigenous tribes.



Within the Meralco franchise area, MSpectrum collaborated with the local government of Dasmariñas, Cavite, to install solar panels in 14 public schools as part of the LGU's Green E-Skwela Program. This initiative aims to integrate renewable energy sources as an additional electricity source for public schools in the city.

In addition to off-grid public schools, barangay health stations and rural health centers in mountain communities in Tanay, Rizal, and Kiamba, Sarangani, were also energized, benefiting a total of 4,620 residents in those areas. This enables barangay health workers to utilize essential tools such as nebulizers for respiratory ailments, fetal dopplers for pregnant women, and cold storage for vaccines in health centers.

Solar electrification also played a significant role in the improvement of the operations of the Milalittra Farmers Agricultural Cooperative in Talakag, Bukidnon. The electrification of their coffee processing facility boosted production and enabled it to process around 300 kilos of fresh coffee cherries per day, producing more than 1,200 kilos of green coffee beans to sell at markets monthly. This boosts the income potential to PhP 720,000 per month for the 150 cooperative members belonging to the Talaandig Indigenous People (IP), who depend on this livelihood to sustain their families.

Residents of the remote Sitio Central in Barangay Patabog, Mulanay, Quezon now enjoy access to safe drinking water nearer to their homes, thanks to the community-based water pumping station. OMF and Spectrum installed a 5kWac inverter solar PV system that powers two one-horsepower water pumps that reliably run for at least six hours a day to meet the daily needs of more than 300 households. The improved water access facility also helps prevent the spread of waterborne diseases like typhoid, diarrhea, and E. coli. It is the very first solar-powered water system service facility in Mulanay.



As part of Meralco's advocacy to "spread the light," OMF also distributed 2,147 solar lamps to fisherfolks, indigenous communities, and students in rural communities from Antique, Aurora, Bulacan, Cagayan Valley, Capiz, Cebu, Ilocos Norte, Ilocos Sur, La Union, Lanao del Norte, Marinduque, Nueva Vizcaya, Benguet, Palawan, Quezon, and Zambales.

These programs are concrete expressions of the Company's commitment to contribute to the prosperity of underserved communities by providing the benefits of electrification. Contributing to inclusive development, particularly in remote communities, enable local actors to be active players in fulfilling the economic and social needs of their own constituencies.

Protect and enhance forest lands and mangroves

Meralco contributes to the reforestation and regeneration of forests, wetlands, and watersheds at risk in the country through the One for Trees (OFT) program. In 2023, the program reached a milestone of having planted and nurtured two million trees since its inception. Reforestation sites are now found in San Miguel, Bulacan; Siniloan, Laguna; various towns in Bohol province along the Carood Watershed; Butuan, Agusan del Norte; Kalibo, Aklan; and Pangantucan, Bukidnon. In 2023, as part of the program's expansion, new mangrove sites were added in Aringay, La Union; Ibajay, Aklan; and Del Carmen and Siargao Islands, Surigao del Norte.

Meralco subsidiaries Meralco PowerGen Corporation and Global Business Power have upheld reforestation and carbon-sink sites in Toledo, Cebu, and in the provinces of Iloilo and Aklan for over a decade.

Meralco employees also joined companies in the MVP Group in the continued reforestation of the Norzagaray, Bulacan side of the La Mesa watershed.

While OFT primarily covers environmental sustainability ends, it also presents economic and social opportunities for 2,359 of its tree farmers and their families. The initiative provides them with income for maintaining the reforestation sites, as well as food security and additional livelihood through agroforestry, as they are the first beneficiaries of the produce from fruit-bearing trees. Aside from Meralco, 37 companies also donated funds, participated, and volunteered in this particular advocacy.

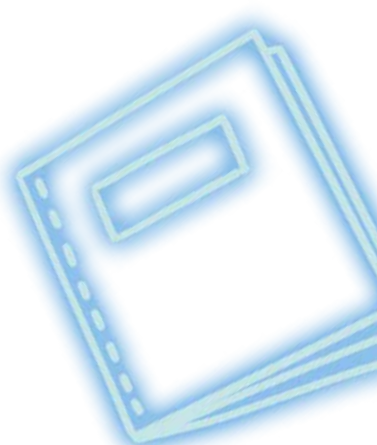
MIESCOR subsidiaries MBI, MLI, and MSERV also contributed to the Adopt-a-Hectare program of MIESCOR, where they committed to plant 500 trees in the Upper Marikina River Basin, benefiting the communities of Sitio San Ysidro and San Jose of Antipolo City.



35
Reforestation
Sites

2.3 Million
Trees planted and
nurtured

2,359
Tree farmers
benefitting from OFT



Responding to the needs of communities where our various companies operate

Throughout the year, Meralco and OMF implemented 249 community relations projects in partnership with public schools, local governments, national government agencies, private organizations, non-government organizations, and civil society and people's organizations.

These projects encompass a variety of initiatives, including computer donations, distribution of school kits, provision of vitamins, multimedia equipment, food and noche buena packs, support for environmental initiatives, and relief goods for post-calamity situations. These endeavors aim to address the priority and immediate social development needs of marginalized communities within the Meralco franchise area. Many of these projects also play a strategic role in enhancing the efficiency of institutional operations. For instance, computer donations to police stations, barangays, and other NGO offices enable them to automate their processes and workflows.

Education remains a priority area of assistance. For example, MSERV, the Group's subsidiary and one of the largest Electrical, Mechanical, Fire Protection, and Plumbing (MEPF) contractors and energy service companies (ESCO) in the Philippines, donated



e-vehicles to the De La Salle University - Laguna to aid engineering students with their e-vehicle technology research. The partnership with the university has been ongoing since 2017, resulting in one e-vehicle donated for the school's use.

Entering its fifth year of partnership with the Department of Education, Meralco subsidiary Bayad, continues its advocacy. "Bayad Sapat Dapat". It is a comprehensive financial literacy integrated into the basic education curriculum of high school students in Cebu. The program is designed to elevate and impart essential knowledge on budgeting, saving, and prioritizing needs. Beyond the confines of the classroom, Bayad Sapat Dapat extends its impact to parents, teachers, and the broader community, effectively reaching 4.5M in Region 7. This initiative contributes to a more inclusive and sustained approach to financial education.

On the other hand, MIESCOR supported the feeding program in Mauro Diaz Elementary School in Diaz Tubajon, Dinagat Islands, and donated trash bins to Aglao and Lawin Elementary Schools, both located in Zambales province, as part of its school donations initiative.

Investing in the youth and women

Within the Company, OMF continued its annual program of recognizing the academic excellence of dependents of Meralco rank and file and supervisory employees through the MVP Academic Achievement Awards, which returned to face-to-face mode after three years of virtual awarding ceremonies. In 2023, it honored 210 awardees and 82 top achievers. Throughout the 13 years of the program, it has already awarded educational grants to 2,540 dependents who excelled academically.

As part of its ongoing advocacy to create more opportunities for women in the energy sector, the Company sustained its commitment to two scholarship programs tailored for women.



The Women Technicians Program, carried out in collaboration with Don Bosco College Canlubang which welcomed 12 new scholars in 2023, empowers aspiring young women to pursue careers as skilled electrical technicians. Notably, from the program's inaugural cohort, 13 scholars have now secured employment with Meralco, contributing to various technical roles within the Company.

The other program, dubbed MpowHER, is for women who are interested in pursuing a degree in electrical engineering. 22 new scholars were onboarded in 2023 and are now studying at partner universities like the Batangas State University, Nueva Ecija University of Science and Technology, Polytechnic University of the Philippines, and the University of the Philippines Diliman and Los Baños campuses.

Empowering for resilience and responding to disasters



The Company was also responsive to the needs of communities affected by calamities. Relief operations provided assistance to a total of 9,697 families directly impacted by fires, floods, typhoons, and the displacement caused by Mayon Volcano's activity. Beneficiaries received essential aid in the form of food packs and hygiene kits to help them cope with the challenges posed by these natural disasters. Outside its franchise area, Meralco extended aid to Ilocos Norte province when it was hit by Typhoon Egay (Doksuri) in July 2023. It deployed a power restoration team of 32 personnel and equipment to help the Ilocos Norte Electric Cooperative immediately repair damaged facilities in the province.

To bolster multi-stakeholder disaster resilience and preparedness, OMF remained steadfast in supporting the PlanSmart Ready to Rebuild project. Led by the Department of Science and Technology (DOST) and the Philippine Institute of Volcanology and Seismology (PHIVOLCS), this initiative is a collaborative effort involving the National Disaster Risk Reduction and Management Council (NDRRMC), the Office of Civil Defense (OCD), and the World Bank. OMF supported the training of 216 local government disaster risk managers and team members from cities and municipalities in Southern Tagalog, Bicol Region, and the Bangsamoro Autonomous Region of Muslim Mindanao, as well as representatives from national government agencies. The capacity building involved helping the LGUs revolutionize disaster risk reduction and management planning processes, including preparing budgets, utilizing technologies, and enabling citizen participation.



Bayanihan is alive through Volunteerism



In July 2023, OMF conducted its annual “Balik Eskwela” campaign, benefiting 3,457 public school students across 65 schools. Each student received a specially designed bag filled with essential school supplies like notebooks, writing materials, and a hygiene kit. This endeavor was made possible through a partnership with the Meralco Employees Fund for Charity, fully funded by employee contributions totaling PHP 1.8 million. Meralco employees also personally selected the beneficiary schools and directly coordinated with them, showcasing this initiative as a comprehensive volunteer effort from start to finish.

Meralco employees not only pursue excellence at work but also embrace the corporate values of “malasakit” and “bayanihan.” Throughout the year, they contributed to the work of One Meralco Foundation through volunteerism and donations. In 2023, they raised PHP 4.17 million to fund various programs of OMF.

Meralco continues to be a committed partner in helping address the various sustainable development challenges in the country, particularly those where electrification, environmental protection, and citizen empowerment are the best solutions. Thanks to the concerted efforts of the One Meralco Foundation, the dedication of Meralco employees to volunteerism, and the collaborative spirit of partners across business, government, academia, and community organizations, significant opportunities for enhanced productivity, livelihood, and citizen engagement are now within reach for kababayan who need them most.





Stewardship in Action

Nurturing trust through Corporate Governance

As Meralco celebrates 120 years of service excellence, its commitment to transparent governance remains steadfast. Rooted in its rich history of good governance, the Company continues to uphold rigorous standards across all facets of its operations, ensuring compliance with regulations and fostering trust among stakeholders. This commitment also lays the foundation for our sustainable growth trajectory.

At the heart of our endeavors lies a dedication to strict adherence to relevant laws, regulations, and ethical standards. In 2023, Meralco proudly stands as a shining example of compliance, guided by the trust and confidence bestowed by its stakeholders. The Company fully complies with the corporate governance codes, rules, and regulations set forth by esteemed regulatory bodies such as the Securities and Exchange Commission ("SEC"), Philippine Stock Exchange ("PSE"), Philippine Dealing & Exchange Corp. ("PDEX"), and others.



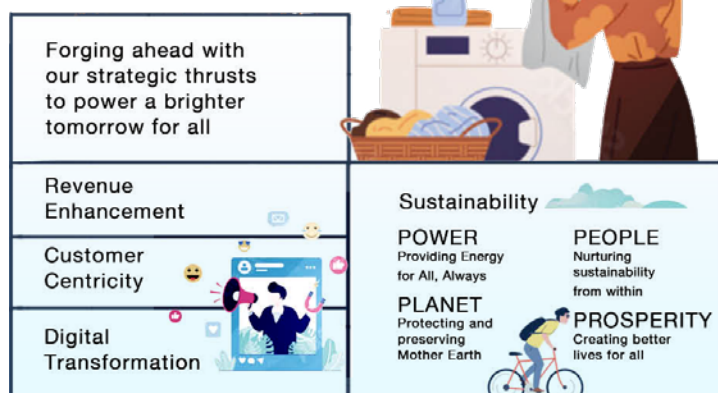


Through transparent governance practices, the Company not only powers progress but also reinforces Meralco as a stable and sound investment for generations to come. As the Company recognizes that corporate governance is more than sheer compliance, it ensures its commitment to maintain a strong and sustainable corporate culture, anchored on the fundamental principles of Fairness, Accountability, Integrity, Transparency, and Honesty ("FAITH"), that enables the Company to create and sustain value, gain competitive advantage, and embrace environmental, social, and governance objectives.

Guided by its vision, mission, and core values, Meralco continues to strengthen its governance structure, policies, controls, and practices in accordance with SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies ("SEC CG Code") and the ASEAN Corporate Governance Scorecard ("ACGS").

As a testament to its strong brand of corporate governance and ethical culture, the Company has again been recognized in the Philippines as one of the top publicly-listed companies with strong commitment to principles of good corporate governance. On September 28, 2023, Meralco received a three-arrow recognition from the Institute of Corporate Directors ("ICD") during the Golden Arrow Awards.

ONE MERALCO THRUSTS





BOARD GOVERNANCE RESPONSIBILITIES

Serving as the corporate governance steward of the Company, the Board of Directors (“Board”) fosters the long-term success of Meralco and ensures that the Company sustains its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

The Board is responsible for defining and reviewing the Company’s vision, mission, overall strategic directions, corporate objectives, long-term goals, and core values annually. It oversees and monitors the development and implementation of the Company’s business objectives and strategy and ensures that obligations to stockholders and to all stakeholders are understood and fulfilled.

Pursuant to the SEC CG Code, the Board adopted in 2017 a Manual of Corporate Governance (“CG Manual”) that provides the framework of good governance and ethical business practices that the Company’s directors, officers, and employees are expected to observe and adhere to in dealing with various stakeholders. Management, in turn, ensures that the operations of the Company are aligned with the CG Manual.

The CG Manual conforms to regulations set forth by the SEC, the PSE, PDEx, and other relevant regulatory bodies and is reviewed annually to ensure that it is up-to-date with local and international best practices and in keeping with the Company’s strategic direction. The CG Manual was amended by the Board on July 25, 2022.

In accordance with the CG Manual, the Board formulates and annually reviews the Company’s vision and mission statement, strategic objectives, key policies, and the mechanism for performance assessment of the Board and Management, principally the Chairman and Chief Executive Officer (“CEO”)

The Board, in its regular meeting held on January 12, 2023, as part of the Board’s assessment of the Company’s performance in the past year, reviewed the Company’s material controls (including operational, financial, and compliance controls) and risk management systems and confirmed the Company’s full compliance with the code of corporate governance. In 2021, the Board revised the vision, mission, and values statements as well as the corporate strategic objectives of the Company and the same were again reviewed and confirmed by the Board in 2023.





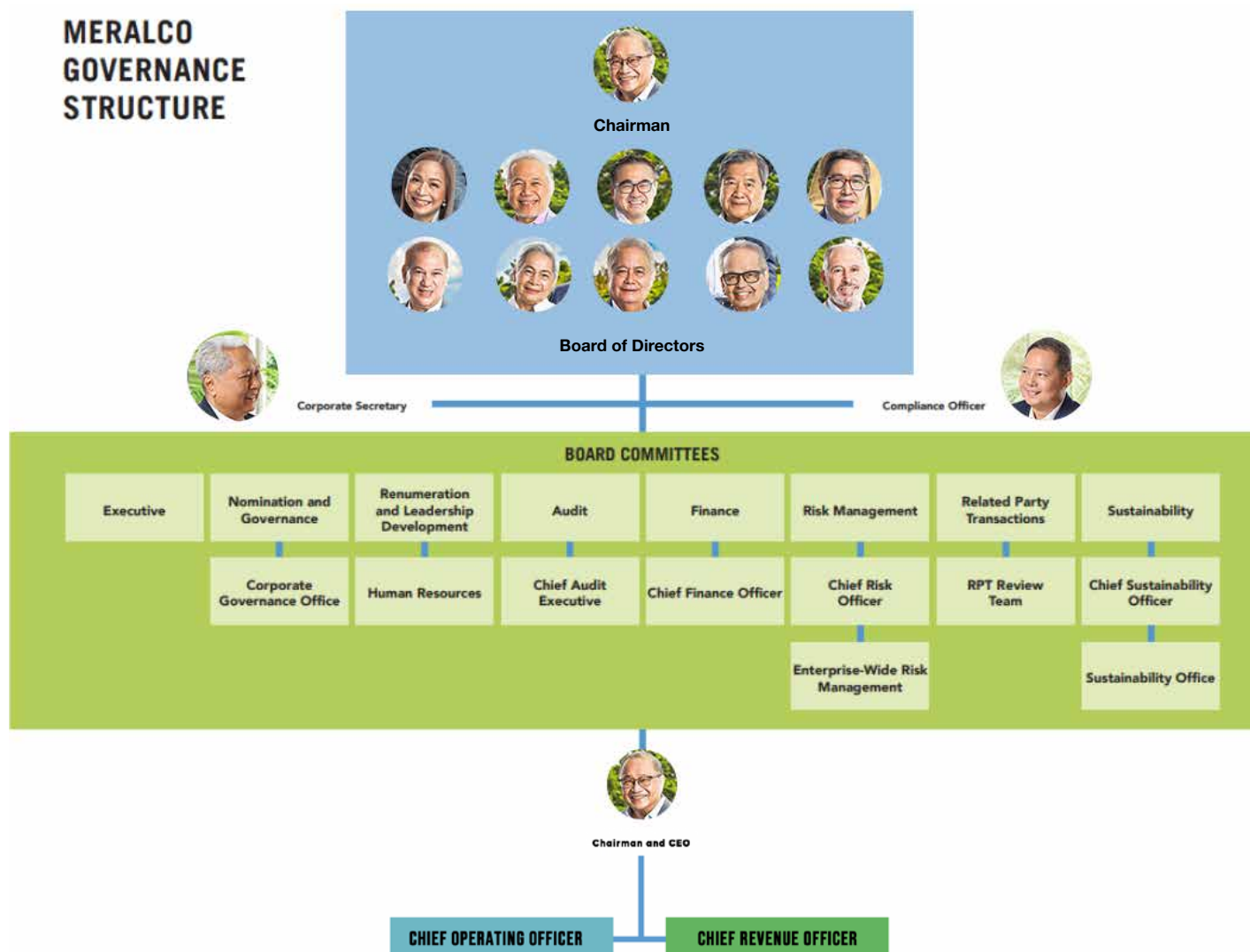
A.1 COMPOSITION

The Board is composed of directors with collective working knowledge, experience, or expertise that is relevant to the Company's industry/sector. In accordance with the Revised Corporation Code, the Company has a diverse Board consisting of eleven (11) directors, the majority of whom are non-executive directors, while three (3) are Independent Directors ("ID"), including a female independent director.

The Nomination and Governance Committee (Nom&Gov) reviews the nomination, selection, and composition of the Board pursuant to the Nomination and Election Policy. Additionally, the Board affirms that its members have a proper mix of qualifications, background, experience, independence, and skills needed to effectively perform its responsibilities and that its members remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.

The Board adopts a Board Diversity Policy that promotes diversity to encourage critical discussion and foster balanced decision-making in the attainment of the Company's strategic objectives and sustainable development. The Policy likewise provides for measurable objectives for implementing its board diversity policy and for reporting on progress in achieving its objectives.

The Board ensures that independent decision-making is encouraged and that no individual director dominates decision-making. The non-executive directors actively participate in discussions at the Board and Board Committee levels, as well as with Management.



A.2 INDEPENDENT DIRECTORS

On March 24, 2023, Nom&Gov assessed the profiles of the directors and found that the independent, non-executive directors are indeed free of relationships with the Company, its related corporations, its management, or substantial shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgment. The Nom&Gov had reviewed the multiple board representations held presently by the directors and assessed that they do not hinder in any way the performance of their duties to the Company.

Under the CG Manual, independent directors are allowed to serve for a maximum of nine (9) consecutive years reckoned from 2012, making sure, however, that the shareholders' legal right to vote and be voted remains inviolable. If an independent director who has served for nine (9) consecutive years is nominated and considered for re-election, the Company is mandated to provide meritorious justification and advise the stockholders of such justification during the annual stockholders' meeting.

Given the nomination for election to the Board of Directors of independent directors, Retired Chief Justice Artemio V. Panganiban and Mr. Pedro Emilio O. Roxas, after the maximum 9-year term, the Board provided meritorious justification for their retention in accordance with the CG Manual, which was consequently approved by the shareholders during the 2023 Annual Stockholders' Meeting.

McKinsey and Company, a global strategy and management consulting firm, predicted uncertain economic prospects for the Philippines in 2023, with the energy sector facing challenges including supply constraints, green energy transition, rising oil and gas prices, supply chain disruptions, and currency depreciation.

Given such uncertainty, the re-election of Ret. Chief Justice Panganiban and Mr. Roxas, as independent directors, were expected to bring about stability in the Board that will surely benefit the Company and its stakeholders, as their deep experience and knowledge of the Company, enable them to provide steady guidance and meaningful participation in crafting needed policies and strategies to immediately address operational, legal, and regulatory risks.



A.3 CHAIRMAN OF THE BOARD

The Chairman and CEO, Mr. Manuel V. Pangilinan, serves to represent the interests of all shareholders and stakeholders and oversees the performance of the Board and its directors. He champions exemplary ethical governance principles for directors, officers, and employees to emulate and espouse.

Together with the with the Corporate Secretary and CEO, the Corporate Secretary, Atty. Simeon Ken R. Ferrer and the Compliance Officer, Atty. William S. Pamintuan, the Chairman and CEO sets a clear agenda before each Board meeting. He provides opportunities for all directors to actively participate, addresses governance-related issues that non-executive, independent directors may raise, and ensures that the Board exercises strong oversight over the Company and its Management, such that any corporate risk or threat is adequately and effectively addressed. His roles and responsibilities are specified in the CG Manual, accessible at the Company's website.

A.4 MEETINGS AND MAJOR ACCOMPLISHMENTS

The Board of Directors reviews and approves major projects, and investments and major investment funding, and major restructuring of core businesses on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.

The Board jointly plans meeting dates at the start of the calendar year, meets regularly once a month, and holds special meetings, as may be required.

2023 ASM AND BOARD MEETING ATTENDANCE¹

Director	Designation	Annual Stockholders' Meeting	Board and Organizational Meetings
Manuel V. Pangilinan ²	Chairman	Present	14/15
Lance Y. Gokongwei	Director	Present	15/15
Ray C. Espinosa ³	Director	Present	15/15
Anabelle L. Chua ⁴	Director	Present	6/6
June Cheryl A. Cabal-Revilla ⁵	Director	Attended as Stockholder	9/9
Frederick D. Go	Director	Present	15/15
James L. Go	Director	Present	15/15
Jose Ma. K. Lim	Director	Present	11/15
Victorico P. Vargas	Director	Present	15/15
Lydia B. Echauz	Independent Director	Present	15/15
Artemio V. Panganiban	Independent Director	Present	15/15
Pedro Emilio O. Roxas	Independent Director	Present	15/15

¹ Regular, Special, and Organizational Board Meetings

² Elected as Chief Executive Officer effective May 30, 2023. He became Chairman and Chief Executive Officer effective July 1, 2023

³ Served as President and Chief Executive Officer until May 30, 2023

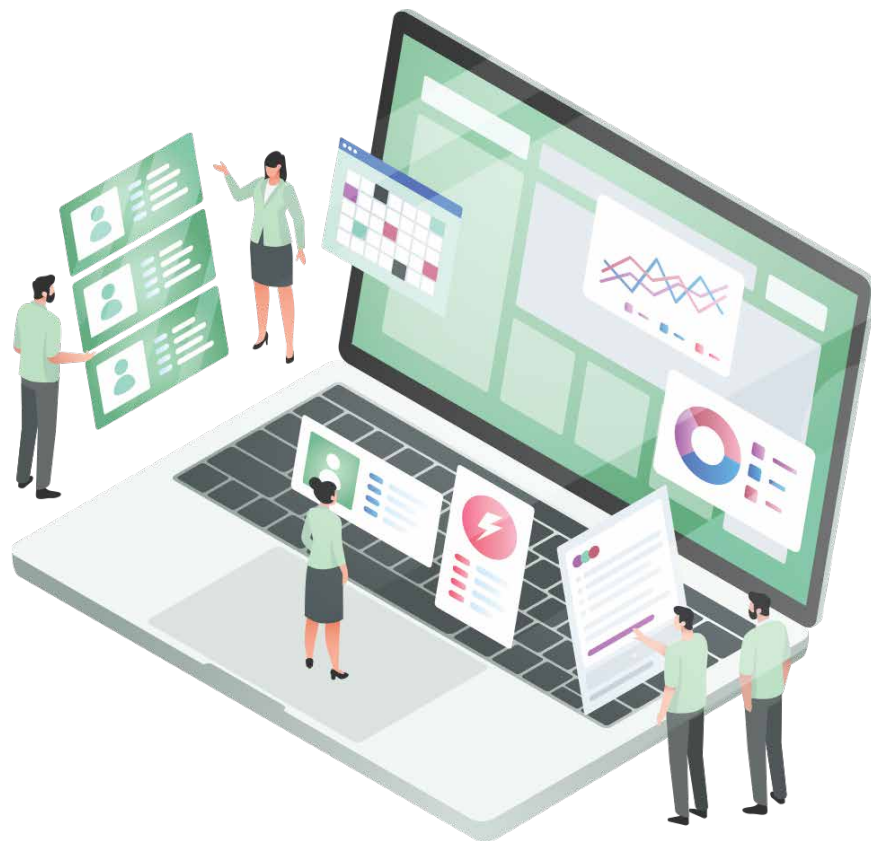
⁴ Ms. Chua served as a Director until May 30, 2023.

⁵ Ms. Cabal-Revilla attended as a stockholder during the Annual Stockholders' Meeting and was elected as a director during this meeting on May 30, 2023.

In 2023, the Board's major accomplishments included the following:

Major Projects and Policy Decisions

- Evaluation of compliance to the SEC Revised Code of Corporate Governance
- Approval of the Integrated Annual Corporate Governance Report ("I-ACGR")
- Review and approval of the Code of Business Conduct and Ethics for Vendors (formerly Suppliers Business Conduct Policy)
- Review and approval of the RPT Policy Guidelines
- Review and amendment of Finance Committee Charter and RLDC Charter
- Review and approval of the Remuneration and Leadership Development Committee Charter
- Review and approval of the Speak Out Policy (formerly Whistleblowing Policy)
- Screening of nominees to the Board
- Conduct of the 2023 ASM
- Approval of 2024 schedule of Board meetings
- Review and approval of the board committee composition
- Evaluation of compliance to ERC requirements
- Review and approval of business separation and unbundling plan reports
- Review and approval of public-private partnerships
- Approval of construction, development, and commissioning of substation assets
- Review and approval of Emergency Power Supply Agreement ("EPSA")
- Review and approval of power generation projects, interim power supply agreements ("IPSAs") and power supply agreements ("PSAs"), technical services agreements, pole relocation projects, and other local and international business initiatives
- Approval of Audited Financial Statements
- Evaluation of incumbent external auditor and nomination of external auditor for 2023
- Approval of report of external auditors covering the Company's Audited Financial Statements
- Approval of dividend declaration
- Review and approval of material RPTs
- Enterprise performance evaluation and assessment
- Performance assessment of the Board, Board Committee, and President and CEO
- Review and approval of rank conferment and appointment of officers
- Review and approval of executive promotions, rightsizing policy and succession planning
- Review and approval of employee performance management plan
- Review and approval of various supply contracts in excess of PHP 50 million
-



Business Plan and Annual Budgets

- Review and approval of the 2024 budget
- Monitoring of investment committee report
- Review and approval of corporate strategic objectives
- Monitoring of the implementation of corporate strategies
- Review of forecast of subsidiaries' projects

Major Investment Fundings

- Infusion of equity to subsidiaries
- Renewal of credit lines, credit facilities, and bonds

A.5 CORPORATE SECRETARY AND COMPLIANCE OFFICER

All Board members have direct and independent access to the Corporate Secretary, the Compliance Officer, and Management. Under the guidance of the Chairman, the Corporate Secretary, Atty. Simeon Ken R. Ferrer, a distinguished fellow of the Institute of Corporate Directors, holds the pivotal responsibility of facilitating seamless information flow within the Board and its Committees, as well as between Management and non-executive directors. He also facilitates the onboarding and assists with the professional development of directors, as required by regulators. He possesses all the requisite qualifications and skills necessary for his position.

The Board is likewise assisted by the Company's Compliance Officer and Senior Vice President, Atty. William S. Pamintuan, who monitors, reviews, evaluates, and ensures the full compliance of the corporation. The Compliance Officer diligently reviews and assesses the conduct of directors

and officers in accordance with pertinent laws, rules, regulations, and governance directives issued by regulatory bodies. In cases of violations, he promptly reports such instances to the Board and proposes suitable disciplinary measures for consideration. The qualifications, duties, and responsibilities of the Corporate Secretary and Compliance Officer are stated in the CG Manual and Board Charter. Both of them regularly attend trainings on corporate governance.

A.6 BOARD COMMITTEES

The Board has formed various Committees, namely: Executive Committee ("ExCom"), Audit Committee ("AuditCom"), Risk Management Committee ("RMC"), Nom&Gov Committee, Remuneration and Leadership Development Committee ("RLDC"), Finance Committee ("FinCom"), Related Party Transactions Committee ("RPTCom"), and Sustainability Committee ("SusCom"). The Board has delegated specific responsibilities to each of these Committees, guided by their respective charters.



2023 BOARD COMMITTEE MEETING ATTENDANCE

	FinCom	AuditCom	RMC	RPTCom	Nom&Gov	RLDC	ExCom	SusCom
Manuel V. Pangilinan ¹	N/A	N/A	N/A	N/A	N/A	5/6	4/4	1/1
Lance Y. Gokongwei	12/12	N/A	N/A	N/A	N/A	6/6	4/4	1/1
Ray C. Espinosa ²	N/A	N/A	0/1	0/1	N/A	N/A	N/A	N/A
Anabelle L. Chua ³	5/5	3/3	1/1	1/1	2/2	N/A	N/A	N/A
June Cheryl A. Cabal-Revilla ⁴	6/7	2/3	N/A	N/A	1/2	N/A	N/A	N/A ⁵
Frederick D. Go ⁶	N/A	6/6	2/2	2/2	4/4	N/A	N/A	1/1
James L. Go	11/12	4/6	1/2	1/2	4/4	N/A	2/4	N/A
Jose Ma. K. Lim ⁷	9/12	4/6	1/2	1/2	3/4	N/A	4/4	1/1
Victorico P. Vargas	12/12	N/A	N/A	N/A	N/A	6/6	N/A	N/A
Lydia B. Echauz ⁸	12/12	6/6	N/A	N/A	4/4	N/A	N/A	N/A
Artemio V. Panganiban ⁹	N/A	6/6	2/2	2/2	N/A	N/A	4/4	N/A
Pedro Emilio O. Roxas ¹⁰	12/12	6/6	2/2	2/2	4/4	6/6	N/A	1/1

¹ Chairman of the Remuneration and Leadership Development Committee, Executive Committee, and Sustainability Committee

² Served as President and Chief Executive Officer until May 30, 2023. He was appointed as a member of the Risk Management Committee, and Related Party Transactions Committee effective May 30, 2023

³ Served as a member of the Finance Committee, Audit Committee, Risk Management Committee, Related Party Transactions Committee, and Nomination and Governance Committee, until May 30, 2023

⁴ Appointed as member of the Finance Committee, Audit Committee, Nomination and Governance Committee, and Sustainability Committee effective May 30, 2023

⁵ Ms. Cabal-Revilla was elected as a Director on May 30, 2023. The Sustainability Committee held its meeting on May 23, 2023.

⁶ Chairman of the Risk Management Committee

⁷ Chairman of the Finance Committee. He served as a member of the Sustainability Committee until May 30, 2023

⁸ Independent Director

⁹ Chairman of the Audit Committee, Independent Director

¹⁰ Chairman of the Related Party Transactions Committee, and Nomination and Governance Committee, Independent Director

The functions, authority, and responsibilities of each Board committee and their accomplishments are as follows:

A. EXECUTIVE COMMITTEE ("ExCom")

ExCom is composed of five (5) directors, one (1) of whom is an independent director. The ExCom may act, by majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated to it under the By-Laws, or upon a majority vote of the Board, subject to the limitations provided by the Corporation Code.

The ExCom conducted four (4) meetings in 2023 and reviewed the following:

- Emergency Power Supply Agreement ("EPSAs") for 370 MW Therma Luzon, Inc. ("TLI")
- 300 MW South Premier Power Corp. ("SPPC") Proposed Settlement with San Miguel Corporation
- Amount Establishment of Bids and Awards Committee for the conduct of the Competitive Selection Process for Power Supply Agreements ("BAC-PSA")

B. REMUNERATION AND LEADERSHIP DEVELOPMENT COMMITTEE ("RLDC")

RLDC is composed of four (4) directors, one (1) of whom is an independent director. The duties and responsibilities of RLDC as defined in its charter include assistance to the Board in the development of the Company's overall performance management, compensation, retirement, and leadership development policies and programs based on the Company-approved philosophy and budget.

The RLDC held six (6) meetings in 2023 and accomplished the following:

- Approval of candidates for rank conferment
- Approval of proposed budget for the 2023 salary review program
- Review of Annual Incentive Plan
- Approval of 2019 - 2022 Long-Term Incentive Plan Payout
- Approval of 2022 - 2024 Board Cash/Stock Grant
- Approval of Meralco Table of Organization
- Review of performance evaluation plan results
- Approval of Recommendation for Appointment and Employment Extension

The RLDC recommends to the Board, for the approval of the shareholders, a framework of remuneration for Directors and Management, including the Chairman and CEO.



DETAILS OF 2023 BOARD REMUNERATION (in PhP)

EXECUTIVE DIRECTOR	Remuneration for Board Meetings Attended in 2023	Remuneration for Committee Meetings Attended in 2023	TOTAL
Manuel V. Pangilinan ¹	PhP 1,960,000	PhP 240,000	PhP 2,200,000
Ray C. Espinosa ²	2,100,000	0.00	2,100,000
NON-EXECUTIVE DIRECTOR			
Lance Y. Gokongwei	2,100,000	552,000	2,652,000.00
Anabelle L. Chua ³	840,000	288,000	1,128,000.00
June Cheryl A. Cabal-Revilla ⁴	1,260,000	216,000	1,476,000
James L. Go	2,100,000	552,000	2,652,000
Frederick D. Go	2,100,000	360,000	2,460,000
Jose Ma. K. Lim	1,540,000	552,000	2,092,000
Victorico P. Vargas	2,100,000	432,000	2,532,000
INDEPENDENT DIRECTORS			
Pedro Emilio O. Roxas	2,100,000	528,000	2,628,000
Artemio V. Panganiban	2,100,000	336,000	2,436,000
Lydia B. Echauz	2,100,000	792,000	2,892,000
TOTAL INDEPENDENT DIRECTORS	6,300,000	1,656,000	7,956,000
GRAND TOTAL	PhP 22,400,000	Php 4,848,000	PhP 27,248,000

¹ Served as Chief Executive Officer beginning May 30, 2023.

² Served as President and Chief Executive Officer from January 1, 2023 to May 30, 2023.

³ Served as a director from January 1, 2023 to May 30, 2023.

⁴ Elected as a director on May 30, 2023.

The Directors and Officers are covered by a Casualty Line Insurance Policy effective until June 27, 2024. The policy covers Company Securities, Company Employment Practices Breach, Regulatory Crisis Event Costs, Investigation Costs, Public Relations Expenses, Investigation Costs for Derivative Demands, Tax Liability and other additional limits such as Bodily Injury and Property Damage Defense Costs, Health and Safety Costs, Gross Negligence Manslaughter Defense Costs and Environmental Violation (Defense Costs Including Civil and Administrative Fines).

For the President and Management, the framework takes into account all aspects of executive remuneration, including salaries, allowances, bonuses, and benefits in kind. The framework is benchmarked against pay and employment conditions within the industry, and it links rewards to corporate and individual performance.

The Company's directors receive per diem fees for their attendance at Board and Board Committee meetings. Each director is entitled to a per diem allowance of PhP 140,000 for every board meeting attended and PhP 24,000 for every committee meeting.

Remuneration of Key Management and Employees

The Company adopts a Remuneration Policy comprised of fixed and variable components in the form of a base salary and a variable bonus linked to the Company's and the individual's performance. Compensation packages and revisions to key Management's remuneration are subject to the review and approval of the RLDC.

The top five (5) key officers of the Company have received an aggregate remuneration of PhP 425 million in 2023. For more information on the aggregate total remuneration paid to all key officers, please refer to the discussion entitled Compensation of Key Management Personnel in the Notes to Consolidated Financial Statements.

Advisers/Consultants to Remuneration and Leadership Development Committee

Meralco engaged a human resources consultancy firm to assist in the areas of employee engagement and compensation and benefits management.



C. NOMINATION AND GOVERNANCE COMMITTEE ("Nom&Gov")

The Nom&Gov is composed of six (6) directors with an independent director as chair. The duties and responsibilities of the Nom&Gov, as reflected in its charter, include: screening qualified nominees for election as directors, assessing the independence of directors, introducing improvements to the Board's organization and procedures, setting mechanisms for performance evaluation of the Board and Management, and providing programs for the continuing education of the Board.

The Nom&Gov undertakes the process of identifying the qualifications of directors aligned with the Company's strategic directions. It reviews and recommends to the Board the appointment of members to the Board Committees. The process involves identifying, reviewing, and recommending potential candidates to the Board for consideration.



The Nom&Gov has put in place a formal and transparent process for the nomination of new Directors to the Board. Stakeholders who have identified suitable candidates submit the Nomination and Acceptance Letters, Full Business Interest Disclosure Forms, and curriculum vitae of such candidates to the Nom&Gov for discussion and review on or before the set deadline. These candidates are sourced from the business networks of Board members, from professional search firms such as the Institute of Corporate Directors (“ICD”), or from shareholders. These candidates should be skilled in core competencies such as strategic planning, business expertise, and industry knowledge.

The shareholders elect the directors during the Annual Stockholders’ Meeting (“ASM”) held every last Tuesday of May. The Company sends out a formal letter detailing the responsibilities of the duly elected director. The new director then attends an onboarding program facilitated by the CGO.



The Nom&Gov Comm held 4 meetings in 2023 and performed the following:

- Reviewed the results of Board, Board Committees, and President and CEO performance assessment
- Assessed MERALCO’s public ownership report
- Screened the nominees to the Board
- Reviewed the Board committee composition
- Assessed MERALCO’s compliance to the Revised ASEAN Corporate Governance Scorecard (“ACGS”)
- Reviewed and endorsed MERALCO’s Integrated Annual Corporate Governance Report (“I-ACGR”) for 2022
- Reviewed and approved the Code of Business Conduct and Ethics for Vendors (Revised Suppliers Business Conduct Policy), RPT Policy Guidelines Procedures Finance Committee Charter, Remuneration and Leadership Development Committee Charter, and Speak Out Policy
- Reviewed the amendment of FinCom and RLDC Charters
- Facilitated the annual CG enhancement and continuing education programs

D. AUDIT COMMITTEE (“AuditCom”)

The AuditCom consists of three (3) independent directors, and four (4) non-executive directors, one of whom is Ms. June Cheryl A. Cabal-Revilla. Ms. Revilla has solid experience in the areas of accounting, corporate finance, treasury, financial control, and risk management and having been the Chief Finance, Risk and Sustainability Officer of another publicly-listed company and Appointed Member of the Financial and Sustainability Reporting Standards Council (“FSRSC”) of the Philippines.. The AuditCom is chaired by the lead independent director.

The AuditCom had six (6) meetings in 2023 with the following accomplishments:

Internal Control

- Obtainment of management's assurance on the adequacy and effectiveness of the Company's internal control system and noted Management's Control Policy
- Evaluation of the effectiveness of the internal control system of the Company
- Review and discussion of updates on fraud investigations, recoveries from losses, and appropriate actions of the Management.

Financial Reporting

- Review of the unaudited consolidated quarterly financial statements and the audited consolidated annual financial statements of the Company
- Endorsement for Board approval of the Audited Consolidated Financial Statements of the Company

Audit Process

- Assessment of the independence, performance, and effectiveness of the External Auditors, SGV & Co. CPAs (SGV), taking into consideration their credibility, competence, ability to understand complex transactions, and the adequacy of their quality control procedures. Based on this assessment, SGV was re-nominated by the Committee to the Board as the External Auditors of the Company with the assurance that the lead audit partner complies with Rule 68 of the Securities Regulation Code on rotation of External Auditors.
- Held executive sessions with the External Auditors and Internal Audit without the presence of Management. On December 7, 2023, the Audit Committee held a separate executive session with the engagement partner of the external auditors, SGV, including the private session of the Audit Committee Chair with the Chief Audit Executive. The agenda in these meetings involved matters that the Audit Committee and the auditors believe should be discussed without the presence of the executive director or officers from management.
- Review and approval of the audit plan, the scope of work, and proposed fees of SGV for audit and non-audit services
- Review and approval of the annual Internal Audit Plan, the related key performance indicators, and all subsequent changes to the Internal Audit Plan, as needed

- Detailed discussion of the results of audits reported by the Chief Audit Executive in her quarterly and year-end status reports to the Committee
- Monitoring of Management's timely implementation of appropriate corrective actions to address the audit issues and recommendations of the Internal Audit and the External Auditor
- Assessment of Internal Audit's performance for the preceding year
- Assessment of the performance of the Subsidiaries' Audit committees
- Review of the Internal Audit and Audit Committee Charters on an annual basis for any updates or changes.

Compliance

- Review and assessment of Management's processes for monitoring compliance with laws and regulations through Internal Audit
- Review and assessment of subsidiaries' and associate companies' processes of monitoring compliance with laws and regulations

E. RISK MANAGEMENT COMMITTEE ("RMC")

The RMC consists of two (2) independent directors and four (4) non-executive directors. It assists the Board in its oversight role on the risk management process. The RMC held two (2) meetings in 2023 and accomplished the following activities:

- Reviewed Meralco group's Key Enterprise Risks Report for the Distribution Utility and Subsidiaries
- Review of Risk Confirmation Statements
- Reviewed and discussed with the Chief Risk Officer and external auditors Meralco group's key business risks as well as its ongoing and proposed risk mitigation measures.
- Reviewed the integration of Environment, Social, and Governance matters into the Company's Risk Assessment process.
- Evaluated the effectiveness and adequacy of Meralco group's risk management process such that material risks are periodically identified, evaluated, managed, and reported appropriately by management.

The Board of Directors, through the RMC, institutes a framework of prudent and effective controls that enables risks to be identified, assessed, and managed accordingly.

F. FINANCE COMMITTEE (“FinCom”)

The FinCom is composed of seven (7) directors, two (2) of whom are independent directors, with the Chief Finance Officer (“CFO”) as an ex-officio member. It reviews the financial operations of the Company, as well as matters regarding major purchase contracts and the acquisition and/or divestment of investments, businesses, or ventures.

In its twelve (12) meetings in 2023, its major accomplishments were:

- Review and approval of all service and supply contracts in excess of PhP 50 million
- Review of Unaudited Quarterly Consolidated Financial Statements and Audited Annual Consolidated Financial Statements
- Treasury updates
- Declaration of cash dividend
- Renewal of credit lines and bonds
- Review and approval of cash optimization strategy
- Review and approval of PSAs and any changes or issues regarding their execution
- Review and approval of annual budget and medium- term business plan and forecast
- Review of Meralco directors’ and property insurance
- Review additional capital call, surety bonds, and capital infusions for subsidiaries
- Review of equity call
- Review of investments
- Review and endorsement of the renewal of Wholesale Electricity Spot Market surety bond for retail electricity supply transactions

G. RELATED PARTY TRANSACTIONS COMMITTEE (“RPTCom”)

The RPTCom consists of six (6) directors, two (2) of whom are independent directors. It assists the Board in reviewing De Minimis, Significant, and Material RPTs to determine whether they are in the best interest of the Company and shareholders, and to ensure that all RPTs of the Company are conducted in fair and at arms’ length terms. The following activities were accomplished by the RPTCom in 2023:

- Discussion and improvement of the RPT covering Purchase Orders (“POs”) and Non-POs
- Review of the RPT Policy Guidelines
- Review and approval of De Minimis, Significant, and Material RPTs
- Review of RPT Reports together with the RPT Review Team, and evaluated Meralco’s purchases of goods and services from related parties to be fair and at arm’s length terms
- Endorsement of Material RPTs to the Board for approval

H. SUSTAINABILITY COMMITTEE (“SusCom”)

In 2021, the Sustainability Committee was established to institutionalize Meralco’s sustainability commitment and corporate ESG imperatives. It is composed of seven (7) members, including the Chairman and CEO and Chief Sustainability Officer, who are both acting as non-voting members. SusCom is responsible for overseeing the Company’s sustainability strategy, policies, and programs. The Committee also accounts for and monitors the economic, environmental, social, and governance (“EESG”) performance of the Company in alignment with the UN SDGs to deliver long-term value to all the stakeholders.

In 2023, the Suscom formally met to review One Meralco’s Long Term Sustainability Strategy (“LTSS”) and thereafter endorsed the same to the Board for final approval.



A.7 ORIENTATION AND CONTINUING EDUCATION PROGRAMS

The Board of Directors ensures that the Company complies with all relevant laws and regulations and endeavors to adopt best business practices. Towards this end, the Board keeps abreast of the latest developments in the corporate governance regulatory landscape and implements a policy on orientation and continuing training for all directors and key officers, including an annual CG training with SEC-accredited providers, in accordance with the Board Charter and the CG Manual.

The Company has a policy that encourages directors to attend annual continuing training programs. In fulfillment of such policy and the requirements of the Company's CG Manual, the ERC Resolution No. 1, Series of 2004, and the SEC Memo Circular No. 20, Series of 2013, the Directors, together with the Senior Management, attended in person and via online platform the MVP Group Annual Corporate Governance Enhancement Session ("ACGES") on November 9, 2023. The session was entitled "Governance Imperatives, Opportunities, and Challenges in the Age of Artificial Intelligence" and conducted by Dr. Max Tegmark and Atty. Edsel F. Tupaz. This session covered four (4) hours of governance training and was accredited by the SEC.





2023 ATTENDANCE TO CORPORATE GOVERNANCE TRAINING AND CONTINUING EDUCATION PROGRAMS

Director	Program	Resource Person / Name of Training Institution
June Cheryl A. Cabal-Revilla Lydia B. Echauz Ray C. Espinosa Frederick D. Go Ret. Chief Justice Artemio V. Panganiban Pedro Emilio O. Roxas Victorico P. Vargas	MVP Group Annual Corporate Governance Enhancement Session: Governance Imperatives, Opportunities, and Challenges in the Age of Artificial Intelligence	Dr. Max Tegmark Atty. Edsel F. Tupaz
Manuel V. Pangilinan	First Pacific Directors' Training - Cyber Security and Artificial Intelligence	PwC Hong Kong
Lance Y. Gokongwei	Unbox Extra: The Gokongwei Group Innovation Festival	JG Summit Digital Transformation
James L. Go	SEC granted Mr. James L. Go a permanent exemption from the corporate governance training requirement in its en banc meeting on November 10, 2015.	

A.8 BOARD, COMMITTEE AND CEO PERFORMANCE ASSESSMENT

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

The Board conducted the performance assessment on February 26, 2024 wherein directors were given opportunity to give their opinions and suggestions or identify special issues of interest about their performance or different aspects of the Company's operation.

Every three years, the assessments are supported by an external facilitator. In 2023, the Company engaged the services of the Good Governance Advocates and Practitioners of the Philippines ("GGAPP") in the evaluation of the 2022 performance of the board, board committees, the Chairman, the CEO, and other key officers.



BOARD, COMMITTEE AND CEO PERFORMANCE ASSESSMENT FORMS

Collective Board Assessment - each director assessed the board performance as a whole based on the following categories:

- Board composition;
- Board efficiency and performance;
- Board meetings and participation.

Individual Director Self-Rating – each director evaluated their performance for the previous year.

Board Committee Assessment – each director assessed the overall performance of the board committees as well as the individual board committees based on the provisions of Board Committee Charters.

Key Officer Ratings – each director assessed the performance of the President and CEO, Chief Compliance Officer, Chief Risk Officer, and Chief Audit Executive. In addition, the Chairman participated in the self-assessment of his performance in the previous year.

PERFORMANCE INDICATORS

Financial	Non-Financial
1. Measures reflecting the financial results and financial position of the Company to the shareholders, such as revenues, consolidated core net income ("CCNI"), EBITDA, cash and cash equivalents, debt and stockholders' equity, dividend payouts, etc.	S-Factor Indicators • System Loss (SL) • System Average Interruption Frequency Index (SAIFI) • System Average Interruption Duration Index (SAIDI) • Momentary Average Interruption Frequency Index (MAIFI) • Time to Process Applications (TPA) • Time to Connect Premises (TCP) • Call Center Performance (CCP) • Guaranteed Service Level (GSL) Metrics



RESPECTING THE RIGHTS OF SHAREHOLDER

The Company recognizes the rights of all shareholders, as provided in the Corporation Code of the Philippines, other pertinent laws, rules, and regulations, the Company's Articles of Incorporation, Amended By-Laws, and CG Manual.

B.1 RIGHT TO DIVIDENDS

DIVIDEND POLICY

The Company's dividend policy, as approved by the Board on February 22, 2010, and ratified by the shareholders during the May 25, 2010 ASM, calls for the payment of regular cash dividends equivalent to 50% of the audited CCNI for the year with a "look-back" basis. This allows the Company to pay special dividends beyond 50% of the CCNI for the year, subject to the availability of cash and, unrestricted retained earnings in accordance with the guidelines of the SEC.

Following are the cash dividends declared by the Board on common shares for 2023:

Declaration Date	Record Date	Payable Date	Rate per Share
February 27, 2023	March 29, 2023	April 26, 2023	PhP 11.028
July 31, 2023	August 30, 2023	September 14, 2023	PhP 8.520

B.2 RIGHT TO PARTICIPATE IN DECISIONS

The Company upholds the rights of all shareholders, including minority shareholders, to participate in:

- Changes or amendments to the Company's Articles of Incorporation or By-laws
- Authorization for issuance of additional shares
- Authorization of extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company
- Approval of remuneration or increase in remuneration of directors
- Voting by proxy and attendance in stockholders' meetings in absentia or through remote communication

B.3 RIGHT TO VOTE AND PARTICIPATE EFFECTIVELY DISCLOSURE AND RELEASE OF NOTICE TO ANNUAL STOCKHOLDERS' MEETING ("ASM")

To provide shareholders enough time to examine the Company's information, the ASM Notice was posted on the Company's website on January 20, 2023. The Definitive Information Statement ("DIS") was distributed to the shareholders starting April 19, 2023. Similar to all Company notices and circulars, the ASM Notice is written and published in English.



ASM

It is the Company's policy to encourage stockholders, including institutional and minority stockholders, to attend and actively participate in the ASM. The 2023 ASM was held on Tuesday, May 30, 2023, at 10:15 AM at the Meralco Compound, Ortigas Avenue, Barangay Ugong, Pasig City. The Company conducted its fourth virtual ASM via live broadcast of the proceedings through the Stockholders Electronic Registration and Voting Express ("SERVE"). Stockholders were given the opportunity to propose questions and raise concerns to the Board during the meeting.

As in previous years, the Company facilitated the participation of stockholders who could not attend virtually by enclosing proxy forms in the ASM Notice where they could indicate their votes on matters taken up during the ASM. Shareholders can download the proxy forms, together with details on how to appoint a proxy, from the Company's website.

The Company granted all stockholders, including minority stockholders, the right to nominate directors and propose or inquire on agenda items. The "Call for Nominations" was posted on the Company's website on January 30, 2023, for submission of proposed agenda and nomination of qualified candidates on or before March 6, 2023. The agenda and nominees were approved by the Board during its meeting on January 30, 2023 and March 22, 2023, respectively.

Voting Procedures

The Corporate Secretary reported a quorum with the attendance of stockholders who own or hold a total of 895,488,032 shares or approximately 79.45% of the total issued and outstanding shares of the Company. An electronic system facilitated the registration and vote tabulation to ensure accuracy and reliability of information. SERVE was also enhanced to allow the stockholders to attend and actively participate via online/remote communication and to cast their votes for the agenda items online, including election of directors individually.

The Corporate Secretary explained the vote tabulation procedures to the shareholders and stated that all shareholders were entitled to one vote for one share. Representatives from Reyes Tacandong & Co., an independent third party, validated the voting results for each agenda item. The Company also allowed shareholders to freely express their views and raise their questions during the ASM through the SERVE portal.

The Chairman of the Board, Chairman of the AuditCom, Chairman of the RLDC, Chairman of the Nom&Gov, Chairman of the Finance Committee, the Board, President and the CEO, Chief Finance Officer ("CFO"), Corporate Secretary, Assistant Corporate Secretary, other officers of the Company, and its external auditors attended the ASM to present the performance results of the Company and respond to any question from the shareholders relevant thereto. The appropriate meeting procedures and guidelines were followed before, during, and after the ASM.

The Company posted the resolutions approved during the ASM on its website the following day so that non-attending shareholders may be immediately informed.

B.4 RIGHT TO APPROVE MERGERS AND ACQUISITION

In the event of mergers and acquisitions requiring shareholders' approval, the Company appoints an independent party to evaluate the merits of the transaction as well as the fairness of the transaction price.

B.5 INSTITUTIONAL INVESTORS

The Company recognizes the exercise of ownership rights by all shareholders, including institutional investors. The Company does not have any shareholder owning more than 50% of its total outstanding shares.

The complete list of the Public Ownership Report of Meralco as at December 31, 2023 was disclosed to the SEC, PSE, and PDEX on January 9, 2024, where approximately 73.83% of the Company shares are held by principal and strategic shareholders, and the remaining 26.11% shareholdings are held by directors, officers, employees, the government, other corporations, and other individuals. The Company has a straightforward structure of alliance among its affiliates, and joint ventures. There is no pyramid shareholding structure within the Group. Details of holding companies, subsidiaries, and other related companies are disclosed in the map showing relationships among the Companies within the Group.





EQUITABLE TREATMENT OF SHAREHOLDERS

C.1 SHARES AND VOTING RIGHTS

The Company has only one (1) classification of shares (common shares), with each share entitled to one (1) vote.

C.2 NOTICE OF ANNUAL STOCKHOLDERS' MEETING ("ASM") AND DEFINITIVE INFORMATION STATEMENT ("DIS")

The Notice of ASM and DIS contain, among others, the resolutions to be considered by the stockholders for each agenda item during the ASM. There is no bundling of several items into one resolution. It also provides the following information:

- Profiles of each director seeking election/re-election, including their age, academic qualification, date of first appointment, experience, and directorships in other listed companies
- External auditor seeking appointment/re-appointment
- Dividend policy
- Amount of dividends declared and any dividends payable
- Readily available proxy statements

The Notice of ASM and DIS are available on the Company's website.

C.3 POLICY ON DEALINGS IN COMPANY SHARES OF STOCKS (INSIDER TRADING/BLACKOUT PERIOD)

The Insider Trading Policy prohibits directors, officers, and employees from benefiting from information that is not generally available to the investing public through the observance of a blackout period of ten (10) trading days before and two (2) trading days after the release or announcement of the Company's material information or financial and operating results, during which trading in Company shares is prohibited.

The Company strictly enforces and monitors compliance with its policy on insider trading. Under the revised policy approved for implementation on December 1, 2014, directors and officers are required to disclose to the Compliance Officer the details of any trading, dealing, acquisition, disposal, or change in their beneficial ownership of the Company ("MER") shares, not later than one (1) trading day after the transaction.

C.4 RELATED PARTY TRANSACTIONS ("RPT") BY DIRECTORS AND KEY EXECUTIVES

The Related Party Transactions ("RPT") Policy requires the review of material/significant RPTs to determine whether they are in the best interest of the Company and our shareholders and to ensure that all RPTs of the Company are conducted in fair and at arm's length terms. The Policy provides for materiality thresholds, i.e., de minimis, significant, material RPTs, including SEC material RPTs which constitute ten percent (10%) of the Company's assets.

The Company provides all the names of related parties, degree of relationship, nature, and value of each material or significant RPT. Details in Note 23 to the Consolidated Financial Statements.

In 2023, all the RPTs were conducted on fair and at arm's length terms, and there was no case of insider trading or policy violations involving directors and officers of the Company. Also, no RPT can be classified as financial assistance to entities other than wholly-owned subsidiary companies. The Company is fully compliant with the Code and policies on corporate governance.



Conflict of Interest ("COI") Policy

The Conflict of Interest ("COI") Policy requires all directors, officers, and employees to annually disclose their interest in transactions and any other conflicts of interest affecting the Company through the FBID Form for directors and officers, and the COI Form for employees. The Company requires directors and key Management personnel to abstain from and/or inhibit themselves from participating in discussions on a particular agenda when a conflict exists or may exist between their personal interests and those of the Company.

C.5 PROTECTING MINORITY SHAREHOLDERS FROM ABUSIVE ACTIONS

The Company's policies recognize and protect the rights of minority stockholders while pursuing corporate interests. Some salient provisions include:

- Timely, fair, and accurate disclosure of material information
- Review of existing and development of new policies that will prevent major stockholders from gaining undue advantage over and at the expense of minority stockholders
- RPTs are disclosed in Note 23 of the consolidated financial statements
- Disinterested stockholders decide on all RPTs which require stockholders' approval



ROLE OF STAKEHOLDERS

D.1 RESPECTING THE RIGHTS OF STAKEHOLDERS

The Company strictly observes the principles of fairness, accountability, integrity, transparency, and honesty ("FAITH") in our obligations to and dealings with various stakeholders. We value our stakeholders and protect their rights, as mandated by relevant laws and internal policies. Sanctions and penalties based on the provisions of the Company's Code on Right Employee Conduct ("COREC") and other related policies are imposed upon violators.

Customers

The Company renders excellent service, ensures fair treatment, and provides complete and accurate information to customers.

Suppliers/Contractors

To ensure a mutually beneficial relationship with suppliers and contractors, the Company prescribes a clearly defined and transparent procurement and supplier selection process through the Vendors' Code of Business Conduct and Ethics Accreditation Program. We ensure faithful compliance with all the terms and conditions of the procurement contracts.

Creditors

The Company faithfully complies with all loan agreements with creditors. We ensure timely payment of loans and efficiently operate the business to assure creditors of the Company's sound financial standing and loan payment capabilities.

Environment and Community

As an advocate of sustainable development, the Company is committed to operating profitably within the bounds of our social and environmental responsibilities.

Employees

We are committed to the development and welfare of our employees. We provide employees with opportunities for learning and development, fair and competitive remuneration, and programs to promote health and safety. The Company devotes conscious effort to building a culture of excellence, knowledge sharing, personnel integrity, and development.

D.2 PERFORMANCE-ENHANCING MECHANISMS FOR EMPLOYEES

Employee Development Programs

Training programs and other developmental interventions, including job-specific development training programs and managerial/leadership development trainings are implemented to enable employees and officers to acquire the technical and leadership competencies to effectively perform their jobs for their professional growth. The Company uses globally-accepted training and development metrics relevant to value creation for business and society. Learning and development initiatives are delivered using the strategic framework of 70-20-10: 70% on-the-job learning, 20% from coaching and feedback, and 10% formal training. In 2023, the average training man-hours was at 53.76 hours per person.



Talent Management and Development	Program Description
Analyst Curriculum	At Meralco, analysts are the second largest employee group. Their role in the company is vital for day-to-day operations, and there is a need for our analysts to be fully equipped to perform their roles—hence the Analyst Curriculum was developed. The Analyst Curriculum is composed of eight common competencies that an analyst should possess, namely: (1) Problem Analysis and Solution Formulation, (2) Process Management, (3) Policy Management, (4) Data Management, (5) Project Management, (6) Stakeholder Management, (7) Documents & Records Management, and (8) Risk Management. Meralco has already conducted training programs for 6 out of the 8 competencies in the curriculum, with the last 2 competencies (Policy and Documents & Records Management) for under design.
New Frontiers	New Frontiers is a 20-day/40-half-day program that is held in partnership with the Asian Institute of Management. This program is composed of modules that are linked with Meralco's Leadership Competencies and identified Job Focus Areas for middle managers. The curriculum includes modules like Thinking Suite, Strategy Series, Finance and Accounting, Functional Drivers and Enablers, and Leadership and Mastery. It uses a blended learning approach consisting of action learning projects, case studies, gamification, and business simulations. Completion of the course is a minimum requirement for consideration of any future nominations for promotion to the EC/SC Ranks.
Breakthroughs	Breakthroughs are a twice-a-week, 3-month classroom / virtual instructor-led training program that aims to equip high-potential individual contributors to be ready to take on a first-line leadership position. This program focuses on the important roles and functions expected from a Team Leader, and highlights skills like Data Analytics, Developing a Business Mindset, Execution Excellence, and Enhancing Team Performance. E-learning, Case Study, Lecturette, Structured Learning Experiences, Simulation, and Action Learning Projects to be utilized as delivery methods. Completion of the course is a minimum requirement for consideration of any future nominations for promotion to the TC 1-4 ranks.

LEAP	This is a five (5) half-day leadership program designed for incumbent team leaders or supervisors in the organization. This is to aid them in carrying out the responsibilities expected from supervisor-leaders and in managing and leading teams and their resources in support of their organization's business goals.
Meralco Linecrew Training Curriculum I	The Meralco Linecrew Training Curriculum 1, which is intended for apprentice/linecrew- trainees, is a six-month program that aims to equip linecrew trainees with the necessary knowledge, skills, and attitude to perform the duties and responsibilities of a linecrew trainee as an individual and as part of a crew. At the end of the program, the participants are expected to observe industrial safety practices, apply the electrical formula in simple circuits, install and retire line materials and equipment for de-energized overhead lines, and assist upper-class linemen by acting as the groundman and performing good housekeeping. This ensures that the Business is supported by a steady supply of skilled workers to support business requirements.
Meter Technician Curriculum	The Meter Technician Curriculum is divided into three parts: Basic, Specialized, and Supplemental Courses. Each part is anchored on the approved technical competency framework, which serves as the guide for the development of our Meter Field Technicians. The training programs and learning interventions were mapped based on the competency descriptors identified. This curriculum aims to provide the participants necessary knowledge and skills to perform their job responsibilities efficiently and safely
Meralco Cadet Engineering Program	Meralco Cadet Engineering Program ("MCEP") is a five to seven-month onboarding program of Meralco Learning & Development for cadet engineers. The program aims to expose newly-hired registered electrical engineers to the business of Meralco. This cadetship program is designed to help cadets gain basic knowledge about the whole Meralco, specializing in the assigned organization. Throughout this program, cadets will learn theoretical knowledge through classroom sessions and get experience in a practical setting to help prepare them for deployment with an immersion in different offices. During the immersion, cadets will be able to meet and interact with the employees, which will also enable an understanding of the Meralco culture. Programs to develop in the cadets the necessary life skills to be able to upgrade themselves, not just professionally, but also personally, are also implemented.

Company-wide training programs on corporate governance, including those pertaining to anti-bribery and corruption, were also implemented in 2023 and participated by 789 senior managers, 795 middle managers, 4,346 rank and file employees, and 1,292 employees of Company vendors.

Compensation Philosophy/Principles

The Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests. The Company's performance management process measures employee performance based on: 1) actual vs. desired results, and 2) how results were delivered in light of corporate core values. The achievement of financial and non-financial indicators is reflected in performance planning and assessment, which drives the Company's merit and incentive pay programs.

The Company implements short-term and long-term incentive programs to attract, retain, and motivate employees. We compensate employees based on company, team, and individual performance to help achieve corporate goals and targets. The Company evaluates performance beyond short-term financial measures. We also provide short-term incentives through variable pay, such as annual performance-based bonuses and variable incentive plans, to reward individual and team performance that contributes to the achievement of corporate goals and objectives.

Long-term incentives include additional compensation conditioned on Meralco's achievement of certain metrics of Consolidated Core Net Income ("CCNI") approved by the Board and are awarded once every three (3) years to qualified employees.



Succession Planning of President and CEO and Senior Management

The Company's Board and the Remuneration and Leadership Development Committee ("RLDC") are responsible for overall guidance and direction on succession planning and leadership development for the President and Chief Executive Officer ("CEO") and senior management. The RLDC, working closely with the head of Human Resources (HR), drives the strategy for succession planning, leadership development, and talent management. The HR head develops and implements the processes and tools to ensure robust pools of succession candidates for the President and CEO, senior management, middle management, and first-line management.

Presently, the succession plan covers the top 661 leaders of the Company. The succession planning process involves the assessment of the Company's leaders' career aspirations, strengths, and development needs. A key feature of the Company's succession planning process is the talent review conducted at the senior management level and at various levels of the organization. The senior management talent review has resulted in a pool of about 12 candidates in the senior management pool, who, subject to the realization of their development plans, could become management committee members within the next five (5) years.





Code of Business Conduct and Ethics

The Company's Code of Ethics prescribes the ethical values and behavioral standards that all directors, officers, and employees of the Company are required to observe in the performance of their respective duties and responsibilities. Copies of the Code of Ethics are disseminated to all officers and employees.

The Company, through the Corporate Governance Office ("CGO"), monitors the implementation of, and compliance to, the Code of Ethics. An online HR Express Corporate Governance Facility is made available to all employees for the Corporate Governance ("CG") disclosures and commitment required from them. All directors, senior management, and employees are required to annually submit duly accomplished Full Business Interest Disclosure ("FBID") Forms and/or Conflict of Interest ("COI") Forms. They are also required to disclose gifts they received from third-party business partners through the online Gift Registry. Failure to comply with CG disclosures is sanctioned accordingly. On July 25, 2022, the Code of Ethics was amended and renamed "Code of Business Conduct and Ethics."

The Management Control Policy prescribes Management's responsibility to ensure a system of checks and balances and emphasizes the importance of internal control processes as an integral part of the Company's governance system and risk management.

Effective management control is necessary to ensure that the behavior and decisions of people in the organization are consistent with the Company's objectives and strategies.

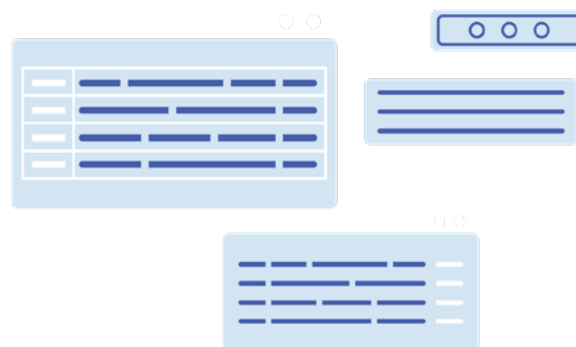


Anti-corruption Programs and Procedures

The Code of Business Conduct and Ethics requires directors, officers, and employees to observe professionalism, integrity, and good faith in transactions with and obligations to the Company's customers, suppliers, business partners, regulators, creditors, competitors, and employees. It enforces practicing ethical standards of behavior and avoiding the commission of any act that may be construed as direct or indirect bribery and corruption, as defined by law, to facilitate any transaction to gain any perceived or actual favor or advantage.

The Anti-Bribery and Corruption Policy of the Company strictly prohibits corporate gift-giving to private and public entities, as that can constitute bribery or corruption. It cites specific instances of said corrupt practices to better guide directors, officers, and employees.

The Policy on Solicitation and Acceptance of Gifts, on the other hand, prohibits the acceptance of gifts offered and given by suppliers, contractors, and other third-party business partners to prevent all directors, officers, and employees from putting themselves in situations that could affect the fair, objective, and effective performance of their duties and responsibilities.



The Code of Business Conduct and Ethics for Vendors, in turn, requires vendors to comply, at all times, with all applicable anti-bribery and corruption laws, and to not offer, accept, promise, pay, permit, or authorize bribes and kickbacks, which include giving of gifts to the Company's directors, officers or employees or other means to obtain an undue or improper advantage.

The Company's Internal Audit reviews the compliance of by the company as legal requirement and other corporate governance-related policies, including the required Company disclosures. The result of the Internal Audit review is reported to the Audit Committee ("AuditCom").

In 2023, there were no confirmed cases of violations of the Anti-Graft and Corruption Policy of the Company. The foregoing policies are available to all stakeholders through the Company's website (www.meralco.com.ph).

D.3 EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDERS' RIGHTS AND MEANS OF COMMUNICATION OF ILLEGAL OR UNETHICAL PRACTICES BY EMPLOYEES

The Speak Out Policy (Whistleblowing Policy) encourages the reporting of any violation of corporate governance rules or policies, questionable accounting or auditing matters, and other malfeasance committed by the Company's directors, officers, and employees

Employees, vendors, customers, and other stakeholders can download, through the Company website, a Whistleblower Report Form and submit the same via email or regular mail to the CGO through the contact information provided therein.

The Company provides appropriate protection against retaliation to an employee/stakeholder who reports illegal/ unethical behavior. In the event of retaliation, the reporting person or witness may file a report with the CGO by filling out a Retaliation Protection Report Form.

In 2023, the Company received certain reports of alleged violations and illegal/unethical behavior. These reports were investigated and accordingly resolved based on the evidence provided and in accordance with the procedures defined in the whistleblowing policy.



Corporate Governance Office
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(MERALCO)

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Email: cgo.staff@meralco.com.ph



DISCLOSURE AND TRANSPARENCY

E.1. TRANSPARENT OWNERSHIP STRUCTURE

The following stockholders directly own more than 5% of the Company's ("MER") shares as of December 31, 2023.

Name of Shareholder and Beneficial Owner	Total Shares	% to Total Share
Beacon Electric Asset Holdings, Inc.	394,059,235	34.96%
JG Summit Holdings, Inc.	297,189,397	26.37%
Metro Pacific Investments Corporation	140,906,807	12.50%
TOTAL	832,155,439	73.83%

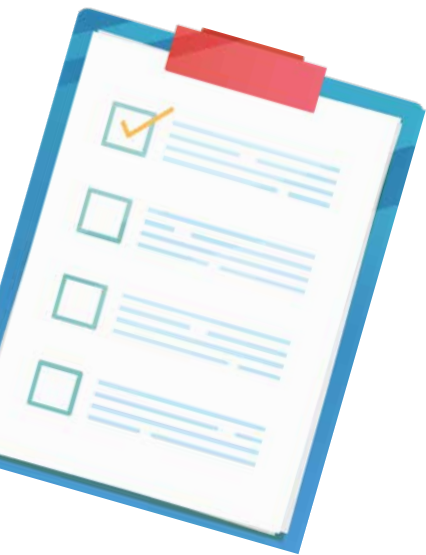
E.2 ENTERPRISE-WIDE RISK MANAGEMENT

Meralco has a robust internal control and Enterprise Risk Management ("ERM") framework to monitor and manage its strategic, regulatory, operational and financial risks that are periodically reviewed by the Board of Directors to determine its effectiveness in the light of the Company's corporate objective and business and regulatory landscape. The Company adopted ISO 31000 as its model for ERM framework.

The Enterprise Risk Management Manual was approved and adopted by the Company to provide the methodology and processes for risk management including:

- identification, assessment, evaluation and mitigation of risks or exploitation of opportunities;
- definition of management responsibilities and accountabilities; and
- escalation and reporting of company's key enterprise risks

The risk management strategies were shown to be effective in the light of the operational and regulatory challenges brought about by the Covid-19 pandemic. The Board, through the Risk Management Committee, oversees the Enterprise-Wide Risk Management framework, identifies and assesses top risks and reviews the effectiveness of risk mitigation strategies and treatment plans developed by management. The Enterprise Risk Management ("ERM") framework helps manage risks by influencing and collaborating with internal organizations and external stakeholders to identify best practices, controls and process improvement opportunities to address risks.



ERM initiates the annual enterprise-wide assessment of the Company's top risks. Risk assessment is conducted to substantiate existing and emerging risks brought about by changes in regulations, market structure developments, technological/operational issues and external forces, including changes in weather patterns, customer satisfaction measures and evolving environmental sustainability issues. Top risks are quantified, and designated risk owners are asked to develop risk treatment and mitigation plans to address potential issues. The results are presented and vetted with the One MERALCO Risk Management Committee and the Risk Management Committee of the Board.

Regulatory, Political, Human Resources, Power Supply and Demand, and Fuel Price Risks are the top five (5) Key Enterprise Risks of the Company and its subsidiaries as at December 31, 2023.

Information, Communications, and Technology Governance

The Management, through ICT Governance Office and ICT Planning and Program Management Office, uses Control Objectives for Information and Related Technology ("COBIT") framework to ensure that IT goals and objectives are in line with the overall business strategy of MERALCO. This involves delivering value from IT investments, managing IT risks, optimizing IT resources, measuring performance, and communicating with stakeholders. ICT Governance Office provides a comprehensive approach to aligning IT with business objectives, mitigating risks, and ensuring compliance with policies and standards.

Management is likewise accountable to the Board for the Company's information security governance. Through the Cybersecurity Office, the Management provides the strategic direction and adequate resources to manage appropriately the information security risks of the organization. Management reviews and approves the information security policies ensuring that the implementation of information security management system requirements is coordinated and integrated in the relevant processes across the organization, and adequate resources are in place and establishes clear assignment and designation of authority for the information security roles and responsibilities across line organizations.

The Company adopts an Information Security Policy that adheres with the ISO/IEC 27001 Information Security Management System standards. This policy guides the MERALCO workforce in supporting the company thrust and in managing and protecting the Company's information assets. This forms the foundation for building strategies and controls for mitigating cybersecurity risk within MERALCO. The policy provides mechanisms to help identify areas for improvement, protect from possible cyber threats, detect cyber related attacks, quickly respond, and recover during incidents that may compromise the security of information assets and critical infrastructure.



E.4 ECONOMIC, ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INFORMATION

The Company is committed to protecting the environment and mitigating the adverse impacts of climate change, and we strictly monitor our business activities and operations to ensure sustainable development and safeguard the quality of life of society, communities, and the environment in the areas where we operate.

The Company also discloses the policies and practices on the management of economic, environmental, social, and governance (“EESG”) in a Sustainability Report, in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option, SASB Standards for Electric Utilities and Power Generators, as well as the TCFD Guidance/Framework.



E.5 DIRECTORS' AND OFFICERS' DEALINGS IN COMPANY SHARES

SHAREHOLDINGS OF DIRECTORS AND KEY OFFICERS AS AT DECEMBER 31, 2023

NAME	January 1, 2023	BUY	SELL	December 31, 2023	DIRECT HOLDINGS	INDIRECT HOLDINGS	TOTAL SHARES	% TO TOTAL SHARES
DIRECTORS								
1. Manuel V. Pangilinan	55,000	5,000	-	60,000	60,000	-	60,000	0.005%
2. Lance Y. Gokongwei	19,313	5,000	-	24,313	24,313	-	24,313	0.002%
3. Ray C. Espinosa	56,000	5,000	-	61,000	61,000	-	61,000	0.005%
4. Anabelle L. Chua ¹	21,060	-	-	-	-	-	-	-
5. June Cheryl A. Cabal-Revilla ²	-	-	-	10	10	-	10	0.000%
6. Lydia B. Echauz	6,100	5,000	-	11,100	11,100	-	11,100	0.001%
7. Frederick D. Go	10,030	-	10,000	30	30	-	30	0.000%
8. James L. Go	199,450	5,000	10,000	204,450	204,450	-	204,450	0.018%
9. Jose Ma. K. Lim	75,010	65,000	-	140,010	140,010	-	140,010	0.012%
10. Artemio V. Panganiban	14,001	13,000	-	27,001	27,001	-	27,001	0.002%
11. Pedro Emilio O. Roxas	1,000	-	-	1,000	1,000	-	1,000	0.000%
12. Victorico P. Vargas	13,917	5,000	-	18,917	18,917	-	18,917	0.002%
OFFICERS								
12. Simeon Ken R. Ferrer	767	-	-	767	767	-	767	0.000%
13. Roberto R. Almazora ³	93,082	-	-	-	-	-	-	-
14. Ronnie L. Apercho	14	-	-	14	14	-	14	0.000%
15. Arnel Paciano D. Casanova ⁴	-	-	-	14	14	-	14	0.000%
16. William S. Pamintuan	-	-	-	-	-	-	-	0.000%
17. Betty C. Siy-Yap	-	-	-	-	-	-	-	0.000%
18. Maria Luisa V. Alvendia	-	-	-	-	-	-	-	0.000%
19. Edgardo V. Carasig	-	-	-	-	-	-	-	0.000%
20. Ferdinand O. Geluz	15,877	-	-	15,877	15,877	-	15,877	0.001%
21. Melanie T. Oteyza	-	-	-	-	-	-	-	0.000%
22. Jose Ronald V. Valles	-	-	-	-	-	-	-	0.000%
23. Antonio M. Abuel, Jr.	7,927	-	-	7,927	7,927	-	7,927	0.001%
24. Francis Euston R. Acero	500	-	-	500	500	-	500	0.000%
25. Ireneo B. Acuna	18,355	-	-	18,355	18,355	-	18,355	0.002%
26. Patrick Dave B. Bacani	-	-	-	-	-	-	-	0.000%
27. Joseph L. Amosco	5,198	-	-	5,198	5,198	-	5,198	0.000%



28. Roque D. Bacani	-	-	-	-	-	-	-	0.000%
29. Bennette D. Bachoco	-	-	-	-	-	-	-	0.000%
30. Joseph Allan C. Baltazar	-	-	-	-	-	-	-	0.000%
31. Rita D. Bantigue	-	-	-	-	-	-	-	0.000%
32. Sante C. Buella	-	-	-	-	-	-	-	0.000%
33. Ricardo Carmelo D. Buenafe	5,070	1,000	-	6,070	6,070	-	6,070	0.001%
34. Alberto N. Castillo	600	-	-	600	600	-	600	0.000%
35. Anthony Matthew Co ⁴	-	-	-	1,350	1,350	-	1,350	0.000%
36. Ricardo L. Concepcion	-	-	-	-	-	-	-	0.000%
37. Ma. Cecilia M. Domingo	1,495	-	-	1,495	1,495	-	1,495	0.000%
38. Redel M. Domingo ⁴	-	-	-	-	-	-	-	0.000%
39. Lawrence S. Fernandez	4,500	-	-	4,500	4,500	-	4,500	0.000%
40. Marvin G. Gonsalves ⁶	11,780	-	-	11,780	11,780	-	11,780	0.001%
41. Roderick Dennison N. Nacu ⁶	31	-	-	31	31	-	31	0.000%
42. Charina P. Padua	42,609	-	-	42,609	42,609	-	42,609	0.004%
43. Raymond B. Ravelo	-	-	-	-	-	-	-	0.000%
44. Glen N. San Pedro	-	-	-	-	-	-	-	0.000%
45. Jerry B. Lao	-	-	-	-	-	-	-	0.000%
46. Erville D. Magtubo	-	-	-	-	-	-	-	0.000%
47. Jose S. Reyes, Jr.	8,827	-	-	8,827	8,827	-	8,827	0.001%
48. Froilan J. Savet	8,435	-	-	8,435	8,435	-	8,435	0.001%
49. Andrew Jason B. Tan ⁴	-	-	-	-	-	-	-	0.000%
50. Jeffrey O. Tarayao	-	-	-	-	-	-	-	0.000%
51. Maria Zarah R. Villanueva-Castro	-	-	-	-	-	-	-	0.000%
52. Agapito R. Zaldarriaga	10,369	-	-	10,369	10,369	-	10,369	0.001%
53. Ma. Cynthia C. Soluren	11,575	-	-	11,575	11,575	-	11,575	0.001%
TOTAL	717,892	109,000	10,000	704,110	704,110		704,110	0.0.059%

¹ Served as a director of the Company until May 30, 2023

² Elected as a director of the Company during the Annual Stockholders' Meeting on May 30, 2023

³ No longer appointed as an officer during the Organizational Board Meeting held on May 30, 2023

⁴ Rank conferment on July 1, 2023

⁵ Rank conferment on January 1, 2023. No longer appointed as an officer during the Organizational Board Meeting held on May 30, 2023

⁶ Rank conferment on January 1, 2023



E.6 AUDIT

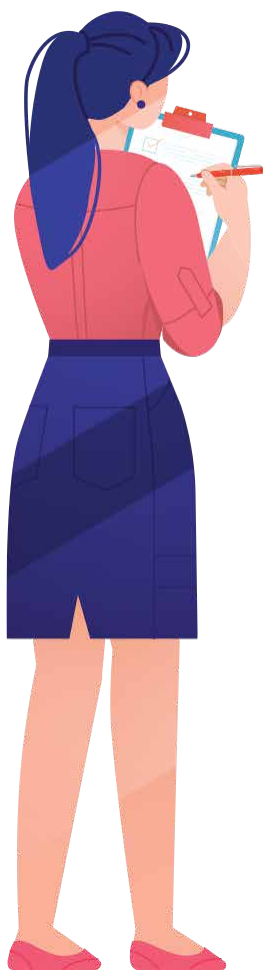
Internal Audit

Meralco Internal Audit adopts a risk-based audit approach in formulating the annual audit plan and strategy that aligns with key strategies and risks across the Group's business and is reassessed quarterly to consider business changes and emerging risks. This plan is developed in coordination with the relevant business units and subsidiaries and reviewed and approved by the Audit Committee ("AuditCom"). The assurance and control advisory reviews are aimed at assisting the Board, through the AuditCom, in promoting sound enterprise risk management, robust internal controls, and good corporate governance. The design and operating effectiveness of controls that govern the key business processes, systems, and risk areas at the Distribution Utility and its subsidiaries are evaluated, particularly in financial reporting, operations, information technology systems reviews, cybersecurity, data privacy, sustainability, revenue assurance, legal and regulatory compliance, and subsidiary oversight. This provides an independent assurance to the Audit Committee on the adequacy and effectiveness of the governance, risk management, internal controls, and compliance systems.



Meralco Internal Audit communicates the results of audit engagements covering various units of the Company and its subsidiaries, including specific areas of concern identified by Management to the AuditCom. The findings and any improvement opportunities are reviewed by AuditCom, which are then reported to the Board for guidance and oversight. Significant concerns reported by the Internal Audit Group and the implementation of responsive remedial measures by Management are acted upon by Management and monitored by AuditCom. The AuditCom Report to the Board includes a review of Meralco Group's system of internal controls (financial, operational, and compliance controls) and risk management systems, which are found to be in place and functioning. A Certified attestation of the Internal Controls is issued bi-annually as a result of the combined risk and control assessment of the Management and Internal Audit including the scope of audit review for the financial year.

Meralco's Internal Audit ("IA") is headed by the Group Chief Audit Executive and Senior Vice President, Ms. Melanie T. Oteyza, who reports functionally to the AuditCom and administratively to the President and CEO, as outlined in the Company's Internal Audit Charter. The appointment and removal of the Chief Audit Executive require the approval of the AuditCom.



All internal auditors are members of the Institute of Internal Auditors (“IIA”) and adopt the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework. The internal auditors are comprised of highly certified professionals: Certified Public Accountants, Certified Internal Auditors, Certified Information Systems Auditors, Certified Quality Assurance Validator, Certified Fraud Examiner, Registered Electrical Engineers, and others with Certification in Control Self-Assessment, Certification in Risk Management Assurance, and Qualification in Internal Audit Leadership.

Meralco Internal Audit recruits and employs suitable and qualified professional staff with the requisite skillsets, competencies, and experience. Relevant training and continuing professional development are provided to our staff to ensure that internal audits are performed effectively and that the team possesses the technical knowledge needed for the job and to remain relevant and value-adding to the organization.

CONSOLIDATED EXTERNAL AUDITOR’S FEES* (in million PhP)

Meralco Internal Audit also provides a confirmation of their independence to the Audit Committee on an annual basis.

	2023	2022
Financial Statements Audit*	21.1	19.0
Audit of financial statements in accordance with the requirements of the Business Separation and Unbundling Plan of the ERC and Audit of universal charge reports as required by PSALM	0.8	0.7

Note: The fees for non-audit services did not exceed those for audit services.

External Audit

The Company's external auditor, SGV & Co. was evaluated, nominated, and recommended for appointment including its audit fees by the AuditCom, and such recommendation was approved by the Board. The re-appointment of SGV was thereafter confirmed by the shareholders in the ASM held on May 30, 2023.

E.7 MEDIUM OF COMMUNICATION

Quarterly Reports

The Company reports quarterly and full-year financial results through the SEC, PSE, and PDEx to provide shareholders, investors, and the public with a balanced and informed assessment of the Company's performance, position, and prospects.

Quarterly Reports: <http://www.meralco.com.ph/investor-relations/quarterly-reports>

Financial Results: <http://www.meralco.com.ph/investor-relations/financial-results>

Annual Reports: <http://www.meralco.com.ph/investor-relations/annual-reports>

Investors' Briefings/Media Briefings

The officers of the Company, led by the Chairman and the President and CEO, with the CFO, Investor Relations Office and other officers, present information on performance results, business progress, industry trends, the impact of external factors, and regulations to shareholders, analysts, investors, and the media every quarter during the



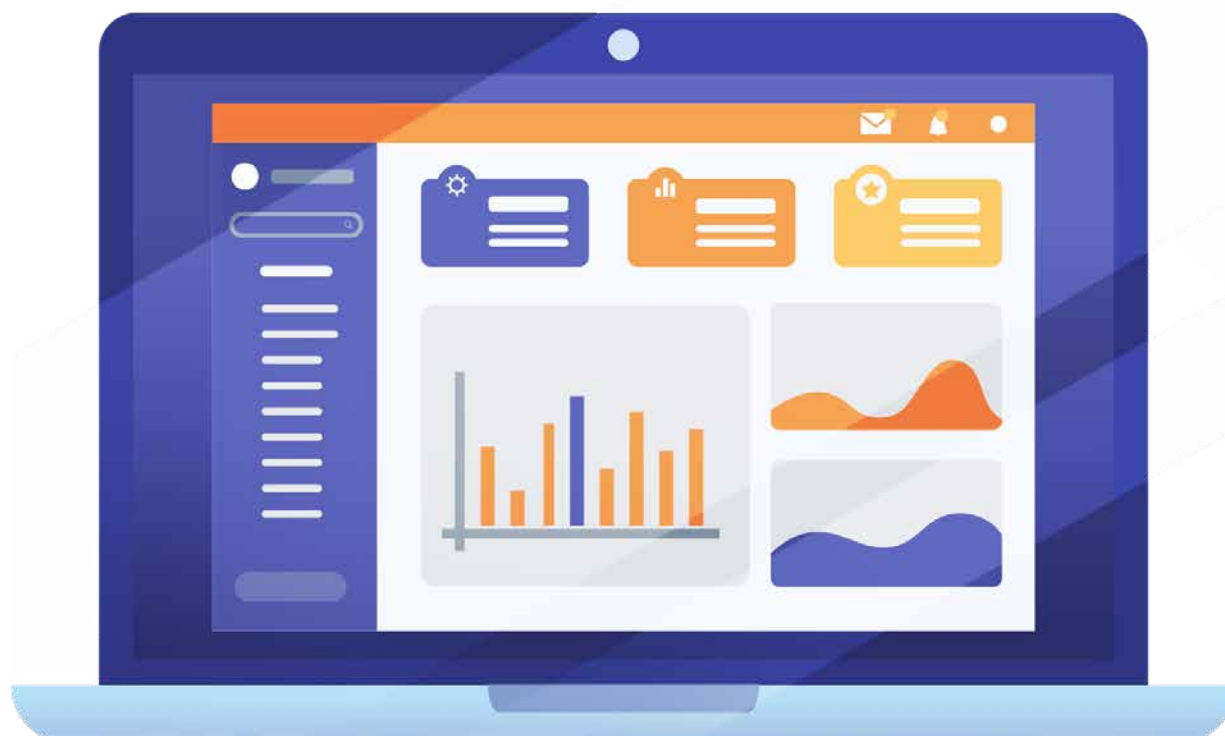
investors' briefing and teleconference, as well as the media briefing. Presentation materials used in these meetings are posted on the Company's website to ensure comprehensive information dissemination to all stakeholders and investors, including those who were not able to participate in the briefings.

Schedule of Events: <http://www.meralco.com.ph/investor-relations/calendar-of-events>

Press Releases: <http://www.meralco.com.ph/investor-relations/press-releases>

Company Website

The Company website provides information on our products and services as well as the following corporate governance information:



Section	Link
Business Operations	http://biz.meralco.com.ph/ http://corporatepartners.meralco.com.ph/ http://www.meralco.com.ph/news
Financial Statements/Reports	http://www.meralco.com.ph/investor-relations/financial-results https://company.meralco.com.ph/investor-relations/quarterly-reports
Materials provided in briefings to analysts and media	http://www.meralco.com.ph/investor-relations/press-releases
Shareholding Structure	http://www.meralco.com.ph/about-us/meralco-shareholding-structure
Group Corporate Structure	http://www.meralco.com.ph/about-us/organizational-structure
Downloadable Annual Report	http://www.meralco.com.ph/investor-relations/annual-reports
Notice of ASM	http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings
Minutes of ASM	http://www.meralco.com.ph/company-disclosures/minutes-of-all-general-or-special-stockholders-meetings
Company's By-Laws and Articles of Incorporation	http://www.meralco.com.ph/about-us/articles-of-incorporation-and-by-laws

E.8 TIMELY FILING/RELEASE OF ANNUAL/QUARTERLY FINANCIAL REPORTS

The Company's 2023 Audited Financial Statements were reported on February 26, 2024, 60 days after the financial year-end. The true and fair representation of the Annual Financial Reports was affirmed by the Board through the Chairman and CEO, and CFO of the Company on the Annual Report. This can be accessed at the Company website.

E.9 INVESTOR RELATIONS

Meralco's Investor Relations Office regularly communicates relevant and timely information about the Company to both current and potential investors, analysts, fund managers, potential business partners, and the general public.



Board of Directors

as of Dec 31, 2023



Lance Y. Gokongwei
Vice Chairman

Pedro Emilio
O. Roxas
Independent
Director

Manuel V.
Pangilinan
Chairman

Ray C. Espinosa
Director

Jose Ma. K. Lim
Director



Lydia B. Echaiz
Independent
Director

Victorico P. Vargas
Director

Artemio V. Panganiban
Lead Independent
Director

James L. Go
Director

June Cheryl A.
Cabal-Revilla
Director

Frederick D. Go
Director



MANUEL V. PANGILINAN

Filipino, 77 years old
Chairman, Board of Directors
Chief Executive Officer
Director since May 26, 2009

Education and Training:

- BA Economics, Ateneo de Manila University
- MBA, Wharton School of Finance and Commerce, University of Pennsylvania

Membership on the Board of Listed Companies:

- PLDT Inc.
- Philex Mining Corporation
- PXP Energy Corporation
- Roxas Holdings, Inc.

Committees:

Chairman—Executive Committee, Remuneration and Leadership Development Committee, and Sustainability Committee



LANCE Y. GOKONGWEI

Filipino, 57 years old
Vice-Chairman, Board of Directors
Non-Executive Director
Director since December 16, 2013

Education and Training:

BS Finance, Wharton School of Finance and Commerce, University of Pennsylvania
BS Applied Science, Penn Engineering School, University of Pennsylvania

Membership on the Board of Listed Companies:

- Altus Property Ventures, Inc.
- Cebu Air, Inc.
- Endeavor Acquisition Corporation
- JG Summit Holdings, Inc.
- Oriental Petroleum and Minerals Corporation
- RL Commercial REIT, Inc.
- Robinsons Land Corporation
- Robinsons Retail Holdings, Inc.
- Shakey's Asia Pizza Ventures, Inc.
- Singapore Land Group Limited
- Universal Robina Corporation

Committees:

Vice-Chairman—Executive Committee
Member—Finance Committee, Remuneration and Leadership Development Committee, Sustainability Committee



RAY C. ESPINOSA

Filipino, 67 years old
Non-Executive Director
President and Chief Executive Officer
from May 28, 2019 to May 30, 2023
Director since May 26, 2009

Education and Training:

- BS General Studies, University of Santo Tomas
- Bachelor of Laws, Ateneo de Manila University
- Master of Laws, University of Michigan Law School

Membership on the Board of Publicly Listed Companies:

- Lepanto Consolidated Mining Company (Independent Director)
- PLDT Inc.
- Roxas Holdings, Inc.

Committees:

Member—Related Party Transactions Committee, and Risk Management Committee



JUNE CHERYL A. CABAL-REVILLA

Filipino, 50 years old
Non-Executive Director
Director since May 30, 2023

Education and Training:

- Bachelor of Science in Accountancy, De La Salle University
- MBA, Major in Finance, Asian Institute of Management

Committees:

Member—Finance Committee, Audit Committee, Nomination and Governance Committee, and Sustainability Committee (effective May 30, 2023)



LYDIA B. ECHAUZ

Filipino, 76 years old
Independent Director
Director since May 25, 2021

Education and Training:

- AB, Major in Economics and Mathematics, St. Theresa's College
- MBA, Ateneo de Manila University
- DBA, De La Salle University

Membership on the Board of Listed Companies:

- D&L Industries, Inc.
- Shell Pilipinas Corporation

Committees:

Member—Finance Committee, Audit Committee, and Nomination and Governance Committee



FREDERICK D. GO

Filipino, 54 years old
Non-Executive Director
Director since November 25, 2019*

Education and Training:

- BS Management Engineering, Ateneo de Manila University

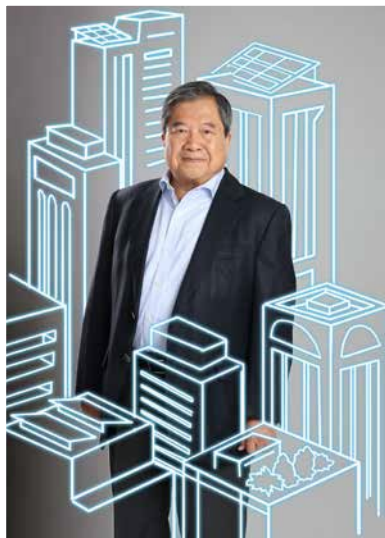
Membership on the Board of Listed Companies (until January 8, 2024):

- Robinsons Land Corporation
- RL Commercial REIT, Inc.
- Altus Property Ventures, Inc.
- Cebu Air, Inc.

Committees (until January 8, 2024)

Chairman—Risk Management Committee
Member—Audit Committee, Nomination and Governance Committee, Risk Management Committee, Related Party Transactions Committee, and Sustainability Committee

* Mr. Frederick D. Go resigned as a member of the Board of Directors of Manila Electric Company effective January 8, 2024, following his appointment as Special Assistant to the President for Investment and Economic Affairs (SAPIEA).



JAMES L. GO

Filipino, 84 years old
Non-Executive Director
Director since December 16, 2013

Education and Training:

- BS Chemical Engineering, Massachusetts Institute of Technology
- MS Chemical Engineering, Massachusetts Institute of Technology

Membership on the Board of Listed Companies:

- JG Summit Holdings, Inc.
- Oriental Petroleum and Minerals Corporation
- Robinsons Land Corporation
- Universal Robina Corporation
- Robinsons Retail Holdings, Inc.
- PLDT Inc.

Committees:

Member—Executive Committee, Audit Committee, Finance Committee, Risk Management Committee, Related Party Transactions Committee, and Nomination and Governance Committee



JOSE MA. K. LIM

Filipino, 71 years old
Non-Executive Director
Director since May 29, 2012

Education and Training:

- BA Philosophy, Ateneo de Manila University
- MBA, Asian Institute of Management

Committees:

- Chairman—Finance Committee
- Member—Executive Committee, Audit Committee, Risk Management Committee, Related Party Transactions Committee, Nomination and Governance Committee
- Member—Sustainability Committee (May 31, 2022 to May 30, 2023)



ARTEMIO V. PANGANIBAN

Filipino, 87 years old
Lead Independent Director
Director since May 27, 2008

Education and Training:

Associate in Arts Degree ("With Highest Honors"), Far Eastern University
Bachelor of Laws ("Cum Laude"), Far Eastern University
Doctor of Laws ("Honoris Causa"), University of Iloilo/Far Eastern University/
University of Cebu/Angeles University/
Bulacan State University

Membership on the Board of Listed Companies:

Asian Terminals, Inc.
GMA Holdings, Inc.
GMA Network, Inc.
JG Summit Holdings, Inc.
Jollibee Foods Corporation
Petron Corporation
PLDT Inc.
RL Commercial REIT, Inc.

Committees:

Chairman—Audit Committee
Member—Executive Committee, Related Party Transactions Committee, and Risk Management Committee



PEDRO EMILIO O. ROXAS

Filipino, 68 years old
Independent Director
Director since May 25, 2010

Education and Training:

- BS Business Administration, University of Notre Dame, Indiana, USA

Membership on the Board of Listed Companies:

- Roxas and Company, Inc.
- Roxas Holdings, Inc.
- Cemex Holdings Inc.
- SP New Energy Corporation (Independent Director)

Committees:

Chairman—Related Party Transactions Committee and Nomination and Governance Committee
Member—Audit Committee, Finance Committee, Risk Management Committee, Remuneration and Leadership Development Committee, and Sustainability Committee



VICTORICO P. VARGAS

Filipino, 72 years old
Non-Executive Director
Director since May 28, 2019

Education and Training:

- BS Psychology, University of Santo Tomas

Committees:

- Member—Finance Committee and Remuneration and Leadership Committee

Management Committee and Key Officers

as of Dec 31, 2023

Froilan J. Savet
Head of Networks

Andrew Jason B. Tan
Head, DU Business
Development Office

Anthony Matthew N. Co
Business Development Officer

Melanie T. Oteyza
Chief Audit Executive



Redel M. Domingo
Head, MPower

Charina P. Padua
Head of Customer Retail
Services

Ferdinand O. Geluz
Chief Revenue Officer,
OIC Subsidiary
Businesses

Edgardo V. Carasig
Chief Human Resources
Officer

Ronnie L. Aperoch
Chief Operating Officer



Manuel V. Pangilinan
Chairman and CEO

Arnel Paciano D. Casanova
Chief External and Government
Affairs Officer

Maria Luisa V. Alvendia
Chief Supply Chain Officer

Ross Raymond B. Ravelo
Chief Sustainability Officer



William S. Pamintuan
Chief Legal Counsel, Assistant
Corporate Secretary, Compliance
Officer and Head, Legal and
Corporate Governance Office

Jose Ronald V. Valles
Head of Regulatory Affairs and
DU Regulatory Management

Betty C. Siy-Yap

Simeon Ken R. Ferrer
Corporate Secretary



Subsidiary Heads

Ma. Cecilia M. Domingo
MSpectrum

Francisco L. Viray
Shin Clark Power Holdings



Ronald R. Torres
MSERV

Richard O. Ochava
MIESCOR

Dennis Uy
Comstech



Exequiel C. Delgado
Radius

Lawrence Y. Ferrer
Bayad

Ross Raymond B. Ravelo
Movem



Jaime T. Azurin
Meralco Power Gen

Baldomero N. Guisala
Clark Electric Distribution Corp

Ernesto M. Cabral
Vantage Energy



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of Manila Electric Company (the company) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2023 and 2022, and for each of the three years ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

(signed)

MANUEL V. PANGILINAN

Chairman of the Board and Chief Executive
Officer

(signed)

BETTY C. SIY-YAP

Chief Finance Officer

Manila Electric Company and Subsidiaries

Consolidated Financial Statements
as at December 31, 2023 and 2022
And Years Ended December 31, 2023,
2022 and 2021

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Manila Electric Company and Subsidiaries

Opinion

We have audited the consolidated financial statements of Manila Electric Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including those in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue from sale of electricity

The Group's revenue from its electricity distribution business represents 91% of its consolidated revenues and arise from its service contracts with a large number of customers that are classified as either commercial, industrial or residential, located within the Group's franchise area. This matter is significant to our audit because the revenue recognized depends on (a) the complete capture of electric consumption based on the meter readings over the franchise area taken on various dates; (b) the propriety of rates computed and applied across customer classes including the application of adjustments promulgated by the Energy Regulatory Commission (ERC); and (c) the reliability of the information technology (IT) systems involved in processing the billing transactions.

Notes 2, 23, 24, 30 and 32 provide the relevant disclosures related to the rate-making regulations and regulatory policies of the ERC.

Audit response

We obtained an understanding and evaluated the design of, as well as tested the controls over, the customer master file maintenance, accumulation and processing of meter data, and interface of data from the billing system to the financial reporting system. In addition, we performed a test recalculation of the bill amounts using the ERC-approved rates, adjustments and formulae, as well as actual pass-through costs incurred, and compared them with the amounts reflected in the billing statements. We involved our internal specialist in understanding the IT processes and in understanding and testing the IT general controls over the IT systems supporting the revenue process.

Adequacy of allowance for expected credit losses for trade receivables

Under PFRS 9, *Financial Instruments*, the Group is required to estimate the expected credit loss (ECL) for its financial assets, particularly its trade receivables, which represent 7% of the consolidated assets of the Group as of December 31, 2023. The Group applies the simplified approach in calculating ECL. Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group's use of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model; and incorporating forward-looking information (called overlays), in calculating ECL.

The disclosures in relation to allowance and provisions for ECL are included in Notes 5, 13 and 27 to the consolidated financial statements.

Audit response

We obtained an understanding of the methodology and model used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical collections, recoveries and write-offs (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry practices.

Further, we compared the data used in the ECL model, such as the historical aging analysis and collection, default and recovery data, by reconciling data from the billing system to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced the disaggregation from source systems to the loss allowance analysis. We also assessed the completeness and accuracy of the data used in computing the ECL.

We reviewed the completeness of the disclosures made in the consolidated financial statements.

Provisions, contingencies and other liabilities

The Group is involved in certain proceedings and claims for which it has recognized provisions for probable costs and/or expenses and/or has disclosed relevant information about such contingencies. This matter is significant to our audit because the determination of whether any provision should be recognized and the estimation of the potential liability resulting from these assessments require significant judgment by management. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of the relevant laws and regulations.

Notes 2, 19, 22 and 29 to the consolidated financial statements provide the relevant disclosures related to this matter.

Audit response

We examined the bases of management's assessment of the possible outcomes and the related estimates of the probable costs and/or expenses that are recognized and/or disclosed in the Group's consolidated financial statements and involved our internal specialists when necessary in the evaluation of management's assessment. We discussed with management the status of the claims and/or assessments and obtained correspondences with the relevant authorities and opinions from the internal and external legal counsels. We evaluated the position of the Group by considering the relevant laws, rulings and jurisprudence. We also reviewed the disclosures on provisions, contingencies and other liabilities in the Group's consolidated financial statements.

Accounting for business combination

As disclosed in Note 3 to the consolidated financial statements, MGen Renewable Energy, Inc. ("MGreen"), a wholly owned subsidiary of the Company through MERALCO PowerGen Corporation, acquired 50.5% voting equity interest in SP New Energy Corporation ("SPNEC") for a total consideration of ₱27,100 million. The acquisition was accounted for as a business combination under PFRS 3, *Business Combinations* based on a provisional purchase price allocation. Apart from the significance of the amounts involved, we consider the accounting for this acquisition as a key audit matter because it requires significant management judgment in assessing existence of control as at acquisition date and determining the provisional fair values of the assets acquired and liabilities assumed from SPNEC, based on the available information as at the acquisition date.

Audit response

We reviewed the share purchase agreement covering the acquisition and assessed whether the acquisition has been appropriately accounted for. We considered the terms of the share purchase agreement and other documents related to the acquisition in evaluating the Group's determination of the total cost of acquisition and existence of control as at acquisition date. We also evaluated management's basis in determining the provisional fair values of the assets acquired and liabilities assumed from SPNEC using the available information as of the acquisition date. We assessed the competence, capabilities and objectivity of the external appraiser who have been engaged to prepare the appraisal report used in the provisional purchase price allocation, by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in evaluating the methodologies and assumptions used in arriving at the provisional fair values of the assets acquired and liabilities assumed from SPNEC. We also assessed the adequacy of the related disclosures in Note 3 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Narciso T. Torres, Jr.

SYCIP GORRES VELAYO & CO.



Narciso T. Torres, Jr.

Partner

CPA Certificate No. 84208

Tax Identification No. 102-099-147

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-111-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10082024, January 6, 2024, Makati City

February 26, 2024

MANILA ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
(Amounts in millions)			
ASSETS			
Noncurrent Assets			
Utility plant, generation plant and others	7 and 10	P269,839	P243,323
Investments in associates and interests in joint ventures	8 and 23	38,388	31,888
Investment properties	9	1,493	1,495
Intangible assets	7 and 10	53,351	21,691
Deferred tax assets – net	28	24,633	22,657
	2, 11, 15, 26, 27 and		
Financial and other noncurrent assets	30	35,579	43,920
Total Noncurrent Assets		423,283	364,974
Current Assets			
Cash and cash equivalents	12 and 27	82,789	55,832
Trade and other receivables	13, 24 and 27	48,395	54,683
Inventories	14	11,180	10,629
Financial and other current assets	11, 15, 23 and 27	20,395	33,143
Total Current Assets		162,759	154,287
Total Assets		P586,042	P519,261
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Common stock	16	P11,273	P11,273
Additional paid-in capital		4,111	4,111
Equity reserve		(111)	(111)
Employee stock purchase plan	16	1,049	1,049
Unrealized fair value gains on financial assets at fair value through other comprehensive income (“FVOCI”)	11	490	311
Remeasurement adjustments on retirement and other post-employment liabilities	26	3,418	7,282
Share in remeasurement adjustments on associates’ retirement liabilities	8	(29)	(16)
Share in other comprehensive income and cumulative translation adjustments of associates	8	307	(30)
Cumulative translation adjustments of subsidiaries		52	51
Treasury shares	16	(11)	(11)
Retained earnings	16	101,746	85,755
Equity Attributable to Equity Holders of the Parent		122,295	109,664
Non-controlling Interests	3 and 16	45,024	14,445
Total Equity		167,319	124,109

(Forward)

		December 31	
	Note	2023	2022
(Amounts in millions)			
Noncurrent Liabilities			
Interest-bearing long-term financial liabilities - net of current portion	17 and 27	₱62,272	₱68,757
Customers' deposits - net of current portion	18, 22 and 27	34,128	31,590
Long-term employee benefits	26	10,263	2,893
Provisions	19, 22 and 29	11,350	12,657
Refundable service extension costs - net of current portion	22 and 27	4,051	4,653
Deferred tax liabilities - net	28	8,691	5,427
Other noncurrent liabilities	2, 5, 7, 24 and 29	54,695	63,450
Total Noncurrent Liabilities		185,450	189,427
Current Liabilities			
Notes payable	21 and 27	27,583	29,491
Trade payables and other current liabilities	16, 22, 23, 27 and 29	191,703	163,902
Customers' refund	2, 20 and 27	2,846	2,905
Income tax payable		1,550	92
Current portion of long-term employee benefits	26	–	3,750
Current portion of interest-bearing long-term financial liabilities	17 and 27	9,591	5,585
Total Current Liabilities		233,273	205,725
Total Liabilities		418,723	395,152
Total Liabilities and Equity		₱586,042	₱519,261

See accompanying Notes to Consolidated Financial Statements.

MANILA ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

		Years Ended December 31		
	<i>Note</i>	2023	2022	2021
<i>(Amounts in millions, except per share data)</i>				
REVENUES				
	6, 23, 24, 30			
Sale of electricity	and 32	P430,181	P413,950	P309,238
Sale of other services	23	13,431	12,579	9,309
		443,612	426,529	318,547
COSTS AND EXPENSES				
Purchased power	24 and 30	328,248	322,645	224,915
Depreciation and amortization	7, 9, 10 and 25	16,625	16,031	12,499
Salaries, wages and employee benefits	25 and 26	16,521	15,836	15,892
Coal and fuel		16,133	22,577	8,793
Contracted services		10,074	8,440	7,074
Provision for probable losses and expenses from claims	2, 19 and 29	6,848	5,831	10,175
Taxes, fees and permits		2,325	2,132	1,939
Power plant operations and maintenance cost		1,881	1,906	1,103
Provision for expected credit losses ("ECL")	13	998	2,498	506
Other expenses	23 and 25	7,626	8,452	6,312
		407,279	406,348	289,208
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates and joint ventures	8	11,479	12,035	3,127
Interest and other financial charges	17, 18 and 21	(5,129)	(3,754)	(3,728)
Interest and other financial income	11 and 12	3,321	2,063	2,197
Foreign exchange gains (losses)		(44)	1,011	487
	2, 5, 7, 8, 23, 30			
Others	and 32	829	3,700	1,573
		10,456	15,055	3,656
INCOME BEFORE INCOME TAX		46,789	35,236	32,995
PROVISION FOR (BENEFIT FROM) INCOME TAX	28			
Current		9,153	4,122	8,728
Deferred		(1,042)	2,526	184
		8,111	6,648	8,912
NET INCOME		P38,678	P28,588	P24,083
Attributable To				
Equity holders of the Parent	31	P38,023	P28,431	P23,498
Non-controlling interests		655	157	585
		P38,678	P28,588	P24,083
Earnings Per Share Attributable to Equity Holders of the Parent				
	31			
Basic		P33.74	P25.23	P20.85
Diluted		33.74	25.23	20.85

See accompanying Notes to Consolidated Financial Statements.

MANILA ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	<i>Note</i>	2023	2022	2021
		<i>(Amounts in millions)</i>		
NET INCOME		P38,678	P28,588	P24,083
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified to profit or loss in subsequent years:				
Unrealized fair value gains (losses) on fair value through other comprehensive ("FVOCI") financial assets	11	88	(280)	139
Cumulative translation gains of subsidiaries		1	11	18
Share in cumulative translation adjustments of associates	8	8	654	117
Net other comprehensive income (loss) that will be reclassified to profit or loss in subsequent years		97	385	274
Items that will not be reclassified to profit or loss in subsequent years:				
Remeasurement gains (losses) on retirement and other post-employment liabilities	26	(5,152)	6,135	8,671
Income tax effect		1,288	(1,534)	(2,168)
		(3,864)	4,601	6,503
Unrealized fair value gains (losses) on equity securities at FVOCI		101	99	43
Income tax effect		(10)	(10)	(4)
		91	89	39
Share in other comprehensive income of associates		329	(990)	183
Share in remeasurement gains (losses) on associates' retirement liabilities	8	(13)	9	(12)
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent years		(3,457)	3,709	6,713
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX		(3,360)	4,094	6,987
TOTAL COMPREHENSIVE INCOME, NET OF INCOME TAX		P35,318	P32,682	P31,070
Total Comprehensive Income Attributable To				
Equity holders of the Parent		P34,663	P32,525	P30,485
Non-controlling interests		655	157	585
		P35,318	P32,682	P31,070

See accompanying Notes to Consolidated Financial Statements.

MANILA ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Equity Attributable to Equity Holders of the Parent													
	Common Stock (Note 16)	Additional Paid-in Capital	Equity Reserve	Employee Stock Purchase Plan (Note 16)	Unrealized Fair Value Gains (Losses) on	Remeasure- ment Adjustments on	Share in Remeasure- ment Adjustments on	Share in Other Comprehen- sive Income and Cumulative	Cumulative Translation Adjustments of Subsidiaries	Treasury Shares (Note 16)	Retained Earnings (Note 16)	Equity Attributable to Equity Holders of the Parent	Non- controlling Interests (Notes 3 and 6)	Total Equity
					Financial Assets at FVOC/ (Note 11)	Retirement and Other Post- Employment Liabilities (Note 26)	Associates' Retirement Liabilities (Note 8)	Translation Adjustments of Associates (Note 8)						
At January 1, 2023	P11,273	P4,111	(P111)	P1,049	P311	P7,282	(P16)	(P30)	P51	(P11)	P85,755	P109,664	P14,445	P124,109
Net income	-	-	-	-	-	-	-	-	-	-	38,023	38,023	655	38,678
Other comprehensive income (loss)	-	-	-	-	179	(3,864)	(13)	337	1	-	-	(3,360)	-	(3,360)
Total comprehensive income (loss)	-	-	-	-	179	(3,864)	(13)	337	1	-	38,023	34,663	655	35,318
Dividends	-	-	-	-	-	-	-	-	-	-	(22,032)	(22,032)	(66)	(22,098)
Effect of consolidation of SP New Energy Corporation ("SPNEC")	-	-	-	-	-	-	-	-	-	-	-	-	29,598	29,598
Others	-	-	-	-	-	-	-	-	-	-	-	-	392	392
	-	-	-	-	-	-	-	-	-	-	(22,032)	(22,032)	29,924	7,892
At December 31, 2023	P11,273	P4,111	(P111)	P1,049	P490	P3,418	(P29)	P307	P52	(P11)	P101,746	P122,295	P45,024	P167,319
At January 1, 2022	P11,273	P4,111	(P116)	P1,049	P502	P2,681	(P25)	P306	P40	(P11)	P75,394	P95,204	P10,124	P105,328
Net income	-	-	-	-	-	-	-	-	-	-	28,431	28,431	157	28,588
Other comprehensive income (loss)	-	-	-	-	(191)	4,601	9	(336)	11	-	-	4,094	-	4,094
Total comprehensive income (loss)	-	-	-	-	(191)	4,601	9	(336)	11	-	28,431	32,525	157	32,682
Dividends	-	-	-	-	-	-	-	-	-	-	(18,070)	(18,070)	(95)	(18,165)
Others	-	-	5	-	-	-	-	-	-	-	-	5	4,259	4,264
	-	-	5	-	-	-	-	-	-	-	(18,070)	(18,065)	4,164	(13,901)
At December 31, 2022	P11,273	P4,111	(P111)	P1,049	P311	P7,282	(P16)	(P30)	P51	(P11)	P85,755	P109,664	P14,445	P124,109
At January 1, 2021	P11,273	P4,111	(P116)	P1,049	P324	(P3,822)	(P13)	P6	P22	(P11)	P66,414	P79,237	P1,494	P80,731
Net income	-	-	-	-	-	-	-	-	-	-	23,498	23,498	585	24,083
Other comprehensive income (loss)	-	-	-	-	178	6,503	(12)	300	18	-	-	6,987	-	6,987
Total comprehensive income (loss)	-	-	-	-	178	6,503	(12)	300	18	-	23,498	30,485	585	31,070
Dividends	-	-	-	-	-	-	-	-	-	-	(14,518)	(14,518)	(1,358)	(15,876)
Effect of consolidation of Global Business Power Corporation ("GBPC")	-	-	-	-	-	-	-	-	-	-	-	-	9,359	9,359
Others	-	-	-	-	-	-	-	-	-	-	-	-	44	44
	-	-	-	-	-	-	-	-	-	-	(14,518)	(14,518)	8,045	(6,473)
At December 31, 2021	P11,273	P4,111	(P116)	P1,049	P502	P2,681	(P25)	P306	P40	(P11)	P75,394	P95,204	P10,124	P105,328

See accompanying Notes to Consolidated Financial Statements.

MANILA ELECTRIC COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2023	2022	2021
		(Amounts in millions)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P46,789	P35,236	P32,995
Adjustments for:				
Depreciation and amortization	7, 9 and 10	16,625	16,031	12,499
Equity in net earnings of associates and joint ventures	8	(11,479)	(12,035)	(3,127)
Interest and other financial charges	17, 18 and 21	5,129	3,754	3,728
Interest and other financial income	11 and 12	(3,321)	(2,063)	(2,197)
Provision (reversal of provision) for impairment losses	7 and 8	(1,179)	2,601	–
Provision (reversal of provision) for probable losses and expenses from claims – net	2 and 29	791	(15,022)	7,951
Provision for expected credit losses (“ECL”)	8	998	2,548	557
Others		5	(592)	12
Operating income before working capital changes		54,358	30,458	52,418
Decrease (increase) in:				
Trade and other receivables		1,589	(15,083)	11,127
Inventories		(753)	(812)	(2,136)
Financial and other current assets		3,034	(4,100)	(2,573)
Increase (decrease) in:				
Trade payables and other current liabilities		(2,961)	18,253	(12,832)
Customers’ deposits		2,066	1,143	1,244
Customers’ refund		(59)	(24)	(20)
Long-term employee benefits		2,218	(1,336)	2,855
Cash generated from operations		59,492	28,499	50,083
Income tax paid		(1,518)	(3,317)	(6,902)
Net cash flows provided by operating activities		57,974	25,182	43,181
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Financial assets at <i>FVOCI</i>	11	(43,013)	(26,267)	(42,458)
Utility plant, generation plant and others	7	(24,800)	(33,663)	(26,260)
Intangible assets	10	(4,137)	(8,533)	(976)
Short-term investments		(2,482)	(2,784)	(435)
Debt securities at amortized cost	11	(1,058)	(18,587)	(23,115)
Investments in associates and interests in joint ventures	8	(13)	(504)	(992)
Investment properties	9	(2)	(3)	(1)
Proceeds from maturity of:				
Financial assets at <i>FVOCI</i>		43,039	30,396	43,070
Debt securities at amortized cost		20,761	22,707	14,059
Short-term investments		2,675	3,025	–
Acquisition of <i>SPNEC</i> – net of <i>SPNEC</i> ’s cash upon acquisition	3	(5,853)	–	–
Acquisition of Global Business Power Corporation (“ <i>GBPC</i> ”) – net of <i>GBPC</i> ’s cash upon acquisition	3	–	–	(16,476)
Interest and other financial income received		3,120	2,033	2,184
Proceeds from disposal of utility plant, generation plant and others		7	914	161
Dividends received from associates and joint ventures		10,106	4,039	1,778
Increase (decrease) in minority interests		454	4,164	(1,364)
Decrease in financial and other noncurrent assets		2,765	982	1,358
Net cash provided by (used in) investing activities		1,569	(22,081)	(49,467)

(Forward)

Years Ended December 31				
	Note	2023	2022	2021
(Amounts in millions)				
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from avilment of:				
Interest-bearing long-term financial liabilities	17	P2,803	P32,507	P24,513
Notes payable	21	1,331	2,920	22,880
Payments of:				
Dividends	16	(21,691)	(16,890)	(13,748)
Interest-bearing long-term financial liabilities	17	(8,498)	(18,679)	(7,388)
Interest and other financial charges		(4,564)	(4,310)	(4,098)
Notes payable		(3,239)	(2,263)	(17,419)
Proceeds from disposal of non-controlling interests		–	6	–
Increase (decrease) in other noncurrent liabilities		1,253	4,433	6,121
Net cash provided by (used in) financing activities		(32,605)	(2,276)	10,861
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,938	825	4,575
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		55,832	55,007	50,912
NET UNREALIZED FOREIGN EXCHANGE LOSSES (GAINS)		19	–	(480)
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	P82,789	P55,832	P55,007

See accompanying Notes to Consolidated Financial Statements.

List of Abbreviations

ABBREVIATION	DEFINITION
A1E	Atimonan One Energy, Inc.
AMI	Advanced Metering Infrastructure
ASRRAT	Asia Sustainability Reporting Rating
Bayad	CIS Bayad Center, Inc.
BC	Business Center
BCDA	Bases Conversion and Development Authority
BCM	Business Continuity Management
CBA	Collective Bargaining Agreement
CCC	Philippine Climate Change Commission
CEO	Chief Executive Officer
CFZ	Clark Freeport Zone
CGCO	Corporate Governance and Compliance Office
Clark Electric	Clark Electric Distribution Corporation
Comstech	Comstech Integration Alliance, Inc.
COREC	Code of Rights Employee Conduct
CREATE	Corporate Recovery and Tax Incentives for Enterprises
CREM	Competitive Retail Electricity Market
CSA	Climate Scenario Analysis
CSEZ	Clark Special Economic Zone
CSI	Customer Satisfaction Index
CSO	Chief Sustainability Officer
CSP	Competitive Selection Process
CSR	Corporate Social Responsibility
CXi	Customer Experience Index
D&I	Diversity and Inclusion
DENR	Philippine Department of Environment and Natural Resources
DOE	Philippine Department of Energy
DOLE	Philippine Department of Labor and Employment
DTs	Distribution Transformers
DU	Distribution Utility
EPC	Engineering, procurement, and construction
ERC	Philippine Energy Regulatory Commission
eSakay	eSakay, Inc.
ESG	Environmental, social, and governance
ESH	Environment, safety, and health
EV	Electric vehicle
EWRMO	Enterprise-Wide Risk Management Office
FAITH	Fairness, Accountability, Integrity, Transparency, and Honesty
FLISR	Fault Location, Isolation, and Service Restoration
GBP	Global Business Power Corporation
GCNP	Global Compact Network Philippines
GDP	Gross Domestic Product
GEM	Green EDSA Movement
GEOP	Green Energy Option Program
GHG	Greenhouse gas
GMBD	Guaranteed Minimum Billing Demand
GPON	Gigabit Passive Optical Network
GRI	Global Reporting Initiative
GTN	Greening The Network Program

HELE	High-efficiency, low-emissions
HEP	Household Electrification Program
Hg	Mercury (element)
IBA	International Business Awards
IMCS	Integrated Mobile Computing System
IRMS	Incident Report Management System
L&D	Learning and Development
LPIP	Lightning Protection Development Program
LRES	Local Retail Electricity Supplier
LTSS	Long-Term Sustainability Strategy
MAIFI	Momentary Average Interruption Frequency Index
MDT	Mobile Distribution Transformer
MEFCI	Meralco Employees Fund for Charity, Inc.
MEP	Meralco Electrification Program
Meralco	Manila Electric Company
MGen	Meralco PowerGen Corporation
MGreen	MGen Renewable Energy, Inc.
MIDC	MIESCOR Infrastructure Development Corporation
MIESCOR	Meralco Industrial Engineering Services Corporation
MRFs	Materials Recovery Facilities
MS3	Meralco Supplier Sustainability Scorecard
MSERV	Meralco Energy, Inc.
MSMEs	Micro, small, and medium enterprises
NEO	Natural ester oil
NOx	Nitrogen Oxides
OFT	One for Tree
OHDTs	Overhead Distribution Transformers
OMF	One Meralco Foundation
One Meralco	Meralco and its subsidiaries
OPI	Orange Plug-in
OSH	Occupational safety and health
Pb	Lead (element)
PCAB	Philippine Contractor Accreditation Board
PELCO II	Pampanga II Electric Cooperative
PEZA	Philippine Economic Zone Authority
PGL	Powering the Good Life
PhP	Philippine Peso
PM10	Particulate matter with a diameter of 10 micrometers or smaller
POPs	Persistent Organic Pollutants
PSA	Power Supply Agreement
Radius	Radius Telecoms, Inc.
RCE	Resource Conservation and Efficiency Program
RCOA	Retail Competition and Open Access
RE	Renewable energy
RES	Retail Electricity Supplier
RPA	Robotic Process Automation
RPS	Renewable Portfolio Standards
RTV	Real-Time Validation Before Disconnection
RZW	Race to Zero Waste Program
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index

SASB	Statistical Accounting Standards Board
SBPL	San Buenaventura Power Ltd. Co.
SCADA	Supervisory Control and Data Acquisition
SDG	Sustainable Development Goal
SEC	Philippine Securities and Exchange Commission
SECaaS	Security as a Service
SF6	Sulfur hexafluoride
Shin Clark	Shin Clark Power Holdings, Inc.
SO	Meralco Sustainability Office
Solar PV Systems	Solar Photovoltaic systems
SOx	Sulfur oxide
MSpectrum	MSpectrum, Inc.
SR	Sustainability Report
STPs	Sewage Treatment Plants
SUP	Single-use plastic
TCFD	Task Force for Climate-related Financial Disclosures
TRACI	Talent Resourcing Automated Communication and Information
UN	United Nations
UNGC	United Nations Global Compact
Vantage Energy	Vantage Energy Solutions and Management, Inc.
VOCs	Volatile Organic Compounds
WBCSD	World Business Council for Sustainable Development
WESM	Wholesale Electricity Spot Market
WRI	World Resources Institute

Units of Measurement

ABBREVIATION	DEFINITION
GWh	Gigawatt-hour
kg	kilogram
kgCO2e	Kilograms of carbon dioxide equivalent
kWp	Kilowatt peak
mg	milligram
MtCO2e	Megatonnes of carbon dioxide equivalent
MVA	Megavolt-Ampere
MW	Megawatt
MWac	Megawatt (alternating current)
MWh	Megawatt-hours
Nm	Normal cubic meter (the volume of gas that occupies a cubic meter when the gas is at 15 degrees Celsius and has a pressure of 1013.25 millibar)
tCO2	Tonnes of carbon dioxide
tCO2e	Tonnes of carbon dioxide equivalent

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Meralco 2023 Annual and Sustainability Report

Meralco is the largest private-sector electricity distribution utility company in the Philippines covering 38 cities and 73 municipalities. Its franchise area of over 9,685 km² is just 3% of the total land area of the country, but accounts for 55% of the national electricity output.

Meralco celebrates 120 years of service in 2023 and remains committed to providing reliable and affordable energy. For more information, visit www.meralco.com.ph

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