2021 SUSTAINABILITY REPORT

KALI NGÁ

More Life to Sustain the Filipino



MERALCO



Our Cover

A mother guides her daughter in caring for our planet
by using electricity to charge up their vehicle.
Simple acts of *kalinga* such as this
help sustain and power good lives today—
and for generations of Filipinos to come.

Kalinga: Higit sa paghahatid ng liwanag,
kami ay naglalayong magbigay-buhay
sa lahat ng aming pinaglilingkuran—
habang pinangangalagaan
ang ating nag-iisang tahanan.



BAYANIHAN:
More Power to Serve the Nation

Our way of life in Meralco revolves around our commitment to provide
an excellent service experience to our customers, communities, and our country
while continuously upgrading our facilities, digital technology, and other services
which are beyond the meter and beyond energy.



MALASAKIT:
More Hope to Empower Communities

Heart-warming initiatives of One Meralco Foundation kindle hope for the underserved
and unserved communities that need the benefits of electrification for their households,
environmental sustainability for their surroundings, and responsible citizenship
for members of their families.

Go Digital

Together, let us reduce our carbon footprint.
Meralco reports will be primarily available in PDF format through our website and via email.
We are gearing up for more interactive content through our website by next year.
Printed reports may be sent to you by request.
More information about Meralco is available at www.meralco.com.ph.

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About the Theme

Kalinga reflects One Meralco's heightening commitment to "Powering the Good Life for the Filipino". In 2021, as the country hit the reset button and took slow but steady steps towards post-pandemic recovery, the Group was—more than ever—relied upon to energize the economy and to keep the lights on for millions of households and businesses—giving them access to fairly priced and life-sustaining energy when they needed it most. Beyond ensuring that it meets the present needs of its customers and communities, One Meralco cares profoundly about creating a future where Power, Planet, People, and Prosperity—the four pillars of its sustainability agenda—come into balance. One Meralco demonstrates this by accelerating its transition to clean energy in the decades to come, with a vision to be coal-free by 2050, while promoting the well-being of its communities through electricity.

Kalinga cradles One Meralco's reason for being. Building upon last year's Sustainability Report, *Live Life, Kalinga* shows the Group's deepest motivation for the decisive action necessary to transform its business into a sustainable enterprise while uplifting the lives of its stakeholders.

Care and compassion are the beacons that will light the way for One Meralco's journey ahead.



About the Report

The 2021 Meralco Sustainability Report (SR) showcases the heightened commitment of Meralco and its subsidiaries (hereafter referred to collectively as "One Meralco" or "the Group") towards sustainable development. This report contains data and discussions on various environmental, social, and governance (ESG) issues that are relevant to One Meralco's businesses and stakeholders.

In 2021, One Meralco adopted a more rigorous materiality and data collection, analysis, and verification processes to better gauge and articulate how sustainability is embedded in the Group's strategies and operations.

This report is best read in conjunction with the 2021 Meralco Annual Report, *Bayanihan,* which highlights the Group's financial and operational performance, as well as the 2021 One Meralco Foundation (OMF) Annual Report, *Malasakit,* which provides details on OMF's initiatives and accomplishments.

Scope and Coverage

GRI 102-46 | GRI 102-50 | GRI 102-52

This SR covers One Meralco's consolidated ESG performance from January 1, 2021, to December 31, 2021. It also includes available ESG data of Meralco and its subsidiaries from 2019 and 2020 for comparability and has undergone internal verification by the Meralco Sustainability Office as part of the Group's dedication to bringing its data quality to the highest levels. All reported greenhouse gas (GHG) emissions data were accounted for and disclosed using the equity share consolidation approach[1] prescribed by the GHG Protocol.

Reporting Frameworks and Standards

GRI 102-54

Global Reporting Initiative (GRI) Standards
This report has been prepared in accordance with the GRI Standards: Core option. 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
This SR has also been developed in adherence to the SASB Standards for Electric Utilities and Power Generators. The SASB Standards require disclosure of sector-specific data that are financially material to all organizations within an industry.

Task Force on Climate-Related Financial Disclosures (TCFD) Guidance
This report marks the first time One Meralco fully adopts the disclosure recommendations of the TCFD. Section 4.4 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 GRI Standards, SASB Standards, and the TCFD Guidance, the 2021 Meralco SR has been prepared in line with the AccountAbility AA1000 Principles by:

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

External Assurance

GRI 102-56

One Meralco engaged DNV for the third-party verification of this report. DNV validated the content of this SR through a rigorous process consisting of (1) discussions with Meralco's Chief Sustainability Officer, unit heads, and data providers and (2) an independent audit of ESG data disclosed in this report.

DNV's Independent Assurance Statement can be found in the Appendices on pages 229-232.

Contact Information

GRI 102-3 | GRI 102-53

Your comments and insights are valuable to One Meralco. Any feedback on this report and matters pertaining to the Group's ESG performance may be addressed to:

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Telephone: +632 1622 3552
Email: group.sustainability.office@meralco.com.ph

[1]Under the equity share approach, a company accounts for GHG emissions from operations according to its share of equity in the operation. The equity share reflects economic interest, which is the extent of rights a company has to the risks and rewards flowing from an operation.



Message from the Chairman, the President & CEO, and the Chief Sustainability Officer

GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 102-14

Charging Towards a Better and Brighter Normal

In 2021, we saw the light at the end of the tunnel.

As COVID-19 loosened its grip on our lives and our work, we began stepping out of the comfort and relative safety of our homes. We witnessed new businesses open and old enterprises adapt to an evolving landscape. Shopping malls, sports facilities, and even churches nearly empty for over a year finally bustled again with activity.

We endeavored to make up for lost time. And in many respects, we began to once again live life as we knew it.

As we emerged from the shadows of 2020, we faced 2021 with a revenge desire for action. As a people, we heeded the call to get vaccinated as almost 50 million Filipinos were inoculated against COVID-19. Close to PhP 23 billion of *ayuda* was extended to millions across the country, and many set up community pantries that saw the best of our *bayanihan* spirit come alive. By the end of the year, more than 1.2 million workers returned to the active labor force, and our economy posted a respectable 5.6% GDP growth. Lights indefinitely dimmed began to shine bright once more.

As One Meralco, we are proud to have played a vital role in this recovery by providing life-giving energy to all we serve, ushering the country into a better and brighter normal. As we entered a new chapter, we welcomed the challenges—and opportunities—with greater inspiration to go beyond and to serve with profound care.

In this 2021 Sustainability Report, aptly titled *Kalinga*, we highlight how we advanced our sustainability agenda not only by intensifying our efforts to serve our communities with compassion but also by heightening our initiatives to protect the planet.

We advanced our sustainability agenda not only by intensifying our efforts to serve our customers and communities with compassion but also by heightening our initiatives to protect and preserve the planet.

Expanding Our Contributions to the Global Goals

The United Nations' Sustainable Development Goals (SDGs) continue to guide our thrust towards sustainability. As the Philippines' largest electric distribution company, we in Meralco are uniquely positioned to advance **SDG 7: Affordable and Clean Energy**, as we strive to provide unhampered access to fairly priced, dependable, and earth-friendly energy. Beyond SDG 7, we also enable sustainable progress by contributing to at least 10 other Global Goals through our various businesses and initiatives.

As part of our deepening commitment to the SDGs, 2021 also saw us embed sustainability into the Group's core values. This, together with our continuous support to the United Nations Global Compact and its Ten Principles, further enables us to power our communities, safeguard our planet, inspire our people, and create prosperity for all.

Scaling Our Impact Across the 4Ps

Powering the Good Life continues to serve as our blueprint in developing programs to provide our customers the best-value energy solutions—reliably, affordably, superbly, and sustainably. In 2021, we delivered energy that proved vital and indispensable to a recovering economy; we helped safeguard and heal Mother Earth through innovation; we continued to care deeply for our co-workers; and we powered better lives by enabling our constituents and communities.

Elevating Our Commitment to Climate Action

Beyond prizing sustainability in the here and now, we also have an eye on the future. As world leaders upped their pledges and targets for climate change mitigation and adaptation at the 26th United Nations Climate Change Conference (COP26) in Glasgow, United Kingdom, we in One Meralco also crafted our own **long-term sustainability strategy**. This strategy is underpinned by our **just, orderly, and affordable transition to clean energy**, beginning today and spanning three horizons. Ultimately, we plan to be coal-free by 2050.

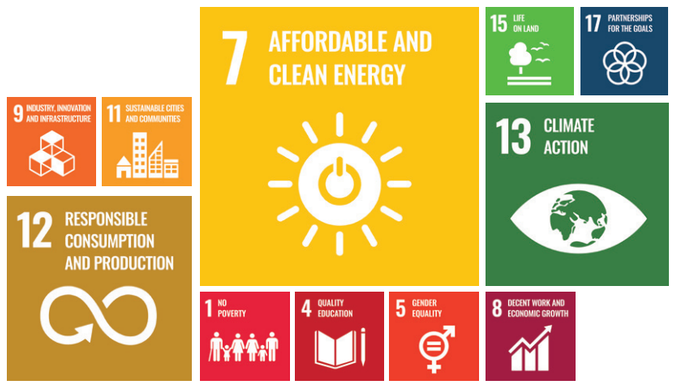
While we are confronted with economic, regulatory, and technological challenges inherent in the power sector, we have established strong governance structures to guide and enable us in the execution of our strategy.

Institutionalizing Sustainability Leadership in Our Organization

2021 saw Meralco integrating sustainability in Board-level decision-making through the creation of our Sustainability Committee. The Committee oversees One Meralco's overall sustainability strategies, policies, programs, and investments, ensuring that these align with the SDGs and with our mission to power the good life for our stakeholders.

In addition, in August 2021, Meralco's senior management identified and appointed 24 Sustainability Champions tasked to cascade and enable sustainability initiatives across the Company's business units and subsidiaries.

These governance bodies are some of the main levers that can elevate our aspirations into concrete action.





As we forge ahead, we are committed to accelerating our sustainability transformation while meeting the needs of our recovering nation.

Serving the Nation with Care and Compassion

As we forge ahead, we are committed to accelerating our sustainability transformation while meeting the needs of our recovering nation. We likewise set our vision towards co-creating a society with all the hallmarks of enduring and meaningful progress—where all reach and live their best lives. This is the essence of One Meralco's *kalinga*—to provide and power more life to sustain the Filipino.

(signed)
MANUEL V. PANGILINAN
Chairman of the Board

(signed)
RAY C. ESPINOSA
President & CEO

(signed)
RAYMOND B. RAVELO
Chief Sustainability Officer

ONE MERALCO:

Powering Lasting Progress

Company Profile

GRI 102-1 | GRI 102-2 | GRI 102-3 | GRI 102-4 | GRI 102-5 | GRI 102-6 | GRI 102-7

One Meralco continues to strengthen its commitment to delivering and enabling the good life for all by driving meaningful and inclusive growth through its business units and subsidiaries. The Group recognizes that sustainable progress can be achieved only through active collaboration across all its areas of expertise, including power generation and distribution, electric transport, telecommunications, digital payment services, engineering, construction, logistics, and manpower services. As such, in 2021, One Meralco introduced more sustainable and innovative solutions and offerings across its businesses to power—and empower—the millions of Filipinos that depend on the Group's vital services.

Energy Value Chain

Manila Electric Company (Meralco)
Meralco is the premier electric distribution utility in the Philippines. Headquartered in Pasig City, the Company provides energy to the entire areas of Metro Manila, Bulacan, Cavite, and Rizal as well as to parts of the provinces of Batangas, Laguna, Pampanga, and Quezon. Meralco's coverage spans about 9,685 square kilometers, reaching nearly 7.41 million residential, commercial, and industrial customers.

Meralco contributes to the Philippines' sustainable growth by electrifying government offices, central business districts, educational and health institutions, and industrial parks. It also powers the country's unserved or underserved communities. As part of Meralco's goal to serve the country's growing demand for greener power, the Company contracted 3% of its power supply from clean energy sources in 2021 and will continue to increase the share of renewable energy (RE) in its fuel mix in the years to come.

Meralco PowerGen Corporation (MGen)
MGen seeks to address the country's increasing energy demand by building a diverse power generation portfolio of up to 3,000 MW to provide sufficient, reliable, and cost-competitive energy supply. Its San Buenaventura Power Ltd. Co. (SBPL) power plant, MGen's first major investment to help ensure energy security, pioneered the use of high-efficiency, low-emissions (HELE) coal technology in the Philippines. In the second quarter of 2021, MGen fully acquired Global Business Power Corporation (GBP), expanding its operations and reach beyond Luzon

MGen Renewable Energy, Inc. (MGreen)
MGreen is a wholly owned subsidiary of MGen, established to serve as Meralco's platform for investments in utility-scale RE. MGreen aims to develop and operate clean and green power plants across multiple technologies, including solar, wind, and hydropower. MGreen will lead One Meralco's drive to build an RE portfolio of up to 1,500 MW by 2027.

MPower
MPower is Meralco's local retail electricity supply (LRES) unit that serves contestable customers, including the country's top corporations, within the Company's franchise area. Lauded for its best-in-class service and reliable and stable power supply, MPower has established lasting partnerships with its customers and enjoys a market share of nearly 28% of the country's total Competitive Retail Electricity Market (CREM) in MW demand. MPower also manages a diversified supply portfolio and is actively increasing the share of solar and hydro energy sources in its supply portfolio to complement traditional sources of power.

As the pandemic compelled critical government offices, businesses, and schools to turn to the cloud to continue delivering services, the migration to digital platforms caused a surge in data demand. Data centers, which house servers powering the cloud, consume massive amounts of energy to support its 24x7 cooling and power needs. To ensure data centers do not compete with grid supply for residential customers and do not accelerate coal-fired power generation, MPower was tapped to supply RE to the country's largest data centers.

As it strengthens its footing in the data center industry—helping position the Philippines as the next hyperscaler[2] destination in the Asia-Pacific region—MPower enables the local telecommunication industry to fortify its digital infrastructure to the standards sought by global hyperscalers looking to expand their operations in the country while helping the sector achieve its goal to decarbonize.

Vantage Energy Solutions and Management, Inc. (Vantage Energy)
Vantage Energy is Meralco's first affiliate Retail Electricity Supplier (RES) which operates in Luzon and the Visayas. Established in 2017, it supplies energy to contestable markets where Retail Competition and Open Access (RCOA) is in effect. In recent years, the Company's retail portfolio has grown significantly, ably serving the energy needs of over 50 customers. Adhering to its mission to provide stable, reliable, and quality electricity service, Vantage Energy is recognized as an emerging RES of choice in the CREM nationwide.



MSpectrum, Inc. (Spectrum)
Established in 2016 as part of Meralco's thrust to promote RE solutions, Spectrum provides earth-friendly, affordable, and safe solar energy products and services. Spectrum is the market leader in the industry with a total installed capacity of 39 MW across 261 solar projects nationwide. The Company recently launched three new verticals: (1) Spectrum Home for residential customers, (2) operations and maintenance services for existing RE installations, and (3) microgrid solutions for off-grid customers. Going forward, Spectrum will also explore other small-scale RE sources and technologies such as battery energy storage systems.

[2] Hyperscalers provide cloud, network, and internet services at scale by offering organizations across the world access to widescale digital systems via an Infrastructure-as-a-Service model. Examples of today's hyperscalers include Google, Microsoft, Facebook, Alibaba, and Amazon.



Clark Electric Distribution Corporation (Clark Electric)
Clark Electric distributes power in the Clark Special Economic Zone (CSEZ), the site of the former U.S. Clark Air Base, which was transformed into a major economic district comprising the Clark Freeport Zone and contiguous subzones. Clark Electric aspires and strives to transform the CSEZ into a leading powerhouse for industry, aviation, export business, and higher learning as well as into Central Luzon's hub for leisure, entertainment, and gaming.

Comstech Integration Alliance, Inc. (Comstech)
Comstech operates the Pampanga II Electric Cooperative (PELCO II) under an investment management contract, serving the city of Mabalacat and municipalities in Pampanga. PELCO II seeks to be the trusted energy partner for local government units in Pampanga, enabling and advancing their growth spurred by new commercial and industrial locators. In addition, PELCO II sustains communities by providing electricity to resettlement areas in select areas in Pampanga.

Shin Clark Power Holdings, Inc. (Shin Clark)
Shin Clark is responsible for the financing, development, operation, and maintenance of a smart electric distribution system covering over 9,450 hectares of land through a Joint Venture Agreement with the Bases Conversion and Development Authority (BCDA). It collaborates with the BCDA to achieve its vision of showcasing the New Clark City as the first smart, sustainable, and disaster-resilient metropolis in the Philippines. Shin Clark aims to provide reliable and affordable energy to one million customers by 2024.

Meralco Ecozone Power (MEP)
MEP is responsible for the operation, construction, and maintenance of the Philippine Economic Zone Authority (PEZA) Cavite Economic Zone's (CEZ) electric distribution system. In compliance with the Department of Energy (DOE), the Energy Regulatory Commission, and PEZA regulations, MEP provides electricity-related services for CEZ locators, including service application, meter reading, rate computation, billing, collection, delinquency management, and service irregularity management.

Energy-Related Services

Meralco Energy, Inc. (MServ)
As one of the country's largest electromechanical contractors, MServ serves as a one-stop shop for engineering, procurement, and construction (EPC) and urban services as well as for energy and operational efficiency solutions. Delivering reliable, value-engineered end-user facilities for critical structures (including substations, powerhouses, and low-voltage facilities), MServ is known for innovative solutions in energy management, building automation, and safety and security, as well as installation of wastewater treatment systems. It is a Category AAA Philippine Contractor Accreditation Board (PCAB)-licensed company and a DOE-accredited energy service company.

MServ is also the lead integrator of One Meralco's hyperscaler services. Harnessing the synergy between MPower, MIESCOR, Radius, and Spectrum, MServ enables the Group to offer a full end-to-end service to hyperscalers—from site assessment to construction—by providing EPC and energy efficiency solutions.

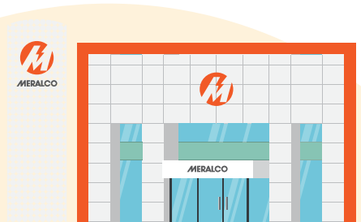
CIS Bayad Center, Inc. (Bayad)
In 2021, Bayad Center rebranded to Bayad to become the Philippines' premier multi-channel payment platform, providing more than 40,000 payment touchpoints and enabling the bills payment features of leading online and mobile applications. In response to Filipinos' shift in payment preferences from offline to online, Bayad developed and launched innovative solutions such as Bayad App, Bayad Online, Bayad Checkout and Express, and very soon, Bayad's Trade "Asenso" Mobile App—cementing its position as one of the country's most trusted payment service providers. Additionally, it expanded its bills payment platform to provide inclusive financial services such as remittance, prepaid loading, airline ticketing, loan payout, and ATM cash withdrawal as well as insurance and medical reimbursements.

Bayad also provides outsourced tellering and customer services to over 800 client sites nationwide through its subsidiary Customer Frontline Solutions.

eSakay, Inc. (eSakay)
Advancing the future of electric vehicles (EV) in the Philippines, eSakay offers and integrates a wide range of EV solutions—from electric cars, vans, buses, jeeps, and shuttles to micro-mobility units such as electric motorbikes and kick scooters. The Company's green mobility solutions likewise include the supply, operation, and maintenance of EV charging infrastructure. eSakay continues to support the Department of Transportation's Public Utility Vehicle Modernization Program, which aims to promote cleaner public transport options and provide stable livelihood to thousands of public utility drivers and operators across the country.

Infrastructure Services

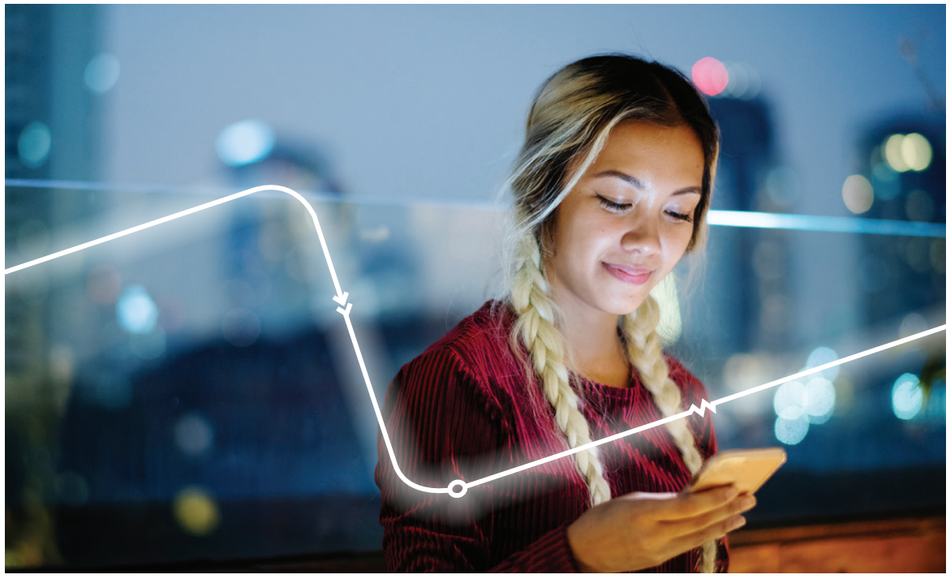
Meralco Industrial Engineering Services Corporation (MIESCOR)
As a leading provider of electromechanical works, engineering, distribution utility, and technical services in the Philippines, MIESCOR undertakes complex projects in the telecommunications, energy, and water utility sectors. The PCAB places MIESCOR in the highest AAAA category for general engineering building, foundation work, structural steelwork, electrical work, mechanical work, and communication facilities. The Company operates two subsidiaries: MIESCOR Builders, which offers general engineering, electrical, civil, and mechanical services; and MIESCOR Logistics, which provides logistics services in construction, maintenance management, transport, and manpower sectors.



MIESCOR also recently ventured into the telecommunication infrastructure sector through MIESCOR Infrastructure Development Corporation (MIDC), a joint venture between MIESCOR (which has a 51% stake in the company) and US-based Stonepeak Infrastructure Partners (which owns the remaining 49%). Leveraging MIESCOR's expertise in EPC, MIDC aims to be a major player in the common tower space by servicing the country's leading mobile network operators. MIDC is duly recognized and licensed by the Philippine Department of Information and Communications and Technology to provide services on tower construction, site acquisition, site permitting and erection of towers, and tower management required by telecommunications companies.

Radius Telecoms, Inc. (Radius)
As Meralco's telecommunications arm, Radius operates one of the largest end-to-end fiber optic networks in the country, leading the Philippine telecommunications industry in unlocking equitable development through efficient connectivity. In 2021, Radius continued its business expansion by enhancing its focus on digital innovation and service offerings beyond its physical network footprint. The Company also launched its Optical Transport Network (OTN) that maximizes its current network capacity to support high-bandwidth requirements, especially with the emergence of hyperscalers. Radius likewise ventured beyond its core business of data, internet, and managed services to provide cloud-related services, Software-Defined Wide Area Network (SD-WAN) solutions, and Security as a Service (SECaaS), an offering that provides clients ease and flexibility in monitoring and addressing threats and vulnerabilities in their operations.

RED Fiber is Radius' latest internet service made available to the residential market. It runs on a 100% pure end-to-end fiber network that utilizes Gigabit Passive Optical Network (GPON) as a last-mile technology. RED Fiber's Dual Play service, in partnership with CignalTV, the country's leading direct-to-home satellite provider, provides a wide array of high-definition Internet Protocol TV channels. RED Fiber showcases the technological prowess of fiber optic by delivering high-speed internet and content using the same link without compromising performance.



Sustainability Recognition

Since 2020, One Meralco has been recognized by various sustainability and business organizations around the world through ESG awards, rankings, and ratings. Receiving acclaim from stakeholders and award-giving bodies is a testament to the Group's earnest commitment to and distinguished performance in sustainability.

Meralco's maiden 2019 Sustainability Report (SR), *Sustaining the Future*, received the following accolades:

Bronze Stevie Award
Best Annual Report
2020 International Business Awards (IBA)

Gold Rank
International Companies
2020 Asia Sustainability Reporting Rating (ASRRAT)

Gold Stevie Award
Innovation in Annual Reports
2021 Asia-Pacific Stevie Awards

Excellence Award
Publications
18th Philippine Quill Awards

Meanwhile, the Company earned the following recognition for its 2020 SR, *Live Life*:

Silver Stevie Award
Best Annual Report
2021 IBA

Gold Rank
International Companies
2021 ASRRAT

Silver Anvil
Public Relations Tool
57th Anvil Awards

Gold Stevie Award
Innovation in Annual Reports
2022 Asia-Pacific Stevie Awards

Excellence Award
Publications
19th Philippine Quill Awards

On top of the awards received by Meralco for its two SRs, the Company also gained recognition at the 18th Philippine Quill Awards for its sustainability communication initiatives in 2021:

Excellence Award
Internal Communication
"Meralco Goes Green"

Excellence Award
Community Relations
"CovidComms 2020: Green Transport for Frontliners"

Excellence Award
Corporate Social Responsibility
"KKK Towards a Green Future"

Merit Award
Leadership Communication
"Power Up Forum - Sustainability Edition"

Merit Award
Media Relations
"Meralco's revitalized renewable energy push for solar microgrids"

Merit Award
Community Relations
"The Good Store: A Commitment to Sustainability"

A number of Meralco subsidiaries have also been recognized for their valuable contributions to sustainable development. In 2020, Spectrum received a Bronze Award at the Zuellig Pharma Supplier Sustainability Awards for providing reliable solar energy solutions to its commercial and industrial customers. The following year, MPower was likewise recognized with a Gold Award in the same awards program for its various social responsibility initiatives (including its Kinder Classroom Project and CommuniTrees Program). These awards demonstrate One Meralco's dedication to inspiring and enabling its business partners in their own sustainability journeys through collaboration and synergy.

In addition to these accolades, Meralco saw improvements in its ESG ratings in 2021 after the release of its 2020 SR:

FTSE Russell score increased from 2.6 in 2020 to 3.2, on a scale of 0 to 5 (with 5 being the highest), with strong performance in the following areas:

- Risk management
- Labor standards
- Corporate governance

Sustainalytics score improved from 40.7 in 2020 to 31.4, on a scale that rates the exposure of a company to ESG risks (with 0 indicating zero risk and 100 the highest risk), with strong performance in the following criteria:

- Human capital
- Biodiversity and land use
- Customer service

Notably, Meralco is the second Philippine power company to be included in the **FTSE4Good Index Series**. Launched in 2001 by FTSE Russell, the FTSE4Good Index Series is a market-leading ESG index for investors who seek to invest in companies demonstrating outstanding sustainability practices. It supports investors in aligning portfolios with their ESG values and advocacies. Being a FTSE4Good Index constituent enhances investor and shareholder confidence, attracts a broader base of institutional investors, enhances corporate reputation, and validates the alignment of corporate practices with global ESG standards.

Receiving wide acclaim from its stakeholders and award-giving bodies is a testament to One Meralco's earnest commitment to and distinguished performance on sustainability.



SUSTAINABILITY AT ONE MERALCO:

Powering Better Lives for All Through Excellence

One Meralco's commitment to sustainability is supported and driven by its decisive leadership and unwavering dedication to serving its stakeholders with excellence. In the past two years, the Group has made significant strides towards becoming a sustainable enterprise, building a solid foundation upon which to strategically accelerate its transformation in the decades ahead.

Delivering on its customers' immediate needs and achieving profitability—all while driving the business towards a low-carbon future—are no easy feat. The people behind One Meralco—its Board of Directors, senior managers, line crew, customer care representatives, partner communities, and all the players throughout its value chain—are coming together and powering through this journey, energizing the Group as it changes course and acts upon its sustainability agenda of *Powering the Good Life*.

This section outlines One Meralco's sustainability journey and the roadmap that will get the Group and its stakeholders towards a future where Power, Planet, People, and Prosperity exist in balance and harmony.

Sustainability Agenda and Framework

One Meralco recognizes that a robust and comprehensive approach is integral to driving a meaningful and impactful sustainability journey. As such, the Group established a sustainability agenda, captured by the phrase *Powering the Good Life*, which is supported by four pillars: Power, Planet, People, and Prosperity. This agenda, which is core to and drives One Meralco's vision, guides the Group's pursuit of genuine progress towards the achievement of the United Nations' Sustainable Development Goals (SDGs).

POWER
Providing energy for all, always.
One Meralco delivers affordable, accessible, reliable, and clean energy to all, with a special focus on bringing power to unserved and underserved communities.

PLANET
Protecting and preserving Mother Earth.
One Meralco safeguards the health of the planet by reducing its impact on the natural environment.

PEOPLE
Nurturing sustainability from within.
One Meralco promotes a shared vision and understanding of sustainability within the organization while ensuring the holistic development of employees in a safe and inclusive workplace.

PROSPERITY
Creating better lives for all.
One Meralco brings meaningful and enduring value to all its stakeholders, ensuring no one is left behind.

VISION

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

POWERING THE GOOD LIFE

PHILOSOPHY

Guiding principles for Meralco's sustainability agenda

BUSINESS	BASIS	BALANCE
Sustainability at the core of strategy and operations	Scientific approach to measuring and managing sustainability performance	Meeting corporate goals while achieving sustainability objectives

PILLARS

Strategic impact areas

POWER	PLANET	PEOPLE	PROSPERITY
Providing energy for all, always	Protecting and preserving Mother Earth	Nurturing sustainability from within	Creating better lives for all

APPROACH

Continuous cycle of activities that contribute to sustainable development



Sustainability Reporting Process

One Meralco believes that measuring and disclosing its sustainability performance is key to accelerating the pace with which it achieves its goal of powering good lives for Filipinos. As such, it continues to enhance and enrich its environmental, social, and governance (ESG) reporting using globally recognized reporting standards to effectively track and manage its performance and progress.

In 2021, apart from strengthening its focus on the Global Reporting Initiative (GRI) Standards and fully adopting the Sustainability Accounting Standards Board (SASB) Standards for Electric Utilities and Power Generators, One Meralco embraced the Task Force on Climate-related Financial Disclosures (TCFD) Guidance to improve its oversight and management of climate-related risks and opportunities. Aligning the Group's disclosures with the TCFD's recommendations informs critical investment decisions in the long term as One Meralco addresses physical and transitional climate risks.

One Meralco employs a methodical and comprehensive process in crafting its annual sustainability report (SR) to ensure that all data and information presented are accurate and sufficiently capture the Group's ESG performance. This scientific approach includes a series of sustainability sessions, workshops, and assessments involving the Group's senior management, unit heads, and data providers.

Materiality

GRI 102-29 | GRI 102-31 | GRI 102-46 | GRI 102-47 | GRI 102-49

Each year, One Meralco evaluates ESG issues deemed most material to its businesses in light of stakeholder concerns and global best practices.

In the assessment process, key stakeholders from the Group's business units review, discuss, and validate (1) global, national, and industry sustainability contexts affecting One Meralco, (2) ESG reporting standards and local reportorial requirements, and (3) key sustainability risks and opportunities. Through this exercise, One Meralco ensures that the ESG topics it deems material are relevant and aligned with the imperatives and expectations of the Group's stakeholders.

In 2021, One Meralco's material ESG topics (initially identified in 2019) were re-evaluated and integrated into the Group's sustainability agenda.

One Meralco avails of the GRI's Materiality Disclosures Service by the end of each reporting cycle to ensure that its disclosures are aligned with the GRI Standards and are accurately presented in the content index of the SR.



POWER	PLANET	PEOPLE	PROSPERITY
Affordability	Climate Change	Human Capital	Economic Impact
Accessibility	Air Quality	Labor Relations	Customer Enablement
Reliability	Water & Effluents	Diversity & Inclusion	Community Engagement
Clean Energy	Waste	Occupational Health & Safety	Supply Chain
		Remuneration	Governance
		Training & Development	
		Employee Engagement	

Stakeholder Engagement

GRI 102-21 | GRI 102-40 | GRI 102-42 | GRI 102-43 | GRI 102-44

Meralco's sustainability agenda is made stronger by its stakeholders' collective voice and action. As the country's premier power distribution company, Meralco impacts the critical operations of the government and private firms—the sectors most capable of driving the country towards sustainable development. In addition, a good majority of the population working from home relies upon Meralco to power their productivity. Households with children studying online also depend on the Company to light up their homes. Meralco also delivers on expectations set by its own employees and investors.

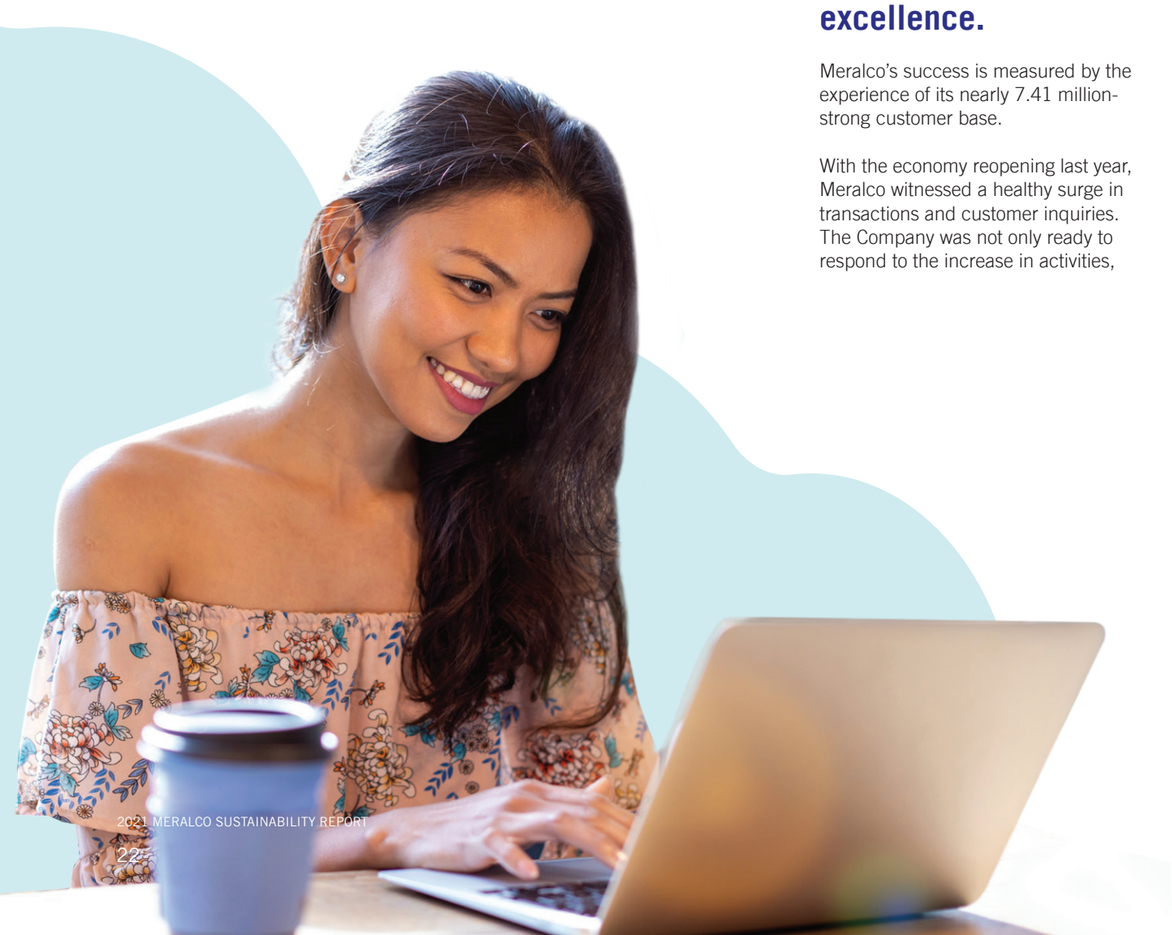
To ensure that it continues to optimally serve its stakeholders, Meralco keeps a close pulse on what truly matters to them. The Company arranges high-level dialogues and town hall meetings and taps various feedback channels to enrich Board- and management-level decision-making with stakeholder feedback. Information gleaned from top to bottom and bottom-up informs Meralco's corporate decisions and helps widen its positive ESG impacts.

Customers

Customers inspire Meralco's passion for excellence.

Meralco's success is measured by the experience of its nearly 7.41 million-strong customer base.

With the economy reopening last year, Meralco witnessed a healthy surge in transactions and customer inquiries. The Company was not only ready to respond to the increase in activities, it also welcomed the people's electrifying excitement to reconnect and carry on with work, business, and life all over again. Meralco proactively improved its customer care processes and platforms and, as a result, delivered exemplary customer service amid a 38% increase in inquiries in its Business Centers and successfully processed payment-related transactions which were up by 45% versus the previous year.





To make this happen, Meralco launched initiatives that improved its customer service delivery, including:

Customer 360. In 2021, the Company launched Customer 360, an integrated customer profiling system that informs Meralco's customer care representatives about every stage of the customer's journey, enabling better and more tailored service. Customer 360 eliminated the hassle of people having to reiterate details of their complaints regardless of who is answering on the other line. Through this platform, Meralco is a step ahead in complaint resolution by first knowing the customer and then the concern without having to be told repeatedly. Moreover, Customer 360 aggregates customers' data across the organization and makes it easily accessible at every interaction, leading to more effective customer service.

Digital communication platforms. In 2021, Meralco continued to leverage digital means to interface with its customers. The Company's call center hotlines and other digital customer care channels remained available 24×7×365. Through its call center hotline, in 2021, Meralco received a voice traffic of 1,344,654 calls (comprised of inquiries, complaints, and requests), with an answer rate of 95%, up from 84% in 2020. A total of 1,079,868 official customer cases were created from these calls, more than 99.9% of which were resolved, compared with 99.8% in the previous year.

Meanwhile, through its other digital channels—live chat, email, social media, SMS, and Meralco Online—the Company responded to a total of 772,241 concerns in 2021. All of these concerns were answered and created into official cases. A near-perfect resolution rate was recorded in 2021 versus 94% in 2020, signifying Meralco's enhanced customer service management.

Bill revamp. As part of Meralco's customer-centricity efforts, the Company introduced a new design to the Meralco bill to help its customers better see their important customer information (including their Customer Account Number) and easily understand their historical electricity consumption. The Company also included information about the environmental impact of the customer's consumption in the revamped Meralco bill to further encourage energy conservation and promote awareness regarding its equivalent emissions and the number of trees needed to offset these emissions.

As the needs and preferences of its customers shift and evolve, Meralco will continue to heighten customer experience through innovation fueled by a deep commitment to customer-centricity.

Communities

Meralco seeks to uplift the communities it serves by providing them with opportunities for sustainable growth.



Led by the One Meralco Foundation (OMF), Meralco contributes to the communities it impacts through social responsibility programs. In 2015, when the United Nations' Sustainable Development Goals (SDGs) were unveiled as a global framework to address the world's most-pressing development challenges, OMF pivoted its programming from corporate giving towards fostering sustainable growth in its communities. Continuing its work and mission to make the future brighter for the Filipino people, OMF launched initiatives aimed at improving the quality of life of unserved and underserved communities.

In 2021, OMF continued to drive:

The **Household Electrification Program** and the **School Electrification Program**, which delivered life-giving energy to 7,509 homes and 16 educational institutions within Meralco's franchise area;

The **MVP Academic Achievement Awards**, which allowed 305 young Filipino students to enroll in schools through financial aid scholarships from OMF; and

Power restoration efforts, where OMF supported Meralco's Networks organization in enabling six electric cooperatives to re-establish electric service in calamity-struck communities during the 2021 typhoon season.

Additionally, in support of Meralco's thrust to bring prosperity to all its stakeholders, MGen continued implementing its own CSR programs in 2021, serving marginalized communities surrounding its power plants. For instance, the Company, in partnership with the GT Foundation, donated a two-classroom building to the NJ Ingore Elementary School in La Paz, Iloilo City, and another one to the North City Central School in Toledo City, Cebu. Each classroom could accommodate up to 40 students and came completely furnished with desks, chairs, teacher's tables, cabinets, electric fans, and even a smart TV.

Through community upliftment initiatives, One Meralco will continue to act and deliver on its commitment to enabling prosperous communities by helping alleviate poverty, empowering the vulnerable, and enabling younger generations to build brighter futures for themselves.

Employees

Meralco walks the talk on sustainability by ensuring equitable and purposeful growth of its employees.

Among the Company's stakeholders are its own employees—more than 6,200 women and men—who are Meralco's true power source. Meralco's employees generate the energy and inspiration the Company constantly needs to enable the Filipino people's progress in harmony with the planet. As such, it is imperative for Meralco to create and nourish within itself an ecosystem of leaders and employees—from its Board of Directors down to its line crews—who take the Company's mandate to heart, charging them onward as they perform their duties day in, day out.

Institutionalizing a people-oriented culture

Fundamental to Meralco's thrust to nurture sustainability from within, the Company upholds labor rights by ensuring that a regular collective bargaining agreement (CBA) is exercised between employees and management. Communication channels are also established to enable senior leaders to listen to and empower its employees, ultimately resulting in a motivated workforce with a deep sense of satisfaction and belongingness in their work.

Meralco also fosters sustainability within its ranks by ensuring the safety of its employees. The Company champions employee welfare by institutionalizing occupational health and safety policies and programs such as the Target Zero: Zero Incident, Zero Harm Program, which covers all of Meralco's employees and other workers.

In addition, to ensure that employees reach their maximum potential, Meralco offers its employees learning opportunities to continuously support their professional development. These include internal courses and webinars provided by the Company's Human Resources team as well as external training programs and conferences. To promote holistic growth and the value of *malasakit*, employees are also encouraged to give back to communities through volunteerism initiatives spearheaded by OMF, including tree planting activities, fund-raising initiatives, and calamity relief efforts.

Aside from ensuring the welfare and growth of its employees, Meralco nurtures a culture of openness, believing that a diversity of perspectives leads to innovation and keeps the Company's direction relevant to the needs of its stakeholders. As well, Meralco empowers its people to constructively engage with each other—across the board and regardless of seniority—to resolve work-related issues through platforms such as union and town hall meetings, where employees can freely voice their concerns and questions on a range of policy, workplace, and administrative matters.



Reflecting the people's voice in Meralco's sustainability reporting

Meralco initiates a comprehensive internal engagement process as part of its annual sustainability reporting cycle. This outreach is guided by the vision that the Company's workforce should be actively involved in the development and advancement of Meralco's sustainability agenda and how it is communicated to the Company's stakeholders. In 2021, the Meralco Sustainability Office spearheaded the following activities:

Senior Management Session
Business unit and subsidiary heads across One Meralco participated in a two-part workshop aimed at informing them about important developments in the sustainability space as well as inspiring them to embed sustainability in their personal and professional lives. The Group's senior management learned and discussed global and local sustainability challenges and trends, shared organizational best practices, and explored the significance and relevance of the SDGs through the globally renowned 2030 SDGs Game, which involved a simulation of real-life sustainability negotiations. The Senior Management Session also involved securing the leaders' feedback on and approval of the Group's refreshed material ESG topics and sustainability reporting plans.

Management Approach Sessions
One Meralco's unit heads and data providers were likewise given the same opportunity to participate in a two-part workshop to discuss the importance and effect of sustainability reporting on the Group's business. Participants were also taught how to effectively communicate One Meralco's sustainability performance through data and storytelling.

TCFD Workshops
One Meralco's heightened commitment to understanding its most significant climate-related risks and opportunities compelled the Group to integrate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) into its ESG reporting. Two workshops were held with relevant internal stakeholders to discuss and align on the various TCFD requirements.

By putting its employees first, Meralco exemplifies its commitment to nurturing sustainability from within, ensuring that workers' rights are respected, employee health and safety are prioritized, holistic professional growth is fostered, and an open and transparent communication across all levels of the organization is cultivated.





Investors & Shareholders

Investors and shareholders bring Meralco's sustainability performance to greater heights.

Investors and shareholders play a vital role in Meralco's continuing transformation towards sustainability. By providing them complete, accurate, and up-to-date information about the Company's financial and ESG performance and engaging them to provide strategic guidance, Meralco ensures that its investors and shareholders take an active role in the Company's growth as a sustainable enterprise.

In 2021, Meralco took meaningful steps to heighten investor and shareholder buy-in on the Company's sustainability agenda. For instance, Meralco launched a microsite to more openly communicate the Company's ESG commitments and initiatives. The microsite makes public Meralco's roadmap to transform its business towards sustainability, fully aware that rating companies, investors, regulators, and the wider local and global communities are casting an eye on how businesses today are aligning with ESG.

In the second half of 2022, Meralco will be more proactive in engaging its investors and shareholders on the Company's existing sustainability programs as well as on its progress on its long-term sustainability strategy through a series of investor briefings and other communication initiatives. Meralco recognizes that only through constant feedback and engagement will the Company be able to refine its sustainability agenda, ensuring its relevance here and now, and in the decades ahead.

Moving forward, Meralco will continue to be committed to addressing the ever-evolving needs of its investors and shareholders through open and productive communication and engagement initiatives.



Government & Regulators

Meralco works with the government in shaping a regulatory environment that supports a sustainable energy sector.

The power sector in the Philippines relies heavily on the strong synergy between businesses and government agencies, including the Department of Energy (DOE), the policy-making body; and the Energy Regulatory Commission (ERC), the agency that determines and approves electric utilities' distribution and retail rates and enforces customer rights relating to electricity service.

As the economy started recovering last year, Meralco prioritized keeping the lights on for its customers, fully understanding the financial hardships of Filipino families who lost their sources of livelihood during the pandemic. Meralco's thrust aligned with the government's priority to energize the economy, and as such, the Company worked closely with regulators to craft and implement new initiatives such as the No Disconnection Policy, which extended payment windows for households with long overdue bills. Such policies were instrumental in aiding the country's economic recovery, as it bought time for income creation among affected households. Until the end of the first quarter of 2021, Meralco ensured 2,544,465 households (with average consumption of 100 kWh and below) continued to be powered, and it is now working with these customers on payment mechanisms.

Meralco's focus on continually providing energy to its customers go beyond just responsive action. The Company also conducts proactive advocacy, such as initiating rulemaking and policy amendment with ERC and DOE, considering best practices currently implemented as well as significant issues and trends affecting the energy sector.

Additionally, Meralco's focus on protecting its customers' welfare was also realized in 2021 through its partnership with the Department of Interior and Local Government, the Philippine National Police, and the Bureau of Fire Protection. This collaboration aims to resolve common public concerns that affect the Company's services, including illegal connections, delay in issuance of permits that affect customers' access to uninterrupted electricity, and relocation of distribution poles. The multi-agency collaboration is aligned with Meralco's sustainability agenda as it puts the public's welfare top of mind while ensuring the Company achieves its business objectives.

As the country recuperates from the ongoing global health crisis, Meralco will continue to forge mutually productive relationships with the government and its regulators to safeguard the interests and welfare of the Company's customers.

Suppliers & Contractors

Meralco inspires and influences its partners across its value chain to embed and promote sustainability in their own operations.

Meralco maintains a network of nearly 3,000 high-caliber suppliers and contractors who are integral to the Company's ability to provide quality and reliable service to its customers. As it increasingly recalibrates its business to adopt sustainability frameworks and principles, Meralco engages with its suppliers to align with this transformation.

In 2021, the Company elevated the Meralco Supplier Sustainability Scorecard (MS³) Program, which aims to promote sustainability throughout its value chain. Created as a tool to assess suppliers and contractors on key ESG criteria while using the SDGs as guiding principles and the GRI Standards as a reporting framework, MS³ provides Meralco with a comprehensive view of its business partners' ESG performance. Through this program, the Company is better positioned to operationalize its sustainability agenda by ensuring a sustainable supply chain. Meralco has identified 131 GRI Standards-aligned criteria and 14 SDGs to be included in the scope of the scorecard, which has been incorporated into the Company's vendor accreditation process.

Moving forward, Meralco will continue to collaborate with its suppliers and contractors in using sustainability as a tool for focus and to help them seize the multitude of economic incentives for pivoting towards sustainability so they, too, may power the good life in and through their own operations.



Data Collection & Verification

This 2021 Sustainability Report includes disclosure of material ESG data that adequately captures One Meralco's impact on its stakeholders. In preparing this report, the Group, through Meralco's Sustainability Office, collected and assembled various ESG data points from each of its business units and subsidiaries. Whenever possible, the Group analyzed three years of data to illustrate year-on-year variations. Key internal stakeholders within the Group reviewed and vetted all ESG data disclosed in this report for completeness and accuracy. Upon completion of data collection and analysis, the report was validated by Meralco's ESG external assurance partner, DNV.

Strategic Partnerships for Sustainability

GRI 102-13

Inasmuch as the 4Ps underpin One Meralco's sustainability agenda, a 5th P is essential in effectively powering good lives—Partnership. Lasting sustainable progress requires a shared vision among like-minded institutions, and more importantly, earnest and collective action.

As such, last year, Meralco joined the Global Compact Network Philippines (GCNP), the local chapter of the United Nations Global Compact (UNGC), a global coalition of organizations dedicated to adopting socially responsible principles in business. The Company's membership to the GCNP is a step forward in realizing its earnest commitment to delivering on the SDGs by pledging to embrace and practice UNGC's Ten Principles, covering human rights, labor, environment, and anti-corruption. This report serves as Meralco's official Communication of Progress for 2021, expressing the Company's continued support to the UNGC and its principles of good business.

Finally, in 2021, through its membership with the GCNP, Meralco joined the call to enable a resilient recovery from the pandemic especially for micro, small, and medium enterprises (MSMEs), the backbone of the Philippine economy. Powering MSMEs—which hold a dominant share in the national economy, currently making up 99% of operating businesses in the Philippines, employing up to 63% of the workforce, and contributing up to 40% to the country's GDP in the past few years—has always been at the core of Meralco's work, and the focus by GCNP on this sector cannot be more on point.



One Meralco's increasing adoption of renewable energy in the next years will translate to helping transition MSMEs towards a decarbonized future.

Climate-Related Disclosures

GRI 102-11 | GRI 102-15 | GRI 102-49 | GRI 201-2 | GRI 302-5

In 2021, in response to the global call for urgent action to address the worsening climate crisis, the Philippine Climate Change Commission (CCC) established a national target to cut the country's emissions by 75% (72.29% of which is conditional on financial assistance from developed countries) by 2030. The CCC rolled out the Philippines' emission reduction strategy and began mobilizing all sectors of society, including the private sector, to contribute to meeting this target.

With complete recognition of the conditional nature of the country's climate target, One Meralco responded to this call by developing a long-term sustainability strategy (LTSS). Unveiled in 2021, the LTSS outlines the Group's just, orderly, and affordable transition to clean energy, with the end goal of making One Meralco coal-free by 2050.

In support of this earnest commitment to climate action, One Meralco pledged last year to fully incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) into its sustainability reporting, including the conduct of a climate scenario analysis (CSA), the centerpiece of an organization's climate disclosure. By fully adopting the TCFD Guidance, One Meralco provides its investors, shareholders, and other stakeholders a comprehensive scientific evaluation of the various climate-related risks and opportunities most relevant to the Group's business.

The TCFD Guidance

Financial markets need comprehensive and high-quality information on the various impacts of the climate crisis on companies. This includes risks and opportunities arising from the following: the effects of climate change on natural and built environments, climate-related policies, and emerging technologies aimed at mitigating global warming. As such, in 2017, the TCFD published a set of recommendations targeted to companies around the world for the voluntary disclosure of clear, comparable, and consistent information related to the risks and opportunities presented by climate change. These recommendations were structured around four thematic areas: governance, strategy, risk management, and metrics and targets.

Furthermore, since greenhouse gas emissions reporting—the most-common type of climate disclosure—does not provide sufficient information about the financial and operational implications of climate-related impacts on a business, the TCFD also recommends companies to conduct a CSA to better understand the unprecedented challenges—as well as the new opportunities—arising from the shifting global climate. One Meralco sees the CSA as an effective corporate planning tool which can help inform its stakeholders about the Group's material risks and opportunities as it responds to the climate emergency.

CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED FINANCIAL DISCLOSURES



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

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

RISK MANAGEMENT
The process used by the organization to identify, asses, and manage climate-related risks

METRICS AND TARGETS
The metrics and targets used to asses and manage relevant climate-related risks and opportunities

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

One Meralco's TCFD Disclosures

This sustainability report represents One Meralco's first comprehensive climate disclosure aligned with the recommendations of the TCFD. The Group believes that high-quality climate disclosure supports its investors and shareholders in making sound investment decisions in the short and long terms. The following tables outline the significant developments in One Meralco's drive towards climate action.

GOVERNANCE

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

TCFD Recommendations	One Meralco's Disclosures
Describe the Board's oversight of climate-related risks and opportunities.	As part of institutionalizing its commitment to sustainability, in 2021, Meralco established a seven-member Sustainability Committee, which is responsible for overseeing and reviewing the Company's sustainability strategy, policies, and programs, including those related to climate change. The Committee monitors Meralco's environmental, social, and governance (ESG) performance in alignment with the Sustainable Development Goals (SDGs), with the aim of delivering long-term value to all its stakeholders. In bringing these objectives to light, the Sustainability Committee is positioned as a standalone body (as opposed to a committee carrying other responsibilities such as the Nomination & Governance Committee for instance) to ensure requisite focus and close attention to sustainability matters, especially climate change. Headed by the Chairman of the Board of Directors, the Sustainability Committee is composed of five Directors, one of whom is independent. The President & CEO and the Chief Sustainability Officer serve as the non-voting management representatives to the Committee.
Describe management's role in assessing and managing climate-related risks and opportunities.	For One Meralco, embedding sustainability at its core is a vital pathway toward future-proofing the organization. The Sustainability Office (SO), established in 2019, leads One Meralco in introducing, integrating, and institutionalizing ESG factors (with special focus on climate action) into the Group's strategy and operations in ways that are also congruent with the SDGs. In support of the Group's goal to constantly uphold responsible business principles, the SO drives and monitors the Group's sustainability efforts toward clear outcomes and measurable results. In 2021, the SO spearheaded the development of One Meralco's long-term sustainability strategy (LTSS), marked by the Group's just, orderly, and affordable transition to clean energy from 2021 to 2050. The SO works with Meralco's business units (including Finance, Risk Management, Networks, and Regulatory Management Office among others) and subsidiaries in assessing and managing short-, medium-, and long-term climate-related risks and opportunities that are material to One Meralco's businesses. Additionally, in 2021, One Meralco formed a 24-member council of Sustainability Champions comprised of senior managers from Meralco's business units and subsidiaries. The Champions provide additional support to the SO with regard to sustainability matters, including the assessment and management of climate-related risks and opportunities.

STRATEGY

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

TCFD Recommendations	One Meralco's Disclosures
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	As One Meralco accelerates its multi-horizon transition to clean energy, the Group may face structural challenges inherent in the Philippine power sector which may impede its progress towards climate action. From an economic standpoint: • Fossil fuels (i.e., coal, natural gas) remain the most affordable and reliable fuel source, particularly from a baseload standpoint. • While renewable energy (RE) sources such as solar have a potential for reduced levelized cost of electricity, their capacity factors are lower, requiring other technologies (including advanced battery energy storage systems) to enable the provision of reliable, 24/7 power supply to millions of customers. From a regulatory angle: Currently, Meralco operates within the government's least-cost, technology-neutral framework whereby 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 in order to effectively manage intermittent RE capacity. Despite these risks, One Meralco remains fully committed to its transition to clean energy as it: • Secures 1,500 MW of RE in the next five years in line with the Department of Energy's (DOE) Renewable Portfolio Standards • Builds up to 1,500 MW of RE generation capacity across multiple technologies by 2027 These thrusts will not only significantly increase the share of RE in Meralco's supply mix and MGen's power generation portfolio, they will also greatly reduce One Meralco's emissions in the foreseeable future versus a business-as-usual scenario.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	One Meralco recognizes that the rapidly changing world caused by the climate crisis can significantly affect the Group's short-, medium-, and long-term operational and financial performance. 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. In response to this, One Meralco integrated responding to climate-related risks and opportunities into the core of its LTSS. From a financial standpoint, to effectively execute its LTSS, One Meralco has estimated over PhP 100 billion in sustainable capital investments through 2030.[3] Half of it will help build a sustainable network infrastructure, while the other half will be invested in its sustainability initiatives beyond the core Distribution Utility business. Over PhP 30 billion of this capex is allocated for RE buildout through MGen.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	*Please refer to the Appendices for One Meralco's CSA.*

[3] This proposed capital outlay is pending approval of Meralco's Board of Directors.

RISK MANAGEMENT

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

TCFD Recommendations	One Meralco's Disclosures
Describe the organization's processes for identifying and assessing climate-related risks.	One Meralco's Enterprise-Wide Risk Management Office (EWRMO) and the SO work closely to employ 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. A more formal process of risk assessment headed by EWRMO is done semi-annually, starting from each business unit's and subsidiary's Risk Champion, to the risk owner, and ultimately to Meralco's senior management and the Board-level Risk Management Committee. Recognizing the business units, subsidiaries, and activities that are more exposed to significant climate-related risks—both existing and emerging—One Meralco pays particular attention to ensuring that there is a constant and consistent identification and assessment process of such risks throughout the lifecycle of projects and activities within those organizations and subsidiaries. Furthermore, the Sustainability Strategy & Communications Unit under the SO monitors trends and updates in the sustainability space to ensure that new and emerging risks are identified and assessed appropriately and in a timely manner and are taken into consideration in One Meralco's LTSS as necessary.
Describe the organization's processes for managing climate-related risks.	The gargantuan task of managing climate-related risks starts with Meralco's highest governance bodies (i.e., the Board of Directors and the Management Committee), which provide strategic guidance towards the achievement of the Group's long-haul objective of sustainable business growth and stakeholder value protection and enhancement. In 2021, the Management Committee, led by the President & CEO, oversaw the development of One Meralco's LTSS, which chiefly focuses on the Group's just, orderly, and affordable transition to clean energy.[4] Additionally, the SO, headed by the Chief Sustainability Officer, has also initiated several efforts that highlight its commitment to curbing its climate impacts and are aligned with industry best practices, including the Green Mobility Program and the Resource Conservation and Efficiency Program. The SO also continues to conduct training and awareness initiatives across One Meralco on sustainability issues, with a special focus on climate change.
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 SO and various organizations within One Meralco in identifying, assessing, and managing climate-related factors that pose risks to the Group's businesses. For instance, during One Meralco's biannual risk assessment, Risk Champions across the organization can raise climate-related risks in their individual evaluations. Risk owners, with the support of the Sustainability Champions, are then tasked to manage these climate-related risks identified and assessed by the Risk Champions. While identifying, assessing, and managing climate-related risks have always been embedded in One Meralco's risk management process, in 2021, it was further strengthened by the integration of ESG risks into the Group's Risk Universe, which defines the context and scope within which risk management is performed. In the 2021 year-end risk assessment, sustainability was identified as One Meralco's 7th-highest risk. Among the component ESG risks included in the Group's Risk Universe, climate change and pollution ranked as the top sustainability risks mainly due to MGen's power generation business.

[4]The LTSS is pending approval of Meralco's Board of Directors.

METRICS AND TARGETS

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

TCFD Recommendations	One Meralco's Disclosures
1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	One Meralco uses the following key climate-related metrics, which are all monitored monthly and annually by the Group: • For Scope 1: - Emissions from fossil fuel combustion by power plants - Emissions from gasoline and diesel combustion by company-owned vehicles - Emissions from SF_6-insulated distribution network equipment • For Scope 2: - Emissions from the generation of electricity purchased from the grid and 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/contractor-owned vehicles
2. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	*Please refer to Section 6.1 (Climate Change) for a comprehensive discussion of One Meralco's GHG emissions.*
3. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	One Meralco has drafted the following key climate targets[5] as part of its LTSS: • 27% reduction in Scope 1 and 2 emissions by 2030 (from 21.0 $MtCO_2e$ BAU scenario[6] to 15.4 $MtCO_2e$) • 5.6% reduction in total emissions by 2030 (from 51.7 $MtCO_2e$ BAU scenario to 48.8 $MtCO_2e$) • Reduction in overall emissions intensity by 2030 (from 723 tCO_2e/GWh BAU scenario to 680 tCO_2e/GWh)



[5] As of this writing, these targets are still being finalized and pending approval of Meralco's Board of Directors.
[6] A business-as-usual scenario is one where One Meralco continues to utilize fossil fuel sources for both its power generation and distribution businesses without committing to expand the share of RE in its generation portfolio and distribution utility supply mix.

Sustainability Strategy

GRI 102-14 | GRI 201

One Meralco continues to take decisive steps to transform its business towards becoming a sustainable enterprise, as outlined in its three-phase sustainability journey: establish (2019), embed and engage (2020), and elevate and evolve (2021 and beyond).

In 2019, Meralco President and CEO, Atty. Ray C. Espinosa, steered the Company towards sustainability, ensuring that all business units and subsidiaries of Meralco embed ESG principles in their strategies and operations. In that same year, the Company established its Sustainability Office, mandated to plan, develop, and execute One Meralco's sustainability agenda. As an initial step, Meralco launched a Group-wide ban on single-use plastics, raising awareness on environmental responsibility among its employees and external stakeholders. All of these initial sustainability efforts of One Meralco were articulated and described in its award-winning maiden sustainability report, *Sustaining the Future*.

In 2020, Meralco crafted its sustainability agenda, *Powering the Good Life,* and identified key ESG metrics to help the Company properly gauge and manage its sustainability performance. It also birthed its 2020 Sustainability Report, *Live Life,* which highlights how the Company brightened Filipino lives amid the dark episode of a global health crisis.

In 2021, One Meralco started to envision exciting decades of massive sustainability gains through its **long-term sustainability strategy (LTSS)**, which outlines three horizons up to 2050 through which the Group will play out its **just, orderly, and affordable transition to clean energy** while continuing to power the good lives for its communities.

Long-Term Sustainability Strategy: Charging Towards a Coal-Free Future

One Meralco's sustainability agenda is marked by a distinctive focus on four pillars (4Ps): Power, Planet, People, and Prosperity. The Group has designed and started implementing strategic programs across each of the 4Ps, such as:

SAMPLE PROGRAMS

POWER	PLANET	PEOPLE	PROSPERITY
BulacanSol, a 55-MWac solar farm in Bulacan	**Natural ester oil** in distribution transformers **Green Mobility Program** (electrification of company vehicles)	**#Mbrace Program** (for diversity and inclusion)	**Customer Centricity Transformation Program** (for customer empowerment) **School Electrification Program** (for community upliftment) **Meralco Supplier Sustainability Scorecard or MS[3]** (for supply chain partners)

One Meralco has also defined clear ESG metrics with baselines and targets that are reviewed and monitored by its senior management:

SAMPLE CORPORATE KPIs

POWER	PLANET	PEOPLE	PROSPERITY
% of households energized in Meralco's franchise area	Scope 1 emissions and emissions intensity	% of women employees in Meralco's workforce	Number of off-grid schools electrified by OMF

In its journey towards decarbonization, Meralco faces intrinsic structural challenges in the Philippine power sector which may impede its sustainability progress:

Economic

- Fossil fuels (coal, natural gas, etc.) remain the most affordable and reliable fuel source, particularly from a baseload standpoint.
- While solar and other renewable energy (RE) sources have a potential for reduced levelized cost of electricity (LCOE), their capacity factors are lower, requiring other technologies (including battery energy storage systems) to enable the provision of reliable, 24/7 power supply.

Regulatory

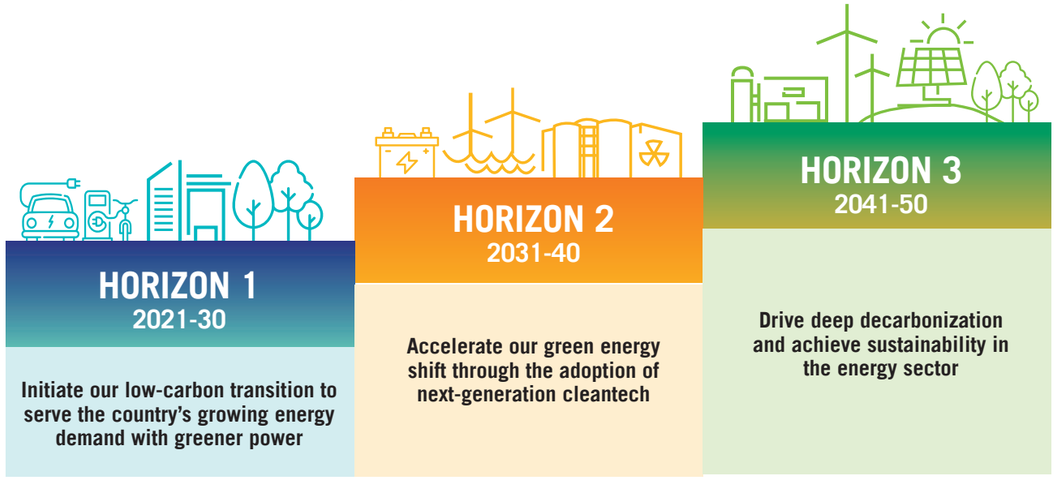
- Meralco operates within the government's least-cost, technology-neutral mandate whereby distribution utilities must undergo a Competitive Selection Process (CSP) in the procurement of power supply.

Technical

- Solar farms require significantly more land (up to four times) than fossil fuel-fired plants.
- The grid needs to put in place additional infrastructure to manage intermittent RE capacity to avoid system interruptions.

Notwithstanding these challenges, One Meralco remains fully committed to sustainability. While Philippine emissions represent only 0.7% of the global total, One Meralco is linked to about 11% of total emissions in the country, presenting a unique opportunity and obligation for the Group to lead the greenification of the local power industry.

Under a business-as-usual scenario[7] through 2030, —where One Meralco does not purposefully make strides towards the generation and supply of clean energy—the Group's total emissions are expected to grow at 3.1% versus a much slower rate than electricity demand (a proxy for business growth) at 3.5%. Nevertheless, One Meralco aspires to be more sustainable as it focuses on reducing emissions over the three horizons of its LTSS as it drives to be coal-free before 2050:



[7] A business-as-usual scenario is one where One Meralco continues to utilize fossil fuel sources for both its power generation and distribution businesses without committing to expand the share of RE in its generation portfolio and distribution utility supply mix.

HORIZON 1 (2021–30)

One Meralco will initiate a low-carbon transition to serve the country's growing energy demand with greener power.

While MGen continues to build the high-efficiency, low-emissions (HELE) Atimonan One Energy (A1E) coal plant (2x600 MW) by the middle of this decade (in support of SDG 7: Affordable and Clean Energy), it has dropped its involvement in the development of 2,500 MW of coal-fired power plants. Furthermore, the Company is looking to sell 49% of its share in A1E.

MGen will also accelerate its clean energy buildout with 1,500 MW of generation capacity across multiple RE technologies by 2027. It started with the 55-MWac BulacanSol solar plant, which began injecting power into the Luzon grid in 2021. In addition, the Company is currently developing a 75-MWac solar facility in Baras, Rizal, a 68-MWac solar plant in Ilocos Norte, and a 45-MWac solar farm in Cordon, Isabela. These projects are expected to commence operations in the latter part of 2022 up to mid-2023. MGen is also eyeing the construction of a large-scale wind farm in the Philippines.

Meanwhile, from a contracting standpoint, a key consideration in Meralco's energy transition is the DOE's Renewable Portfolio Standards (RPS). This policy requires distribution utilities to source more RE. Current RPS policy dictates that the share of RE in the supply mix must increase by 1.0% per annum, with discussions to increase this rate to 2.52% per annum. Through 2030, Meralco will contract RE in line with RPS requirements. In fact, Meralco has already started the process for athe 850-MW RE CSP, which is the first of the two CSPs that will shift the Company's mid-merit supply—close to 30% of its total supply portfolio—to RE.

Beyond power generation and distribution, One Meralco will continue to drive emissions abatement and carbon sink initiatives, including:

Scope 1 – Through the Green Mobility Program, 25% of Meralco's vehicle fleet will be electrified by 2030, exceeding the 5% requirement of the new Electric Vehicles & Charging Stations Act.

Scope 2 – Under the Resource Conservation and Efficiency Program, Meralco's headquarters in Pasig City will be 100% powered by RE by 2030.

Scope 3 – With Meralco's Advanced Metering Infrastructure, estimated customer-side energy efficiency savings of 2.3 TWh will abate 1.6 $MtCO_2e$ in 10 years

Offset – Through One Meralco Foundation's (OMF) One for Trees carbon sink program, One Meralco will plant five million trees by 2025 in order to preserve and revive Philippine forests and watersheds.

In sum, One Meralco aims to reduce its Scope 1 emissions in 2030 by approximately 29% vis-à-vis its 2030 BAU baseline. Reductions in Scopes 2 and 3 are contingent on further energy conservation and efficiency efforts as well as a higher RPS requirement. To achieve all these, the Group plans to deploy close to PhP 110 billion in sustainable capital investments through 2030, with over PhP 30 billion allocated for RE buildout.[8]

HORIZON 2 (2031–40)

One Meralco will accelerate its green energy shift through the adoption of next-generation cleantech.

While the focus through 2030 is on shifting away from fossil fuels from a mid-merit standpoint, in the following decade, One Meralco will begin the transition in its baseload capacity. While natural gas is the alternative to coal, it still produces significant emissions. As such, One Meralco will evaluate emerging, cleaner technologies that are expected to mature technologically and economically beginning 2030:

- Battery energy storage system – Longer duration storage of energy enables RE to serve mid-merit or baseload demand to provide ancillary services and to enable price capture during peak periods.
- Offshore wind – This RE technology removes land constraints and offers greater resource potential (i.e., strength and consistency), allowing for 2–3 times larger installations than its onshore equivalent.
- Nuclear – Small modular reactors are more reliable (with a capacity factor of about 90%) and less land-intensive (less than 1% of required land) compared with solar and wind farms. In addition, its modular design is beneficial to islands with limited interconnection.

[8] This proposed capital outlay is pending approval of Meralco's Board of Directors.

HORIZON 3 (2041–50)

One Meralco will drive deep decarbonization and achieve sustainability leadership in the energy sector as it drives to be coal-free before 2050.

Deep decarbonization will be achieved through various levers including:

- CO_2 Decarbonization of existing assets (e.g., carbon capture, utilization, and storage)
- Development of more dispatchable low-carbon power (e.g., combined-cycle gas turbine co-fired with green hydrogen, long-term BESS, advanced SMRs for baseload)
- Heightening of carbon sink solutions (e.g., reforestation, soil management)

SOCIAL IMPACT AREAS

On the social front, One Meralco, primarily through OMF, aims to promote the well-being of communities with electricity as an enabler to power the good life across five impact areas. Short-term 2030 targets have been set, but these efforts will be driven by the Group through 2050.

- Water access – Provide low-income households with potable water
- Education reach – Electrify off-grid public schools
- Access to quality healthcare – Energize healthcare facilities (e.g., rural health units, barangay health stations)
- Livelihood productivity – Energize agricultural facilities and equipment
- Disaster resilience and recovery – Train electric cooperative staff and community members



On the social front, One Meralco, through OMF, aims to promote the well-being of communities with electricity as an enabler to power the good life across five impact areas.

ONE MERALCO FOUNDATION

ESG Targets: Quantifying Sustainability Aspirations[9]

POWER

1,500 MW of RE supply in the next five years (through Meralco)

1,500 MW RE generation capacity by 2027 (through MGen)

PEOPLE

40% women representation in Meralco's workforce by 2030

0.60 lost time injury frequency rate in Meralco by 2030

PROSPERITY*

600 rural health care facilities electrified by 2030

545 off-grid public schools electrified by 2030

200 agricultural and livelihood facilities and equipment electrified by 2030

1,500 rural households with access to potable water (enabled by electricity) by 2030

4,600 community leaders and electric cooperative staff trained on disaster resilience and recovery by 2030

**In partnership with One Meralco Foundation*

PLANET

29% reduction in One Meralco's Scope 1 emissions by 2030

25% electrification of Meralco's vehicle fleet by 2030

100% of Meralco's new power circuit breakers and switchgears to be SF_6-free starting 2026

10% reduction in One Meralco's Scope 2 emissions by 2030 (primarily contingent on Meralco's system loss improvements)

6% reduction in One Meralco's emissions intensity by 2030

5M trees planted and nurtured under One for Trees by 2025

90% overall waste diversion rate in Meralco by 2027

100% of Meralco's new distribution transformers to use natural ester oil starting 2021



[9] As of this writing, these targets are still being finalized and pending approval of Meralco's Board of Directors.



POWER

Providing energy for all, always

7.4M
CUSTOMERS SERVED

100%
ENERGIZATION
OF PRIORITY SITES
UNDER MEP

PhP 3.6B
CUSTOMER SAVINGS DUE TO
SYSTEM LOSS REDUCTION

Providing energy for all, always

In 2021, the Philippine economy rebounded strongly, putting growth on pace with pre-pandemic levels despite experiencing the worst contraction since World War II.[10] As the country's largest power distribution utility, Meralco played a critical role in powering this recovery, fulfilling its mandate to provide affordable, accessible, reliable, and clean energy to millions of Filipinos, in support of **SDG 7: Affordable and Clean Energy.**

Last year, Meralco continued delivering fairly priced electricity to 99.98% of households within its franchise area, empowering over 7.4 million customers in their continuing work-from-home set-ups, distance learning, and online businesses. The Company also continued rolling out programs to make its distribution network more resilient against natural hazards such as typhoons and earthquakes. Furthermore, One Meralco began transforming its business by gradually transitioning away from traditional fossil fuels. In particular, the Distribution Utility has begun increasing the share of alternative, earth-friendly energy sources in its fuel source mix, while MGen, through MGreen, is expanding its clean energy generation capacity by building more renewable energy plants.

The following section details One Meralco's earnest work around providing energy for all, always.

Affordability: Providing Energy Attainable by All

SASB IF-EU-240

As the country enters a new phase of the COVID-19 pandemic, One Meralco's role in reinvigorating the economy by ensuring energy affordability is front and center.

At the crux of this is managing the price at which energy is generated and supplied. One Meralco strives to provide customers with affordable electricity to power businesses and households, ensuring competitive pricing for major industries and among residential customers regardless of income levels—a testament of its commitment to advancing **SDG 7: Affordable and Clean Energy.**

As a principle, One Meralco endeavors to keep its electricity price stable amid spikes in demand. Ensuring fair pricing serves the best interest of household consumers and is essential in improving their quality of life and supporting the country's economic advancement.

From 2019 to 2021, Meralco's average retail rate decreased by 8%, 6%, and 10% for residential, commercial, and industrial customers, respectively, although the rates in 2021 were slightly higher than in 2020 due to higher generation and transmissions



[10] S. Alegado and C. Yap, "Philippines Economy on Pace to Pre-Pandemic Levels This Year," Bloomberg, 27 January 2022. [Online]. Available: https://www.bloomberg.com/news/articles/2022-01-27/philippines-gdp-growth-beats-forecast-as-recovery-takes-root.

AVERAGE RETAIL ELECTRIC RATE (in PhP/kWh)

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Residential	10.2713	9.2357	9.4226	8.0618	6.6787	5.8730
Commercial	8.7013	7.6937	8.1561	8.0955	6.7279	5.9084
Industrial	7.5532	6.4765	6.8344	7.9213	6.6049	5.6834

SYSTEM LOSS METRICS

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Amount of energy lost through the distribution system (in MWh)	2,694,326	2,762,319	2,794,156	12,891	10,851	11,850
Energy lost in the distribution system vs. net system input (in %)	5.54	6.08	5.85	2.15	2.10	2.08
Customer savings due to lower system loss vs. ERC's system loss cap (in PhP million)	5,153.00	3,221.36	3,472.45	179.78	120.00	96.90

charges driven by greater demand for power as the economy reopened. The unprecedented spike in fuel prices in the market, higher prices from the Wholesale Electricity Spot Market (WESM), and the persisting Malampaya gas supply restrictions also contributed to the increase in Meralco's average retail rate in 2021.

On the other hand, Clark Electric's average retail rate decreased drastically from 2019 to 2021, achieving reductions of 27%, 27%, and 28% across its three customer segments, respectively, due to lower generation charges.

Furthermore, as part of One Meralco's objective to make electricity more affordable for its customers, the Group continued to take proactive steps in lowering its distribution system loss. Meralco and Clark Electric address both technical system loss (such as heat dissipation and noise during power delivery) and non-technical system loss due to theft or pilferage. Incurring system loss is inherent in the distribution of electricity, as some portions of electricity will always dissipate as heat and noise while being delivered to customers.

There are economic limits to the level to which system loss can be reduced. As such, Meralco and Clark Electric regularly conduct technical and socioeconomic studies to strike a balance between the benefits of lower system loss and the capital expenditures necessitated by reduction initiatives. In 2021, Meralco and Clark Electric's system loss was at 5.85% and 2.08%, respectively—both lower than 2020 levels—translating to a total of nearly PhP 3.6 billion in savings for their customers. These decreases in system loss percentages were achieved successfully despite the general increase in energy sales due to Meralco's and Clark Electric's system loss improvement initiatives.

In addition, One Meralco further ensured energy affordability by building up its own power generation capacity through MGen. With Meralco generating its own electricity, it is able to supply to the grid and meet demand without having to tap external sources, effectively lowering generation charges. MGen's first major power plant development—the 455-MW net baseload San Buenaventura coal-fired power plant in Mauban, Quezon—has been steadily supplying energy to the Luzon grid since 2019.

PhP 3.6B
SAVINGS FOR CUSTOMERS

In the years ahead, One Meralco will continue to innovate and find creative and technological solutions to support the government's energy affordability imperative and power the Filipino people's dream of a better quality of life.

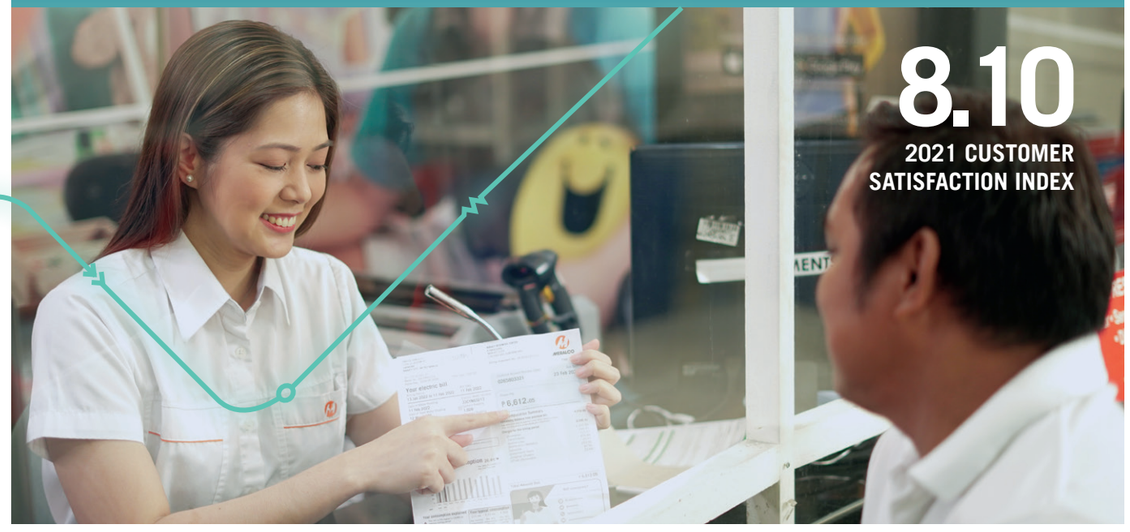
COMPASSIONATE CUSTOMER SERVICE COMES FIRST

The pandemic pushed millions of Filipinos to deeper poverty, with jobs getting lost in sectors most affected by the global crisis. As a result of the economic effects of COVID-19, the International Energy Agency estimates that at least 110 million people, mostly from Africa and Asia, could lose their ability to pay for basic electricity services.[11]

Meralco responded to the disruption with compassionate customer service. At the height of community lockdowns to contain the spread of new variants of the coronavirus, Meralco—in support of **SDG 1: No Poverty**—extended its No Disconnection Policy in 2021, easing affected Filipinos of worries over electric service disconnection.

Meralco customers, especially the 2,544,465 lifeline households (with average consumption of 100 kWh and below), benefitted from the disconnection moratorium, which was extended until the third quarter of 2021. Especially for Filipinos who pivoted to work online, staying connected served as a critical lifeline, enabling them to stay out of debt. Meralco also continued implementing installment payment agreements to allow customers with past due bills to pay in tranches months after the due date depending on their consumption.

Indeed, Meralco showed commitment towards compassionate customer service by continuing to serve the Filipino people despite operating under a challenging landscape. This resulted in Meralco scoring 8.10 in its 2021 Customer Satisfaction Index, higher by 7% than its 2020 score of 7.54. This reflects Meralco customers' appreciation of the Company's enhanced customer care in 2021.



8.10
2021 CUSTOMER SATISFACTION INDEX

[11] Asian Development Bank, "Covid-19 and Energy Sector Development in Asia and the Pacific Guidance Note," Asian Development Bank, Mandaluyong City, 2021.

BRIGHT SMILES

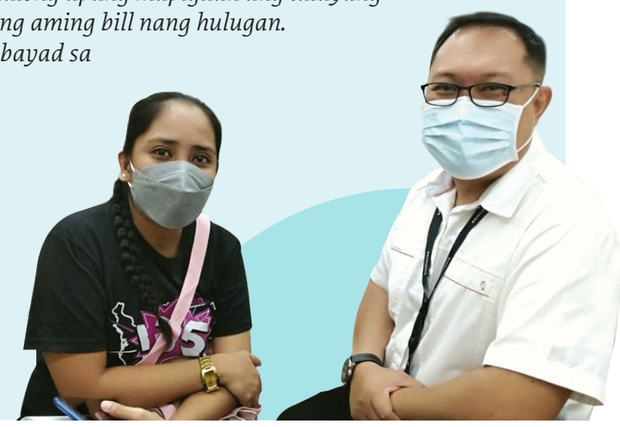
RESIDENTIAL CUSTOMERS BENEFIT FROM MERALCO'S EXTENDED "NO DISCONNECTION" POLICY AND INSTALLMENT PAYMENT ARRANGEMENTS

"Naiintindihan ng Meralco ang pangangailangan ko. Masakit sa akin na makita ng tatlong anak ko na puputulan kami ng kuryente hanggang sa punto na huhugutin na ang aming metro.

"Nagpunta ako sa Meralco upang humingi ng tulong upang mapigilan ang tuluyang pagkaputol ng aming serbisyo at mabayaran ang aming bill nang hulugan. Nagsanla kami ng aking asawa para may maibayad sa aming bill kahit man lang partial.

"Sa pag-unawa na ibinigay sa akin ng representative ng Meralco, pinayagan akong magbayad nang partial payment at muling maibalik ang kuryente sa aming tahanan. Ako ay taos pusong nagpapasalamat sa tulong na ibinigay sa akin ng Meralco."

—Marie Gladys Arellano





"Ako po ay nagpapasalamat sa Meralco dahil kahit po dumaan ang pandemya, hindi po ako pinutulan ng kuryente. Maraming salamat sa Meralco dahil nakapagbayad kami nang hulugan."

—Luisa Salazar

"Malaking tulong sa amin ang No Disconnection Policy ng Meralco. Dahil mula po nang magsimula ang pandemya at nawalan ako ng trabaho, nahirapan po akong tustusan ang mga pangangailangan ng aking pamilya."

—Czarina Perez



Accessibility: Extending Energy Reach

SASB IF-EU-000.B | SASB IF-EU-000.A

Energy access is a key benchmark for measuring progress on **SDG 7: Affordable and Clean Energy**. While the Philippines is at the peak of this indicator, with nearly 96% of the entire population with access to energy and more than 98% of the national capital already electrified, many remote areas—home to some 2.3 million Filipinos—still do not have access to electricity.

In 2021, Meralco continued energizing households in its franchise area and reaching unserved and underserved communities. While Meralco's franchise area covers only 3% of the country's land area, it is home to up to more than a quarter of the population—at least 30 million people.[12] The Company also powers the Clark Special Economic Zone through its subsidiary Clark Electric and the Cavite Economic Zone through its business unit Meralco Ecozone Power. Altogether, these areas contribute up to 50% of the country's Gross Domestic Product (GDP) and produce up to 60% of the nation's total manufacturing output.

This section details the Company's efforts on driving universal electrification in 2021.



7.4M

CUSTOMERS SERVED

Fueling Economic Recovery by Powering More Customers

While suffering a 9.6% contraction in 2020—the worst since World War II—the Philippine economy rebounded in 2021, with GDP growing by up to 5.6%, signaling that the door to economic recovery is now wide open.

One Meralco is at the epicenter of the country's robust economic recovery as it powers commercial and industrial sectors and ensures that lights continue to be on for millions of Filipino citizens working and studying from home. In 2021, the Group continued to respond to the growing needs of its customers and successfully served about 7.4 million connections—up by 4% from 7.1 million in 2020.

NUMBER OF CUSTOMER CONNECTIONS PER TYPE

	MERALCO			CLARK ELECTRIC		
	2019	**2020**	**2021**	**2019**	**2020**	**2021**
Residential	6,358,417	6,573,953	6,837,717	1,004	1,059	1,129
Commercial	527,701	539,912	554,183	1,268	1,311	1,323
Industrial	10,568	10,667	10,686	154	156	158
Flat Streetlights	4,808	4,842	4,909	92	87	93
TOTAL	**6,901,494**	**7,129,374**	**7,407,495**	**2,518**	**2,613**	**2,703**

ENERGY SALES PER CUSTOMER TYPE (in GWh)

	MERALCO			CLARK ELECTRIC		
	2019	**2020**	**2021**	**2019**	**2020**	**2021**
Residential	14,581	16,479	16,906	8	9	7
Commercial	18,172	14,490	14,950	311	277	284
Industrial	13,394	11,958	13,517	265	218	265
Flat Streetlights	138	140	142	1	1	2
TOTAL	**46,286**	**43,067**	**45,515**	**585**	**505**	**558**

[12] International Energy Agency, " Defining energy access: 2020 methodology," IEA, 13 October 2020. [Online]. Available: https://www.iea.org/articles/defining-energy-access-2020-methodology.





Pre-pandemic, the commercial segment comprised the majority of One Meralco's total energy sales at 39%. Residential sales were historically much lower at only 31%. However, starting 2020, a larger share of Meralco and Clark Electric's sales came from households, as more people worked and studied from home driven by the ongoing pandemic. Energy sales from residential customers grew by 13% from 2019 to 2020. On the other hand, commercial customers, confronted with lockdowns and mobility restrictions, decreased by 20% in the same period. Meanwhile, in 2021, energy sales from industrial customers bounced back from the significant decrease from 2019 to 2020.

Despite the sales from commercial and industrial sectors shrinking, One Meralco's overall energy sales saw a 6% increase in 2021, a rebound from 2020 levels which saw a significant 7% decrease from 2019.



Energizing Remote and Low-Income Communities

Beyond its fundamental mandate to provide customers unhampered access to electricity, Meralco recognizes the importance of enabling energy access for unserved and underserved groups. The Company strives to deliver affordable and accessible energy to low-income households, especially those in remote, off-grid communities.

Aligned with the Department of Energy's goal to achieve 100% electrification in the country, the Meralco Electrification Program (MEP) is the pillar that holds together the Company's work towards universal electrification. The MEP is supported by Meralco's innovative microgrid solutions and the One Meralco Foundation's (OMF) Household Electrification Program (HEP). The HEP is Meralco's way of bridging energy gaps by collaborating with local government units and homeowners' associations to overcome energy accessibility challenges, as Right of Way and occupancy issues are often barriers for urban and rural communities alike confronted with energy poverty.

In 2021, Meralco achieved 100% energization of priority sites. Under the MEP, the Company completed the electrification of 536 priority sites, energizing a total of 23,742 households. Additionally, OMF's HEP paved the way for the electrification of 7,509 low-income households that had been in the dark for too many years. Only 1,750 households remain unenergized in Meralco's franchise area and will be served through the Company's off-grid solutions—microgrid and solar home systems—which will be deployed in 2022. In preparation for this, several engagements were conducted in 2021 focused on ensuring the readiness of the intended beneficiaries, communities, and LGUs.

Meralco's focus on microgrids—localized, small-scale electrical networks that operate independently from the grid—is the best and most viable solution for communities that are underserved due to their distance to tapping points. In the past, microgrids were powered solely by diesel generators used during peak hours. Now, solar energy powers microgrids during the day and battery energy storage systems allow for storage of energy for nighttime consumption, solving intermittency issues while making it possible for far-flung communities to enjoy reliable and clean energy 24x7.

Meralco's solar microgrid solution enables the lighting up of far-flung communities in Isla Verde in Batangas and Cagbalete Island in Quezon. The Company started deploying this solution in 2020, which will benefit about 600 households and 11 resorts. Meralco is looking forward to the commissioning of this project by December 2022.

BRIGHT SMILES

UPLIFTING FILIPINO COMMUNITIES THROUGH THE MERALCO ELECTRIFICATION PROGRAM

"Noong wala pa kaming sariling koneksyon ng kuryente, limitado lang ang appliances na aming nagagamit. Napakalaki rin ng aming losses dahil nasa kabilang barangay pa ang aming metro. Kapag 'di nakapagbayad ang ilan naming kabarangay, napuputulan kaming lahat. Madalas ding walang kuryente tuwing may bagyo.

"Ngayon, mas mababa na ang binabayaran namin dahil may sari-sarili na kaming koneksyon. Mas panatag na rin ang aming kalooban dahil alam naming ligtas na ang koneksyon ng kuryente at hindi kabit-kabit na pwedeng mauwi sa sunog."

"After two-and-a-half years ng pagsisikap at paghihintay, umunlad na ang aming barangay. Tumaas ang value ng lupa dahil may primary and secondary lines na—mas marami na ang gustong bumili ng mga property. Nakapaglagay na rin kami ng ilang streetlights sa aming barangay. Talagang napakaliwanag na ng aming komunidad."

—Mylyn Comendador
Barangay Captain of Isabang, Majayjay, Laguna



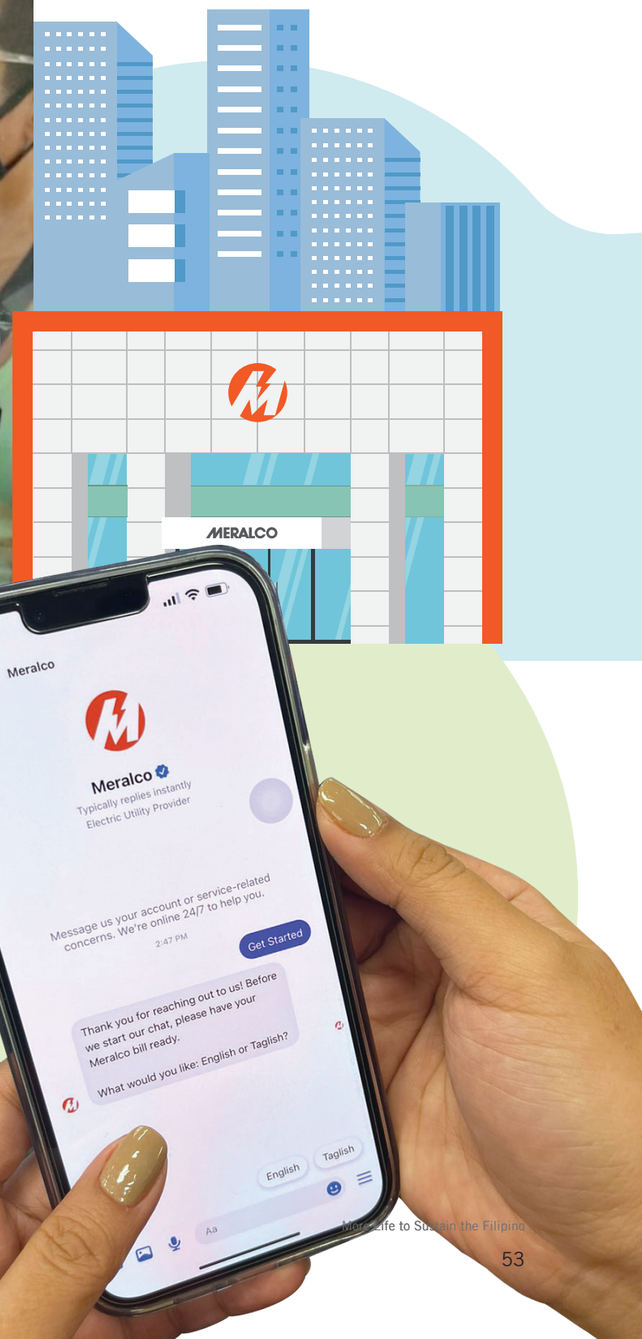
Enabling Efficient Access to Power

Enabling more households to connect to the grid and receive the gift of electricity is only the beginning of Meralco's work. To ensure unhampered energy access, the Company must ensure that the customer journey will not end in disconnection. As such, Meralco works hand-in-hand with its customers through multi-channel platforms to ensure continuing service amid the country's recovery.

In 2021, Meralco's Business Centers continued to be open to cater to the needs of customers who preferred in-person transactions, while SMS and other digital customer channels (social media, live chat, and email) remained available 24x7x365 for customers who preferred to stay within the comforts of their homes. Furthermore, Meralco Online and the Meralco Mobile App allowed customers to access and manage their accounts anytime, anywhere, with real-time views on account status, operational reports, and bills.

In addition to ensuring that its customer communication channels are always open, Meralco also simplified its procedures for new account applications and quickened the provision of power to new commercial customers through the electronic Certificate of Final Electrical Inspection (eCFEI), in support of the country's Ease of Doing Business Act.





24x7x365

CUSTOMER SERVICE AVAILABILITY

Reliability: Distributing Uninterrupted Power

SASB IF-EU-550

Access to reliable energy is essential to economic recovery, as enshrined in **SDG 7: Affordable and Clean Energy**. As such, in 2021, One Meralco continued to be committed to delivering stable and high-quality power to those it serves by building and maintaining a resilient grid, introducing digital innovation, and ensuring its robustness, all while responding efficiently to address outages when they occur.

This section narrates how One Meralco is able to provide unhampered electricity service to its customers.

Maintaining Quality Systems for Reliability

One Meralco uses various internationally accepted standard indicators to monitor and manage the reliability and quality of its service. For instance, the average number of service interruptions experienced by Meralco customers decreased by 6% from 1.50 times in 2020 to 1.41 times in 2021, based on the System Average Interruption Frequency Index (SAIFI). Meanwhile, Clark Electric saw a significant 47% decrease in its SAIFI.

Meralco and Clark Electric customers also experienced shorter service interruptions in 2021 (than in 2020) at 138.77 minutes and 51.41 minutes, respectively, based on the System Average Interruption Duration Index (SAIDI).

The Group's performance in both metrics were well within the reward levels prescribed by the ERC, and this has been the case since the implementation of the Performance Incentive Scheme in 2012, owing to continuous improvements in system reliability through various measures such as preventive maintenance activities.

To ensure the stability and reliability of its electrical infrastructure and to reduce the incidence of unplanned power interruptions, Meralco and Clark Electric regularly perform on-site inspections and testing of its distribution facilities and continuously replace or upgrade equipment in compliance with industry and national standards. The two Companies also conduct tree-pruning activities and line-clearing operations. In addition, to prevent outages due to malfunctioning sub-transmission assets, Meralco and Clark Electric conduct ultrasonic scanning of its lines and equipment immediately after typhoons or other natural disturbances. These proactive measures also help ensure the safety of the public and that of the Companies' customers and workforce.

IMPROVED SERVICE PERFORMANCE

6%
DECREASE IN SAIFI

15%
DECREASE IN SAIDI

9%
DECREASE IN CAIDI

DISTRIBUTION RELIABILITY METRICS

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
SAIFI (in number of times)	1.77	1.50	1.41	2.63	3.29	1.74
SAIDI (in minutes)	188.36	163.00	138.77	143.81	111.44	51.41
CAIDI (in minutes)	106.48	108.62	98.43	35.39	28.92	30.90



Future-Proofing the Distribution Network Through Digitalization

Meralco is a pioneer in utilizing smart grid technology to respond to dynamic challenges in the power sector. For instance, the Company's Supervisory Control and Data Acquisition (SCADA) system has enabled Meralco to perform real-time surveillance of its grid system in the field, to apply data analytics in diagnostics, and to control devices to address operational issues with impressively zero downtime in the last eight years.

In 2021, Meralco raised the bar on delivering a more reliable power service by piloting two programs. First is the Closed-Loop Fault Location and Supply Restoration (FLISR) Project, which automatically isolates faults and restores power to healthy parts of the network during an outage. FLISR was deployed to 24 circuits in the system. Another initiative of Meralco was the Mobile Distribution Transformer (MDT) Project, a truck-mounted distribution transfer deployed to areas with outages and reduces the usual 2-to-3-hour service interruption to only a few seconds. In 2021, three MDTs were deployed and five more will be added in 2022.

To scale the impact of these seminal programs, Meralco will continue to invest in distribution automation through the installation of remote-controlled line devices and fault indicators that aid in faster location and mitigation of distribution line troubles.

Meanwhile, the Integrated Mobile Computing System (IMCS) is an automated solution that coordinates the dispatch of repair crews to quickly address problems in the grid such as accidental or unplanned power outages. The IMCS data can be used to enhance worker productivity and promote faster customer service. This solution not only provides an efficient dispatch of crews but also promotes paperless operations by eliminating the printing of Field Orders.

Another integral component of Meralco's Smart Grid Program is the propagation of the Advanced Metering Infrastructure (AMI), which includes the rollout of smart meters along with the deployment of a modern, secure, and robust telecommunications and IT infrastructure that enables two-way communication between the Company and its customers. This tool provides clients with detailed consumption information and offers energy efficiency tips tailored to their usage, paving way for a more informed and empowered customer.

By the end of 2021, 108,055 smart meters were installed across Meralco's franchise area. In collaboration with DOE and ERC, Meralco plans to invest about PhP 39.2 billion in the next four years to ramp up its Smart Grid Program, bringing to life the Grid of the Future to serve millions of customers more efficiently and reliably than ever before.

Keeping the Lights on Amid the Climate Crisis

The Philippines is buffeted by an average of 20 typhoons annually, around five of which are typically destructive. Damaging floods have also ravaged the country in recent years. For Meralco, these physical risks must be addressed through a resilient distribution system. As such, the Company takes extensive preventative action to ensure the resiliency of its entire distribution system, including preparing its infrastructure and disaster response team for extreme weather events.

To prepare for typhoons, Meralco takes preemptive actions such as targeted tree trimming and cursory line inspection in partnership and coordination with local government units and other government agencies, such as the DOE and the Metropolitan Manila Development Authority.

In addition, Meralco implements storm-hardening measures such as the replacement of poles, upgrading of conductors and lead wires, and installation of line and equipment covers. In 2021, 8,470 line and equipment covers were installed near building work sites. Meralco owns, operates, and maintains 6,124 spans of overhead lines and underground cables, while 4,192 wooden cross arms were converted to lighter, easier-to install, and more durable fiberglass crossarms. Moreover, 8,223 aging wooden poles were replaced with concrete poles. Meralco not only boosts the resiliency of its facilities by phasing out wood, but the decreased dependency on this resource also helps lessen its environmental footprint.

One Meralco also continued to enhance its Lightning Protection Improvement Program (LPIP), which protects the network against lightning and ensuing power surges. Specifically, Meralco installed line surge arresters and overhead static wires to protect the overhead conductors and reinforced its system neutral and pole grounding. In addition, a lightning detection system advises Meralco personnel on the magnitude and approximate location of lightning strikes within the franchise area. This technology provides vital information in prioritizing LPIP implementation and has resulted in a 62% reduction of occurrence of outages due to lightning since 2017.

STORM HARDENING METRICS

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Poles replaced	10,914	2,604	8,223	5	1	-
Upgraded conductors (in spans)	14,988	6,026	6,124	65	34	10
Upgraded DT primary lead wire	9,347	4,680	3,283	-	-	2
Installation of line and equipment covers	5,763	2,713	8,470	-	-	-
Wooden crossarms converted to fiberglass	13,434	6,263	4,192	-	-	-
CAIDI (in minutes)	106.48	108.62	98.43	35.39	28.92	30.90

LIGHTNING PROTECTION IMPROVEMENT METRICS

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Number of surge arresters used for installation or replacement	16,439	7,397	6,554	-	1	9
Number of poles used for pole-grounding correction	17,079	8,470	7,374	48	18	12
Length of system neutrals installed (in spans)	2,345	1,213	1,573	-	-	-
Length of overhead shield wires installed (in spans)	3,835	2,051	1,643	-	-	-
Number of remote-controlled line reclosers installed	559	91	257	18	-	-

Preemptive and proactive measures such as these make One Meralco better prepared to weather the storms in a calamity-prone country, thereby providing reliable energy to all it serves.







Powering Communities Towards Resilience

One can say that disasters differentiate communities in two ways: one that needs rescuing, and another that provides rescue.

Meralco aims to be the most reliable organization in the Philippine power industry. To do this, the Company has taken extensive steps to ensure that its operations are resilient. Meralco has established a robust Business Continuity Management (BCM) system to keep its employees safe and able to work especially in times of disasters. The Company also ensures that Meralco's workplaces are resilient to natural calamities. In fact, all buildings in the Meralco Center have been reinforced for earthquake resilience. In the unlikely event that its primary system control center is compromised, Meralco has also installed and operationalized emergency backup sites to enable continuous operations.

Carrying upon itself a mantle of service to the community during and after disasters, Meralco is also the government's reliable partner in disaster response within and beyond its franchise area.

A week before Christmas, Super Typhoon Odette, the strongest to hit the Philippines in 2021, wreaked devastation all over the country. More than 1.2 million families in the Visayas were reportedly displaced by the strong typhoon.

Meralco responded to this disaster with compassion. At a time when Filipino families gathered for Christmas celebrations, a 140-strong contingent composed of Meralco's line crews and engineers left families in Manila behind for Cebu and Bohol on a mission to help restore the light for hundreds of communities that were then enveloped in darkness. They augmented the workwomen and women of the Visayan Electric Company and the Mactan Electric Company in Cebu as well as the Bohol Light Company, Inc. and the Bohol II Electric Cooperative in the critical task of post-disaster power restoration.

Complementing this effort, OMF distributed up to 5,000 care packs to families in great need as well as 140 solar torches and generator sets in the Dinagat and Siargao Islands. Meralco employees also pooled up to PhP 1 million in charitable donation, which were channeled to non-profits on the ground.

Carrying the work forward with kalinga and malasakit, Meralco responds— even beyond its franchise area— in times of calamity.



Clean Energy: Powering Through a Low-Carbon Future

SASB IF-EU-000.C | SASB IF-EU-000.D | SASB IF-EU-000.E

The energy sector is responsible for 60% of the world's total greenhouse gas emissions, yet it is also heavily relied upon to power continuous economic growth. As such, in support of **SDG 7: Affordable and Clean Energy**, One Meralco is working to realize a future where powering society's progress runs parallel with environmental stewardship. The Group's journey towards becoming coal-free by 2050 is critical in enabling the Philippines' economic growth without compromising the country's future.

One Meralco responds to the government's RE drive and the global clamor for genuine climate action through Meralco, the distribution utility; MGen, its power generation arm; and Spectrum, its own-use solar solutions provider.

This section details One Meralco's work on accelerating the Philippines' low-carbon transition.

Advancing the Clean Energy Shift

The COVID-19 pandemic presented many societal challenges, but it also provided an opportunity for an economic reset towards sustainability.

While meeting short-term demands to propel immediate recovery, One Meralco bets in the long term on clean energy through Meralco, Clark Electric, MGen, and Spectrum.

Meralco and Clark Electric source significant amounts of energy from generation entities and distribute it via their own distribution networks. While fossil fuels still dominate the fuel mix of both Companies, Meralco and Clark Electric will take bold and significant steps towards the Group-wide aim to progressively increase its supply from RE sources in compliance with the Renewable Portfolio Standards (RPS) requirements under the Renewable Energy Act of 2008. In fact, in 2021, Meralco announced its plan to source up to 1,500 MW of its power supply requirements from RE sources in the next five years.



One Meralco is working to realize a future where powering society's progress runs parallel with environmental stewardship.

POWER DISTRIBUTION UTILITY FUEL MIX

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Coal	29.57%	32.15%	32.75%	63.52%	70.84%	53.18%
Natural gas	56.29%	54.47%	48.50%	0.00%	0.00%	0.00%
Oil	1.45%	0.33%	5.56%	0.00%	0.00%	0.00%
Hydro	0.03%	0.52%	2.21%	12.01%	23.91%	20.72%
Geothermal	0.00%	0.00%	0.17%	0.00%	0.00%	0.00%
Wind	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Solar	0.15%	0.34%	0.64%	0.02%	0.03%	0.02%
Biomass	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WESM	12.51%	12.19%	10.17%	24.45%	5.22%	26.08%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

POWER GENERATION FUEL MIX OF MGEN

	2019	2020	2021
Coal	51.35%	60.84%	59.05%
Natural gas	47.53%	38.52%	39.96%
Diesel	1.12%	0.64%	0.50%
Solar	0.00%	0.00%	0.50%
TOTAL	**100.00%**	**100.00%**	**100.00%**

CAPACITY OF SOLAR PANELS SOLD BY SPECTRUM (in kWp)

	2019	2020	2021
Residential	48.00	702.00	239.14
Commercial & Industrial	7,398.00	11,183.00	13,784.53
TOTAL	**7,446.00**	**11,885.00**	**14,023.67**

A major component in Meralco's plan to increase RE in its supply mix is its goal to move 100% of its mid-merit supply to RE by 2030, which will effectively shift up to 29% of its current portfolio to clean sources. Additionally, the Company supports the government's new RE policies, such as the Green Energy Option Program (GEOP), which provides consumers with average pewak demands of at least 100 kW the option to source their electricity needs from purely renewable sources. In 2021, many of Meralco's commercial and industrial customers expressed their interest to join the program in the next few years.

Meanwhile, from a power generation standpoint, MGen continued to diversify its portfolio away from coal. In 2021, natural gas accounted for the second-largest share in its energy mix, amounting to roughly 40% of total energy generated. This was due to the Company increasing its effective interest in Singapore-based PacificLight Power from 28% to 58% in July 2021.

Leading One Meralco's transition to clean energy is the development of MGen's 55-MWac solar farm in San Miguel, Bulacan, through a Meralco-led consortium with PowerSource Energy Holdings Corporation. The utility-scale solar plant was commissioned in the second quarter of 2021 and will supply energy to Meralco for at least 20 years.

14 MWp

TOTAL SOLAR CAPACITY INSTALLED BY SPECTRUM

SPECTRUM

Moving forward, One Meralco, through its energy businesses, will remain steadfast in accelerating its just, orderly, and affordable transition to clean energy to power the country's economic recovery and growth.

MGen has also begun expanding its RE capacity through the development and construction of solar farms in the provinces of Rizal, Ilocos Norte, and Isabela, all of which are expected to be operational by end of 2022 up to early 2023. These projects are all part of MGen's aim to build RE facilities with a total capacity of 1,500 MW by 2027 through its subsidiary, MGreen.

Another major milestone in One Meralco's transition to clean energy is MGen's termination of its involvement in the development of coal-fired power plants amounting to a total capacity of 2,500 MW. This bold move effectively avoided 178.7 million tCO_2 from entering the atmosphere over 25 years, the usual lifespan of coal plants in the Philippines.

In addition to Meralco's and MGen's efforts, Spectrum is also helping in widening One Meralco's RE footprint as it provides small-scale, distributed solar solutions to residential, commercial, and industrial customers. So far, Spectrum has energized thousands of private, educational, and government institutions, totaling 14 MWp in capacity.

Moving forward, One Meralco, through its energy businesses, will remain steadfast in accelerating its just, orderly, and affordable transition to clean energy to power the country's economic recovery and growth.





POWERING A SUSTAINABLE CLOUD

As government services, delivery businesses, and formal learning turned to the digital cloud during the pandemic, the spotlight was cast on the amount of energy consumed and emissions generated by data centers, which consume a colossal amount of electricity to support 24x7 operations across the world. In fact, data centers consume about 3% of the global electricity supply and account for up to 2% of total GHG emissions—50% more than the size of the entire airline industry.[13]

To enable data centers to decarbonize, Meralco's retail electricity unit, MPower, supplied ePLDT, a leading IT service management company in the Philippines, with diversified power to its VITRO data centers. These data centers help the Philippines in positioning itself as an emerging data center hotspot in the Asia-Pacific region, competing with more advanced markets like Singapore, Hong Kong, Japan, and Taiwan.

MPower will provide RE for a significant portion of the total consumption of each of ePLDT's VITRO data centers. This is the largest RE supply MPower will provide to a commercial data center operator in the country. This initiative is expected to reduce GHG emissions in ePLDT's data centers by up to 20%, which translates to about 924,000 tree seedlings grown for 10 years. MPower's RE supply will initially be rolled out across six VITRO data centers, while the other four will later on advance as part of ePLDT's sustainability roadmap.

[13] Climate Neutral Group, "Carbon emissions of data usage increasing, but what is yours?," Climate Neutral Group, [Online]. Available: https://www.climateneutralgroup.com/en/news/carbon-emissions-of-data-centers.



Accelerating the Philippines' Clean Energy Revolution Through Solar Energy

In 2021, Meralco's power generation arm, MGen, successfully completed the construction of its very first solar plant, BulacanSol, through its RE subsidiary, MGreen.

The 55-MWac solar farm in San Miguel, Bulacan, began supplying clean energy to Meralco under a 20-year PSA, which may be extended to up to 25 years by the Energy Regulatory Commission. The PhP 4.25 billion project, is a joint undertaking between MGreen, which owns 60% of the company, and PowerSource Energy Holdings Corporation, which holds the remaining 40%.

Furthermore, in 2021, MGen, through its wholly owned subsidiary Global Business Power Corporation, broke ground for its first solar plant in Baras, Rizal. The 75-MWac plant is expected to begin commercial operations in the second half of 2022 and will supply green energy to the Luzon grid.

The establishment of BulacanSol and the groundbreaking of the Baras solar farm are MGen's first steps in its journey to build an RE generation portfolio with a total capacity of 1,500 MW by 2027. MGen's venture into the RE space helps ensure energy security in the country through green and cost-competitive power.



MGen's venture into the RE space helps ensure energy security in the Philippines through cost-competitive and earth-friendly power.

Making Traditional Power Sources Cleaner Through Advanced Technology

While steering its business towards more sustainable pathways, One Meralco optimizes the efficiency of its existing fossil fuel plants—a low-hanging, pragmatic step in decarbonizing the Philippine economy.

MGen's 455-MW (net) San Buenaventura Power Ltd., Co. (SBPL) coal-fired power plant in Mauban, Quezon, employs a state-of-the-art supercritical high-efficiency, low-emissions (HELE) technology, which allows for improved operational efficiency (i.e., more energy is produced versus non-HELE plants using the same amount of feedstock fuel) and less GHG emissions.

The United Nations lists supercritical technologies like HELE under its Clean Development Mechanism. To illustrate, a 500-MW (gross) HELE coal plant can reduce emissions by approximately 110,000 tCO_2e vis-à-vis a non-HELE plant of the same size. This is because a HELE plant can achieve up to 44% operational efficiency, compared to older plants which usually operate at 33% efficiency.





PLANET

Protecting and preserving Mother Earth

6%
OF DISTRIBUTION UTILITY VEHICLE FLEET ELECTRIFIED

85%
WASTE DIVERSION RATE

1.6M
TREES PLANTED

Protecting and preserving Mother Earth

Life on Earth is at a critical cross point.

Evidence of human-induced climate change is unequivocal. Only four years ago, global greenhouse emissions (GHG) reached an all-time high of 33.5 billion tonnes, a watershed moment in Earth's history, driven primarily by unabated burning of fossil fuels and clearing of forests around the world. Every year, more than 5.5 million premature deaths are recorded globally due to air pollution from anthropogenic sources, most notably coal, oil, and natural gas. Meanwhile, 771 million people worldwide lack access to clean water, and this situation will be exacerbated year on year by more extreme and frequent droughts. On top of this, as finite resources are being consumed beyond the planet's capacity to regenerate, waste continues to pile up in landfills and oceans, adding more GHG emissions to the atmosphere as they decompose.

Amid all these realities, One Meralco finds itself uniquely positioned to take action. At the heart of the Group's values is *malasakit*, the Philippine concept of caring and going the extra, an expression of genuine concern for Earth and all those living on it.

In 2021, One Meralco deepened its efforts to show *malasakit* for the planet with initiatives aimed at mitigating the Group's GHG emissions, managing its pollutants, and regulating its wastes.

Now more than ever, when the global health crisis showed the close and important relationship between the health of the planet and the safety and prosperity of the human race, One Meralco reaffirmed its commitment to protecting and preserving mankind's one and only home.

Climate Change: Mitigating a Global Environmental Crisis

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

At the 2021 United Nations Climate Change Conference (COP26) in Glasgow, United Kingdom, world leaders concluded that mankind is now facing a climate emergency. No contribution is too small, and no time can be wasted—society must respond with bold and swift action. To slow down the destructive impacts of climate change, reducing GHG emissions in the atmosphere is of paramount importance.

In support of **SDG 13: Climate Action**, in 2021, One Meralco continued to elevate and highlight GHG emissions reduction as a top sustainability performance indicator at the corporate level. Along with other key ESG metrics monitored and managed by the Group's senior management, sustainability accounted for 10% of Meralco's CEO and corporate performance assessment.

One Meralco uses the GHG Protocol, a global standard for measuring and monitoring GHG emissions, from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), to define the scope of its emissions as well as to manage their levels. Emissions tracked by One Meralco follow the global convention as follows:

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

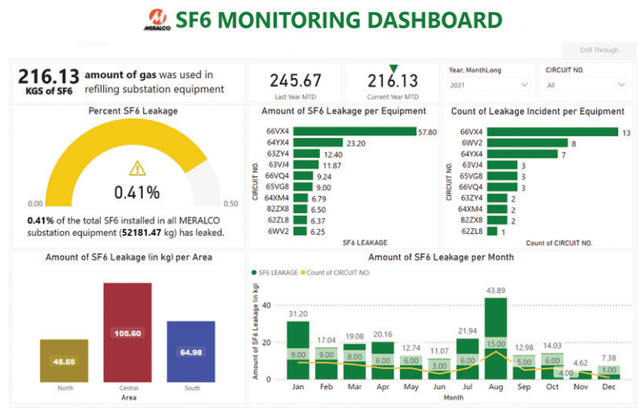


Aside from absolute emissions, One Meralco is also focused on measuring, managing, and reducing its emissions intensity by leveraging on cleaner technologies for its power-related activities.

The sections below detail One Meralco's work on mitigating climate change through GHG emissions management.

EQUITY-APPLIED SCOPE 1 EMISSIONS PER SOURCE (in tCO_2e)

	2019	2020	2021
SF_6 leakage	-	5,773.25	5,079.06
Gasoline consumption	876.55	775.33	1,520.04
Diesel consumption	11,239.23	11,410.84	11,819.93
Coal combustion	1,376,560.35	2,078,572.29	5,393,517.32
Natural gas combustion	1,003,802.38	954,280.85	1,088,674.60
Diesel combustion	12,036.91	8,271.31	40,984.52
TOTAL	**2,404,515.41**	**3,059,083.86**	**6,541,595.47**



Scope 1: Reducing Direct Greenhouse Gas Emissions

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

In 2021, One Meralco's Scope 1 emissions amounted to 6.5 million tCO_2e, an increase of 114% from 2020. This was mainly driven by MGen's full acquisition of Global Business Power Corporation (GBP) in the second quarter of the year. GBP operates various fossil fuel-fired power plants in the Visayas region, which amounts to a total gross capacity of 1,091 MW. Aligned with **SDG 7: Affordable and Clean Energy**, GBP was acquired by MGen in order to expand its thrust to provide fairly priced and reliable energy to other parts of the country.

With full recognition that fossil fuels are the principal drivers of climate change, Meralco will build up to 1,500 MW of renewable energy (RE) generation capacity across multiple technologies in the next 5–7 years through its subsidiary MGen. Aside from this, MGen will also sell down 49% of its equity share in the Atimonan One Energy (A1E) coal-fired plant by 2026.

Meralco also regularly monitors its sulfur hexafluoride (SF_6) outflows and ensures the recovery and recycling of this gas. At present, SF_6 outflows are monitored using gas pressure levels, while the mass of SF_6 gas used during refilling activities are measured with portable weighing scales.

In 2021, the Company recorded 216.1 kg of SF_6 discharges, down by 12% from 245.7 kg in 2020, due to an improved monitoring and management system. This almost 30-kg reduction in SF_6 leakage effectively avoided the release of nearly 694,000 $kgCO_2e$ to the atmosphere. To further abate emissions, starting 2026, Meralco will actively move towards achieving zero SF_6 emissions in its distribution system by replacing old SF_6-insulated equipment with new, SF_6-free equipment. All new distribution equipment to be purchased by Meralco will also be SF_6-free. In support of this goal, the Company has started to conduct research and series of consultations with various potential suppliers for SF_6-free switchgears and breakers that Meralco can use in the future.



128

TOTAL ELECTRIC VEHICLES DEPLOYED

25%

DISTRIBUTION UTILITY FLEET ELECTRIFICATION BY 2030

Leading the Charge on Vehicle Electrification

In 2021, Meralco continued rolling out its Green Mobility Program to accelerate efforts in vehicle electrification, one of the Company's main efforts to reduce its Scope 1 emissions. Through its electric vehicle (EV) subsidiary, eSakay, Meralco began rolling out 69 EVs—comprising of cars, motorcycles, pick-up trucks, and vans—to its various Business Centers (BCs) and Sectors Offices in Metro Manila, all of which are supported by five charging stations. With these new additions to Meralco's eco-friendly vehicle fleet, the Company is now equipped with a total of 128 EVs that primarily cater to the service delivery needs of its personnel and boasts a fully electric Metro Manila service vehicle fleet. In 2022, Meralco will roll out a total of 49 EVs and establish seven charging stations. These significant milestones are part of Meralco's objective to electrify at least 25% of its entire fleet by 2030.

In support of the newly enacted Republic Act No. 11697, or the Electric Vehicle Industry Development Act, One Meralco will continue to move with speed in the space of green mobility by accelerating the electrification of its own vehicle fleets to reduce its environmental impacts and operational costs.



BRIGHT SMILES

CLEANER SERVICE DELIVERY THROUGH GREEN MOBILITY



"The e-Motorcycle has been very helpful in my activities. It has enabled me to work efficiently and in an environment-friendly way.

I have no worries about the EV's reliability in the field because it has a backup battery. I used to have to constantly check if I still had gas on my motorcycle to last me throughout the long trips especially when I conduct fieldwork in areas far from petrol stations.

As a field representative, I'm happy to take an active role in Meralco's efforts to reduce the environmental impacts of its fleet by switching to EVs. It's also a great opportunity to raise awareness about the Company's sustainability initiatives among customers I meet and serve."

—Rodhel Panganiban
Field Representative, Caloocan BC



"Panalo ang EVs on every level—no fuel needed to run the vehicle, maintenance is minimal, at higit sa lahat ay eco-friendly pa. In terms of daily use, reliable itong gamitin sa maghapon—magaan, sobrang lambot ng manibela at hindi ka makakaabala sa customers dahil less noise at less pollution.

"Marami rin ang naa-attract at naku-curious dahil sa porma ng sasakyan nito. Malaking tulong din ang 12-inch monitor nito to aid us in our field work dahil pwedeng ma-sync sa mobile phone using Bluetooth technology. Perfect choice for Meralco!"

—John Dave Elish Estrella
Field Representative, Mandaluyong BC

Scope 2: Regulating Indirect Greenhouse Gas Emissions

GRI 302-2 | GRI 305-2

One Meralco's Scope 2 emissions in 2021 totaled almost 2.1 $MtCO_2e$, a 1% increase versus 2020, due to an increase in system loss volumes, which accounted for 97% of the Group's emissions for this scope. This increase was due to the 8% higher energy sales driven by the reopening of the economy.

Meanwhile, One Meralco's own electricity consumption, another driver of Scope 2 emissions, declined by 3% in 2021 to 75,794 MWh from 78,027 MWh in 2020 due to the various energy conservation and efficiency measures implemented by the Group. For instance, Meralco converted all of its lighting fixtures to LED alternatives, replaced its air conditioning units with inverter types, and constructed anti-heat island projects such as green parking spaces, green walls, and rooftop gardens to help reduce the heat load in the Company's facilities.

Embracing Innovation for an Energy-efficient workplace

Energy conservation and efficiency are a low-hanging fruit in global decarbonization and for companies, it also makes perfect economic sense. In 2021, One Meralco continued driving its Resource Conservation and Efficiency (RCE) Program, which aims to lower the Group's Scope 2 emissions and its operating expenses by managing its own electricity consumption. Established in 2020 to support **SDG 12: Responsible Consumption and Production**, the RCE Program initially covered the Meralco Center only.

In 2021, Meralco increased the footprint of its solar panels across its facilities in Metro Manila by installing 190.1 kWp on several buildings in the Meralco Center and in its Business Centers. This, coupled with improved energy usage monitoring and management, reduced energy consumption in Meralco from 19.9 GWh in 2020 to 16.9 GWh in 2021.

EQUITY-APPLIED SCOPE 2 EMISSIONS PER SOURCE (in tCO_2e)

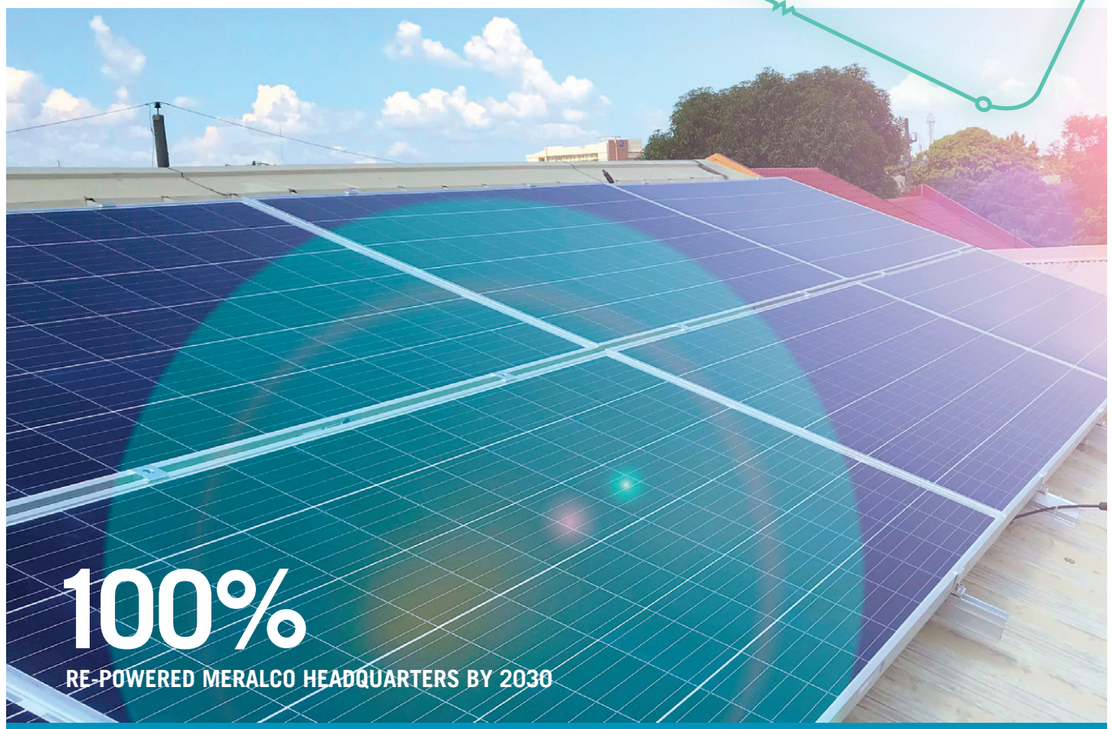
	2019	2020	2021
System loss	1,928,079.89	1,975,051.72	1,998,436.99
Electricity consumption	53,295.10	55,017.78	53,980.20
TOTAL	**1,981,374.99**	**2,030,069.50**	**2,052,417.20**

TOTAL ELECTRICITY CONSUMPTION (in MWh)

	2019	2020	2021
Meralco	60,397	57,960	59,326
Subsidiaries	15,254	20,067	16,468
TOTAL	**75,651**	**78,027**	**75,794**



3%
REDUCTION IN SCOPE 2 EMISSIONS



100%
RE-POWERED MERALCO HEADQUARTERS BY 2030

ACCELERATING THE SOLARIZATION OF MERALCO DU FACILITIES

Meralco's RCE Program is a major part of the Company's response to urgent calls for climate action as well as to the Philippine government's Energy Efficiency and Conservation Act (Republic Act No. 11285), which was passed into law in 2019.

At the heart of the RCE Program is the solarization of key facilities such as the Lopez and Technical Services Buildings in the Meralco Center and select Business Centers (BCs). In 2021, Meralco installed solar panels with a total capacity of 16.2 kWp in its Antipolo BC.

Plans to solarize the Marikina and Roosevelt BCs have been completed in early 2022, while plans to energize the Company's BCs in Alabang, Balintawak, and San Pedro are expected to be completed within this year.

The Meralco Center is envisioned to be powered with 100% renewable energy (RE) by 2030 through onsite sources (via rooftop and ground-mount solar panels) and offsite supply (via RE retail supply contracts). This will allow Meralco to avoid releasing 15,425 tCO_2e to the atmosphere via electricity consumption.

Scope 3: Managing Value Chain Emissions

GRI 305-3

One Meralco's Scope 3 emissions totaled 30.2 MtCO_2e in 2021, up from 29.4 MtCO_2e in 2020. This roughly 3% increase was mainly drive by the increase in Meralco and Clark Electric's energy sales, primarily fossil fuel-based, as discussed in Section 5.2 (Accessibility).

Meralco has the social responsibility and legal obligation to provide consumers within its franchise area with energy at the most affordable price. Section 4 of Republic Act 9209 mandates Meralco to "supply electricity to its captive market in the least-cost manner." While the Company acknowledges that the burning of fossil fuels is highly polluting and contributes to global warming, coal- and gas-fired power continues to be the cheapest option in the Philippines, and this continues to be Meralco's leading sources of electricity for its customers. Nonetheless, as part of its long-term sustainability strategy, Meralco is taking bold and strategic steps to wean off coal. Aligned with the government's Renewable Portfolio Standards (RPS), the Group will gradually increase the share of clean energy in its fuel mix by procuring more RE supply. The Company will secure 1,500 MW of RE from power generators in the next five years.

Emissions Intensity: Ensuring Cleaner Energy

GRI 305-4

In addition to managing its absolute emissions, One Meralco also carefully tracks its emissions intensity—the amount of GHG emissions (measured in tonnes of carbon dioxide equivalent, or tCO_2e) per unit of output or activity (measured in GWh energy sales).

In 2021, the Group's combined Scope 1, 2, and 3 emissions intensity was 842.4 tCO_2e/GWh, more than 6% higher than 792.1 tCO_2e/GWh the previous year. This growth was mainly due to the full acquisition of GBP, whose power plants are all fossil fuel-based.

As part of its long-term sustainability strategy, One Meralco is implementing significant measures that will steadily reduce its absolute emissions and emissions intensity through 2030 and beyond while continuing to grow its customer base and energy sales. The most prominent of these initiatives include contracting more RE supply and building more RE power plants, as discussed in previous sections.

EQUITY-ADJUSTED APPLIED SCOPE 3 EMISSIONS PER SOURCE (in tCO_2e)

	2019	2020	2021
Energy sales	32,309,500.30	29,422,091.27	30,216,779.70
Gasoline consumption of rented/ contractor-owned vehicles	32.83	41.43	37.92
Diesel consumption of rented/contractor-owned vehicles	20.87	16.81	10.28
TOTAL	**32,309,554.00**	**29,422,149.51**	**30,216,827.91**

EQUITY-ADJUSTED EMISSIONS INTENSITY (in tCO_2e/GWh)

	2019	2020	2021
Total emissions	36,695,444	34,511,303	38,810,775
Energy sales	46,871	43,572	46,073
EMISSIONS INTENSITY	**782.91**	**792.05**	**842.38**

One Meralco is implementing significant measures that will steadily reduce its absolute emissions and emissions intensity through 2030 and beyond amid continuing growth in its customer base and energy sales.



Carbon Offsetting: Restoring Biodiversity to Counter Emissions

Aside from addressing its direct emissions and those emanating from its value chain, One Meralco also invests in carbon offsets. In support of **SDG 15: Life on Land**, the Group's One for Trees (OFT) Program, founded and spearheaded by One Meralco Foundation (OMF), is a nature-based solution at removing emissions from the atmosphere while reviving and protecting ecosystems.

Since 2019, OMF and its community partners have planted a total of 1,620,724 trees—equivalent to offsetting almost 35,300 tCO_2e of emissions—in various areas in the Philippines. In partnership with the Green Earth Heritage Foundation, OMF aims to plant and nurture at least five million trees through 2025 in different forest lands and critical watersheds within the Meralco franchise area and beyond. The majority of the trees planted are species native to the Philippines, further enriching and preserving the country's biodiversity.

While seeking to revive and rehabilitate damaged and threatened forests and watersheds, OMF is also providing a steady flow of income to communities who help plant the trees through agroforestry. Mature trees and rehabilitated forests serve as natural carbon sinks and habitats for many animal species.

Air Quality: Maintaining Breathable Air

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

Worldwide, emissions from power plants are the top drivers of air pollution. Cognizant of this adverse impact on the environment, One Meralco strives to maintain its non-greenhouse gas (GHG) emissions within standards set by the Philippine Department of Environment and Natural Resources (DENR).

2021 marked the first time One Meralco included data on its non-GHG emissions in its sustainability report to supplement its environmental disclosures. In the last three years, the concentrations of pollutants released by MGen's fossil fuel-fired power plants all fell within the acceptable threshold set by the DENR Environmental Management Bureau.

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

	2019	2020	2021
Nitrogen oxides (NOx)	373.09	315.50	328.78
Sulfur oxides (SOx)	65.89	584.22	481.16
Particulate matter (PM10)	55.62	53.06	37.62
Persistent organic pollutants (POPs)	Not being monitored		
Volatile organic compounds (VOCs)			
Lead (Pb)			
Mercury (Hg)			

Moving forward, MGen will explore ways to monitor other air pollutants such as POPs, VOCs, Pb, and Hg in order to better understand the environmental impact of its power plants across the country.

100%

COMPLIANT WITH DENR'S AIR QUALITY STANDARDS

Water and Effluents: Keeping the Oceans Clean

GRI 303|SASB IF-EU-140

The Philippines is confronted with a water scarcity crisis. At present, more than three million Filipinos continue to tap unsafe and unclean water sources. To conserve this vital resource, One Meralco has established various strategies to manage consumption without causing water stress within its areas of operation.

In 2021, MGen, which contributes more than 99% of One Meralco's water use, withdrew nearly 1.3 trillion liters of seawater to cool its coal-fired power plants during operations through a once-through process. 99.9% of this extracted water was discharged back to the sea. Meanwhile, the remaining 0.01% consumed by the Company either evaporated during the cooling process or was used for power plant processes and office operations. Effluents generated in the same year went through water treatment facilities before being discharged safely to bodies of water.

WATER MANAGEMENT METRICS OF MGEN (in liters)

	2019	2020	2021
Withdrawn	1,385,612,450,101	1,232,175,026,142	1,271,898,962,659
Consumed	832,920,815	553,920,741	736,961,146
Discharged	1,384,779,529,286	1,231,621,105,401	1,271,162,001,513



Fostering a Water-Smart Workforce

Creating awareness about responsible ways to use and manage water and encouraging employees to become stewards of this precious and finite resource is an important part of One Meralco's drive to take care of Mother Earth.

In 2021, Meralco continued to invest in training its Pollution Control Officers in wastewater management, including the operation of septic vaults and sewage treatment plants (STPs), to strengthen the understanding of its personnel on wastewater sources, health impacts, and waste minimization.

Aside from training environmental officers, Meralco also engaged with regular employees to practice water conservation. Information about ways to use water wisely is shared on various platforms, including desktop wallpapers, email alerts, and physical campaign materials such as signages and posters. The Company also promoted the use of recycled water for cleaning and for watering plants within its premises.

13%

REDUCTION IN WATER CONSUMPTION IN BUSINESS CENTERS AND SECTOR OFFICES

CHALLENGING EMPLOYEES TOWARDS RESOURCE CONSERVATION AND EFFICIENCY

On World Environment Day last year, Meralco, through its Resource Conservation and Efficiency Program, launched the Save-a-Watt, Save-a-Drop Challenge among its employees from 11 Sector Offices and 57 Business Centers. The challenge aimed to promote and raise awareness on the optimal use of energy and water resources across Meralco's facilities by calling for the most innovative resource-saving ideas and by implementing these in the workplace over six months. Participating offices measured their respective electricity and water usage savings from July to December 2021. As a result of these conscious efforts, Meralco achieved an 8% reduction in electricity consumption and almost 13% reduction in water consumption versus 2020 levels. Moving forward, the Company will continue to implement employee engagement initiatives that are aimed towards the adoption of sustainable practices.



BRIGHT SMILES

MERALCO EMPLOYEES SAVING THE PLANET, ONE KILOWATT AND DROP AT A TIME

"Masaya kami to participate in this program dahil in our own little ways, nakakapag-contribute kami sa pag-protect ng planet. 'yung in-invest naming little time and effort kada araw ay nagbunga. Kasama dito ang daily monitoring ng facilities namin, pagre-repair ng leaks and defective faucets, pati na rin ang pagche-check kung may naiwang AC, lights, at ibang electric equipment na ka-on pero walang gumagamit.

"May challenges kaming kinaharap sa program na 'to tulad ng change in culture and behavior ng mga tao. Ang ginawa namin ay nagbigay kami ng announcements during weekly flag ceremony at nagbigay ng constant reminders every day. The key here is discipline.

"To sustain the team's performance and to continue contributing to conserving our electricity and water resources, we need to:

1. Understand the goal.
2. Be aware of our roles.
3. Learn from our lessons from yesterday to improve our results today."



—Franklin S. Mozo
Team Leader, Rizal Sector-Logistics

Waste: Minimizing Discarded Resources

GRI 306-1 | GRI 306-5

While waste is one of the more accessible topics not only to businesses but also to policy leaders and the general public, addressing the waste crisis requires complex solutions and all of society's actors working together. The Philippines has among the highest waste collection rates in Southeast Asia, but disposal is abysmal, with up to 70% of Filipinos without access to disposal facilities and sanitary landfills, causing waste to leak into bodies of water, harming the health of both aquatic animals and humans who rely on natural sources of water.

One Meralco responds to the mounting waste challenge by addressing the root cause of waste—the linear take-make-dispose model of resource use. The Group has put in place policies and programs to move away from this approach by institutionalizing the three Rs of waste management: reduce, reuse, and recycle. Meanwhile, if there are materials that inevitably reach end-of-life, they are disposed with the highest waste management standards being observed.

At the heart of One Meralco's waste management practice is its deep care for the health of its workforce, its communities, and the planet. Where there is minimal waste, safe and healthy communities thrive.

This section explores how One Meralco promotes responsible waste management.

Curbing Waste Generation

In 2020, One Meralco launched its Race to Zero Waste Program (RZW) to integrate its waste management practices and initiatives across Meralco's business units and subsidiaries. The goal of the program is to reduce waste generation and waste disposal in landfills across all facilities of One Meralco, including production sites, office buildings, Sector Offices, Business Centers, storage facilities, and substations.

Addressing the entire lifecycle of waste management—from generation and segregation to collection and disposal—the RZW Program is built on the success and momentum of Meralco's Group-wide ban on single-use plastics (SUP) that was put in place in 2019. The SUP ban covered all One Meralco offices and facilities and was even extended to the Group's suppliers, who complied with the mandate beginning 2020.

By 2021, the Group's employees and suppliers collectively avoided over 300,000 kg of SUPs, equivalent to 30 million plastic bottles, proving that small yet collective improvements can have an exponential positive impact on the well-being of the planet.

In 2021, through a more robust waste management system—which included a waste analysis and characterization study, provision of more labeled waste bins, establishment of materials recovery facilities (MRFs), and conduct of awareness campaigns among others—Meralco was able to monitor and segregate its wastes more effectively and efficiently. That year,

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

	2019	2020	2021
Biodegradable	-	727.33	1,643.73
Recyclable	16.00	482.76	820.96
Residual	76.80	1,151.64	421.12
TOTAL	**92.80**	**2,361.73**	**2,885.81**

the Company recorded 2,885.8 kg of non-hazardous wastes, up by 22% from 2020. This was primarily driven by the return of employees to their offices as Meralco reopened its doors for onsite work.

Despite this increase in waste generation, the Company successfully diverted more than 85% of its total waste in 2021—Meralco's all-time best—a significant increase from the 51% waste diversion rate in 2020 and 17% in 2019. This improvement was a result of stricter enforcement of national waste management policies and Meralco-specific guidelines (such as the SUP ban across the Company's facilities and supply chain as well as multi-level segregation at source and in the Company's 11 MRFs), expansion of waste management facilities, and better engagement with employees through waste-focused communication activities.

In 2021, Meralco was awarded the ISO 14001 Environmental Management System Certification, a seal of approval to the strength of the Company's environmental management system, which includes waste management policies, guidelines, protocols, and initiatives among others.





TREASURE FROM TRASH: MERALCO EMERGES VICTORIOUS IN THE X-TRASH CHALLENGE

Meralco's commitment to fostering a healthier and cleaner planet is largely driven by its waste diversion initiative, under its Race to Zero Waste Program, which is aimed at protecting land and water ecosystems by limiting the amount of garbage disposed in landfills and oceans.

Last year, Meralco joined 13 other companies in the X-Trash Challenge, launched by the Philippine Business for Social Progress in collaboration with Basic Environmental Systems and Technologies, Inc. The initiative raised funds for food packs through the donation of recyclables, benefiting close to 300 low-income families in Cavite, Makati, and Muntinlupa. The beneficiaries were waste pickers involved in their communities' own solid waste management projects.

From May 1 to September 15, 2021, Meralco staff and employees banded together and collected recyclable paper, metal, and plastic wastes from various company facilities. The Company likewise engaged its suppliers and contractors to contribute to the waste collection drive, making the initiative a truly collaborative effort across Meralco's supply chain ecosystem.

Ultimately, Meralco emerged as the top contributor among the 13 participating companies after donating 37,593 kg of recyclables, equivalent to nearly 230 food pack donations for the program beneficiaries.

Promoting Health Without Harm

In 2021, as the Philippine economy gradually reopened and employees were encouraged to report back to the office, Meralco continued and heightened its work on diverting infectious waste away from landfills by institutionalizing stricter segregation of medical wastes within the Company's facilities. Under the initiative #HealthWithoutHarm, which is part of the RZW Program, Meralco ensured the proper handling and disposal of medical wastes so that they do not end up in sites where they could be potential sources of pathogens and infect employees.

Greening the Network Through Eco-Friendly Transformers

As Meralco magnifies its sustainability efforts, it also mitigates its impact on the planet through materials it uses in its energy distribution business. At the forefront of the Company's transformation is the use of recyclable, biodegradable, and environment-safe materials throughout its operations. In 2019, Meralco began switching to using recyclable and natural ester oil in its distribution transformers (DTs), including pad-mounted, vault-type, and overhead DTs. In so doing, Meralco upped the efficiency and reliability of its network without endangering the environment.

Distribution transformers are like the veins that carry electricity to the customers. They convert high voltage electricity from primary lines to low-voltage electricity for secondary lines to power households and businesses.

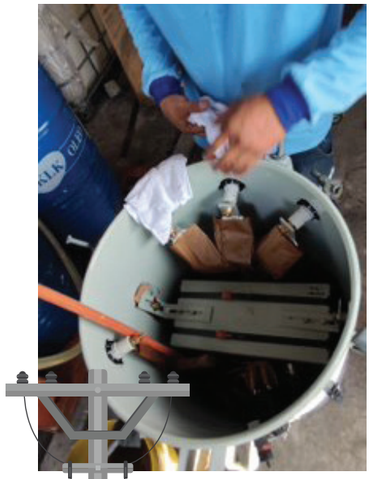
By switching from mineral to natural ester oil, Meralco aligned itself with best-in class global practices in power distribution and brought the Company closer to its aspiration of becoming a sustainability leader in the energy sector.

A derivative of vegetable oil, natural ester oil is a 99% biodegradable, recyclable, and non-toxic material. Unlike typical mineral oil, ester oil has no petrochemicals, siloxanes, or halogens—substances that damage ecosystems and contribute to the planet's warming. These natural esters are taken from renewable crops, such as soybean, rapeseed, sunflower, canola, and corn. Used natural ester oil can be re-used as a raw material for other products such as soaps and lubricants.

The shift to natural ester oil resulted in benefits such as increased transformer loading capability, fire safety, and reduced environmental impact.

While the use of ester oil in DTs started in 2006, 2021 marked an even greater adoption as Meralco used it as an insulating fluid for its main overhead distribution transformers (OHDT). A total of 1,682 natural ester oil enabled OHDTs were delivered to One Meralco in 2021, compared to 261 units in 2020, with an estimated additional 15,271 ester oil OHDTs planned for 2022.

Transforming the transformers is only the start of a new, groundbreaking initiative, Meralco's Greening the Network (GTN) Program. GTN is focused on replacing old, more polluting equipment with cleaner alternatives to avoid unnecessary wastes in material use and to reduce GHG emissions from the Company's end-to-end distribution system. Moving forward, Meralco will operate 100% of its DTs with natural ester oil by 2030.



As Meralco magnifies its sustainability efforts, it also mitigates its impact on the planet through eco-friendly materials it uses in its energy distribution business.



PEOPLE

Nurturing sustainability from within

19,668
STRONG ONE MERALCO WORKFORCE

26%
WOMEN REPRESENTATION IN ONE MERALCO

100%
RETURN-TO-WORK RATE IN MERALCO AFTER PARENTAL LEAVES

Nurturing sustainability from within

To fulfill its mission of powering the good life, One Meralco taps its workforce—consisting of the brightest minds and talents in the country's energy sector—to energize its purpose and impact.

The Group is committed to attracting the best individuals and nurturing their potential throughout their employment journey—from hiring to retirement. Aligned with global best practices and in support of **SDG 8: Decent Work and Economic Growth**, One Meralco heavily invests in people as the critical force to propel its business forward.

One Meralco's focus on diversity and inclusion also attests to the seriousness with which it pursues its sustainability journey. In 2021, the Group's workforce consisted of roughly 26% women, more than twice higher than the global energy sector average of 11%. In the future, as One Meralco grows its energy businesses, it envisions employing more women in jobs—particularly green occupations. This is aligned with the International Labor Organization's forecast that the current trend of the renewable energy sector demonstrating a greater gender balance will gain momentum in the coming years.[14] By 2030, 40% of Meralco's workforce will be comprised of women.

In addition to attracting the best people, One Meralco also endeavors to keep and nurture them in the long term. To do this, the Group constantly opens platforms for constructive engagement. For an organization with almost 19,700 employees, empowering each one to have a voice enriches the Group's human resources policies and programs and makes working at One Meralco a fulfilling experience for all. 30% of the Group's employees actively organize into Collective Bargaining Agreements (CBAs), where they dialogue with the management and resolve concerns productively and without the threat of dismissal.



Aside from ensuring a work environment where, in case of conflicts, the intent to amicably resolve issues is fundamental, One Meralco also places paramount importance on its employees' holistic well-being. The Group aims to eliminate all work-related unsafe/hazardous incidents through its continuing improvements in occupational health and safety and through strict compliance with safety regulations.

One Meralco employees also enjoy compensation above government-prescribed standards and peers in the country for them to not just meet their daily needs but also enable their own personal growth. And to further maximize each employee's potential, the Group provides its people with various opportunities for professional development as well as avenues to give back to the community.

A strong workforce is crucial to One Meralco's uninterrupted service to the nation. To achieve this, the Group ensures that it takes care of the people who take care of its business and stakeholders. From hiring to onboarding to continuous engagement, One Meralco puts its employees' human development aspirations to heart. For One Meralco, nurturing sustainability from within means investing in people's holistic wellness and providing opportunities to pursue purpose-driven work.

[14] International Renewable Energy Agency; International Labour Organization, "Renewable Energy and Jobs - Annual Review 2021," Abu Dhabi; Geneva, 2021.

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

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

Human capital—the sum of knowledge, skills, and time that humans invest in and accumulate throughout their lives to contribute to social and economic progress—is wired in each of the 17 SDGs. As such, One Meralco's emphasis on holistic human capital development enables its employees to live and lead meaningful and prosperous lives—and careers—while giving back to society.

One Meralco employs a recruitment process that is fair, ethical, and inclusive. It is an equal-opportunity employer and hires qualified candidates regardless of gender, socioeconomic status, religion, age, and ethnicity. The Group continuously also attracts top talents to meet the fast-changing needs of the organization.

One Meralco employs a unique approach to talent resourcing that combines technology and progressive hiring principles. In particular, the Group utilizes innovation as well as diversity and inclusion as enablers for efficient and effective human capital development. These result in a healthy variety of perspectives and competencies that strengthens One Meralco's culture of excellence and compassion.

One Meralco's workforce was 19,668 employees strong in 2021, up by more than 2% from 2020 as a result of hiring more people as the economy reopened and recovered. A quarter of the Group's population is comprised of women employees—more than twice the global average for the energy sector.

26%

WOMEN REPRESENTATION IN ONE MERALCO'S WORKFORCE

MERALCO DU EMPLOYEES BY EMPLOYMENT STATUS

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Permanent	4,393	1,140	4,495	1,188	4,491	1,205
Probationary	170	52	112	20	137	72
FTH and Project-based	38	57	119	67	184	125
Third Party	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	**4,601**	**1,249**	**4,726**	**1,275**	**4,812**	**1,402**

SUBSIDIARY EMPLOYEES BY EMPLOYMENT STATUS

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Permanent	3,939	2,025	3,890	1,896	3,945	2,074
Probationary	145	344	121	313	217	297
FTH and Project-based	5,744	1,295	5,611	1,371	5,661	1,227
Third Party	45	3	24	2	27	7
TOTAL	**9,874**	**3,667**	**9,646**	**3,582**	**9,850**	**3,605**

Hiring: Providing Equal Opportunities for All

In support of **SDG 5: Gender Equality**, One Meralco advances a gender-balanced workplace that employs and empowers women. In 2021, at least 26% of the Group's 4,976 new hires were female—proportional to the share of women in the organization's existing workforce.

One Meralco's thrust for greater workplace diversity and inclusion is operationalized through a deliberate effort to source women for a variety of roles, from rank-and-file to leadership. In 2021, almost 25% of the Group's senior and middle managers were women.

In 2021, Meralco carried out key steps to further increase the share of women in its workforce:

- Conducted a thorough review of existing roles that may be filled by underrepresented individuals, creating more opportunities for women to participate;
- Partnered with the One Meralco Power Academy to train women on job roles traditionally held by men such as equipment operator and field inspectors; and
- Collaborated with the academe to create scholarship programs that will produce more female graduates in electrical engineering fields; and
- Encouraged and recruited young women from technical high schools and universities to pursue careers at Meralco.

A key first step to achieving a gender-diverse workforce is a progressive approach to recruitment. One Meralco's strategy taps best-in-class technology to assist in the recruitment process. For instance, Meralco's female virtual recruiter TRACI (Talent Resourcing Automated Communication and Information) is a recruiter chatbot present on popular digital platforms including Facebook Messenger. Using artificial intelligence and robotic process automation (RPA), TRACI notifies job seekers of vacancies and allows them to submit their applications conveniently in the safety of their homes.

NEW EMPLOYEE HIRES

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Meralco DU	294	97	225	65	171	101
Subsidiaries	3,370	1,367	2,649	1,715	3,537	1,167
TOTAL	**3,664**	**1,464**	**2,874**	**1,780**	**3,708**	**1,268**

MERALCO DU EMPLOYEES BY RANK

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Senior Managers	540	143	530	160	565	185
Middle Managers	449	263	439	257	462	299
Rank-and-file	3,574	786	3,638	791	3,601	793
TOTAL	**4,563**	**1,192**	**4,607**	**1,208**	**4,628**	**1,277**

SUBSIDIARY EMPLOYEES BY RANK

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Senior Managers	1,310	160	1,389	166	1,239	136
Middle Managers	776	353	748	326	788	384
Rank-and-file	6,067	2,832	5,780	2,740	5,424	2,563
TOTAL	**8,153**	**3,345**	**7,917**	**3,232**	**7,451**	**3,083**



25%

WOMEN REPRESENTATION IN THE GROUP'S SENIOR AND MIDDLE MANAGEMENT

By leveraging technology and amplifying Meralco's reach through social media, Meralco further enhances its recruitment practices and processes, with the aim of finding and bringing in the best talent the country has to offer.

Onboarding: Welcoming New Employees

When welcoming new hires into the Meralco family, the Company provides a smooth experience powered by its five-day, guided, and self-paced onboarding program, Orange Plug-in (OPI), which orients new employees on the Company's history and core values as well as on its current businesses and initiatives. In 2021, a sustainability module was enhanced in the onboarding material. This section of the program informed new hires about Meralco's sustainability philosophy and initiatives enshrined within its Powering the Good Life agenda.

In 2021, Meralco strengthened the use of OPI Online, a virtual version of OPI, during the pandemic-era onboarding. OPI Online courses were completed via Microsoft Teams and Office 365 to help new employees experience a smooth and safe integration into the Company. It was designed to provide employees with information about Meralco as an organization as well as its policies, tools, benefits, and other services. The online version proved to be highly effective and convenient due to the flexibility in the time spent by both employees and subject matter experts. Meralco is currently expanding OPI Online's sustainability content to capture One Meralco's new sustainability programs as well as the Group's long-term sustainability strategy.

Aside from learning about Meralco's sustainability practice, employees hired in 2021 also participated in sessions focused on learning and development, occupational health and safety, corporate governance, and data privacy to ensure that each new hire is well-equipped as a Meralco employee.

Meralco also guided its new hires during their probationary period through an initiative referred to as Employees' First 100 Days. Through this program, the Company helped them adjust to their new roles as well as to the policies and guidelines of the Company.

Labor Relations: Safeguarding Workers' Rights

GRI 402-1 | GRI 102-41

Human rights are a key indicator for measuring the S in ESG. Despite this criterion being harder to quantify compared with E and G, which already have established frameworks, Meralco performs strongly on its social responsibility to its employees by protecting workers' rights. While Meralco has always prioritized human rights protection, in 2021, the Company furthered its focus on this by establishing its Human Rights Policy. This policy embeds safeguards for its employees (and other stakeholders) across all levels of the organization by clearly outlining the systems, structures, and processes established in Meralco to protect the fundamental rights of employees. Ensuring its employees and workers enjoy the highest standard of human rights protection is central to the Company's long-term sustainable growth.

In support of this policy, Meralco nurtures a culture of trust, openness, and constructive engagement as reflected across its 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 rank-and-file and supervisory employees and its senior leadership. In 2021, 71% (almost 3 out of 4) of Meralco's employees were covered by CBAs.

Aside from institutionalizing dialogue through CBAs, Meralco also provides its employees a safe environment for reporting violations. The Company takes reports of infractions seriously and acts swiftly to investigate cases and to address the offender with appropriate sanctions.

One Meralco's Whistleblowing Policy encourages and enables offended parties or witnesses to violations to lodge complaints without the fear of retaliation. Reports are sent to the Corporate Governance and Compliance Office (CGCO), and upon the CGCO's receipt and review, appropriate action is taken immediately.

In the rare event of retaliation, the reporting person or witness may fill out a Retaliation Protection Report Form, which is then reviewed by the Management Disciplinary Committee or the relevant Board Committee for approval of the CEO, the Chairman of the Board, or a designated representative.

Meralco goes beyond actively responding to employee issues. To proactively address violations and to avoid misconduct from the start of an employee's journey with the Company, Meralco conducts training sessions for new employees and line managers on the Code on Right Employee Conduct (COREC).

Moving forward, Meralco will continue to educate and empower its employees regarding human rights. As initiatives are rolled out, the Company will also continue to keep abreast of new labor laws or regulations and other jurisprudences to always ensure compliance.

EMPLOYEES COVERED BY CBA

	2019	2020	2021
Meralco DU	4,360	4,429	4,394
Subsidiaries	1,272	1,612	1,553
TOTAL	**5,632**	**6,041**	**5,947**



71%

OF MERALCO'S EMPLOYEES COVERED BY CBA

Moving forward, Meralco will continue to educate and empower its employees regarding human rights. As initiatives are rolled out, the Company will also continue to keep abreast of new labor laws or regulations and other jurisprudences to always ensure compliance.

INSTITUTIONALIZING HUMAN RIGHTS PROTECTION IN MERALCO

The human rights movement has gained traction in businesses in recent years, with more regulators increasingly demanding transparency in the way corporations treat employees and workers throughout their value chains. Meralco has heard the call to institutionalize this transparency and recognize the importance of human rights in its operations.

Crafted and established in 2021, Meralco's Human Rights Policy demonstrates the Company's recognition that safeguarding human rights is central to achieving sustainable development. Meralco's strengthened commitment to championing human rights and integrating human rights principles and standards into its business operations and dealings is more than an investment with guaranteed returns.

Aligned with the United Nations' (UN) Guiding Principles on Business and Human Rights, Meralco's Human Rights Policy also encompasses the rights set out in the International Bill of Human Rights and International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The policy also institutionalizes Meralco's commitment to upholding the UN Global Compact's first two principles: (1) to support and respect internationally proclaimed human rights and (2) to not be complicit in human rights abuses.

Championed by the Corporate Governance and Compliance Office and the Sustainability Office, Meralco's Human Rights Policy prescribes all directors, officers, employees, and business partners across its line organizations and subsidiaries to work together to achieve the following commitments:

- Uphold the International human rights principles and covenants
- Respect human dignity and prevent any form of discrimination
- Stop child labor, forced labor, and human trafficking
- Ensure the freedom of association and collective bargaining
- Promote a safe and healthy workplace

To put the policy to work, Meralco has started deeply embedding human rights protection in all aspects of its business activities—from employee training and communication to official dealings with customers, communities, business partners, and regulators.



More Life to Sustain the Filipino

Occupational Health and Safety: Protecting Employees from Harm

GRI 403 | SASB IF-EU-320

Occupational health and safety are fundamental rights protected by Article 162 of the Labor Code of the Philippines. Further, Republic Act 11058 or the Occupational Safety and Health Standards Act ensures worker protection from all kinds of work-related hazards and upholds their right to refuse job assignments that are dangerous in nature. Meralco upholds the health and safety of its employees aligned with **SDG 8: Decent Work and Economic Growth.**

Providing a Safe Workplace for Employees

One Meralco demonstrates a strong commitment to upholding the right of its employees and workers to a safe and healthy environment. This begins with top management's decision to invest in safety as much as it does in productivity, quality, or labor relations among others. The Group aligns with international regulators and standards like the International Labor Organization in ensuring safety at work.

Meralco's Organizational Safety and Business Continuity Management (OSBCM) organization drives the Group's safety culture, implementing all organizational safety and health-related tasks and initiatives. The Environment, Safety, and Health (ESH) Committees across the utility's business units act as local safety champions and engage with Meralco's employees through monthly ESH meetings aimed at keeping the Group's safety and health standards and protocols relevant and ensuring these apply to all staff.

13M

SAFE-PERSON HOURS RECORDED IN MERALCO

15%

REDUCTION IN RECORDABLE WORK INJURIES IN ONE MERALCO

As a result of these efforts, in 2021, Meralco clocked in 13.0 million safe person-hours, a 3% increase compared with the 41.7 million safe-person hours in 2020. The Group also reduced its recordable work injuries last year by 15% compared with the previous year

Meralco's flagship safety awareness program, TARGET ZERO: Zero Incident, Zero Harm, is a continuing initiative that aims to eliminate all work-related incidents. This program is reinforced by several occupational safety and health (OSH) initiatives, including "Unang Hakbang Para sa Kaligtasan: First Working Day Safety", an annual event held to access and improve the previous year's safety performance and to recognize excellent safety practitioners.

Moreover, in 2021, Meralco achieved 100% safety compliance requirements and passed all seven Department of Labor and Employment (DOLE) audits across its various operating facilities.

Meralco also promotes safety at work by leveraging information technology advancements. For example, the ESH Matters Portal is an online database of safety performance data, procedures, and guidelines related to environment, safety, and emergency response. In addition, both the Hazard Hunter Mobile App and Incident Report Management System (IRMS) are platforms which enable employees to easily and immediately report safety hazards and incidents.

Meralco also continued to run CODE (Care Operations for Disasters and Emergencies) Light Chat Bot, an app that enables employees to update their direct reports of their health status on a daily basis. Any symptom of any illness is lodged, and the data is analyzed by the Meralco Wellness Center to ensure employees are given health tips, assisted with treatments, and, in case of COVID-19 cases, transmission is prevented. Post-pandemic, Meralco will continue to leverage such tools to ensure a quick check on employees' health, as this also helps the Company boost its productivity.

As a result of all these efforts to keep employees from harm, in 2021, One Meralco clocked in 39.5 million safe person-hours, a more than 5% decrease from 41.7 million safe-person hours in 2020. The Group also successfully reduced its recordable work injuries by nearly 15%—from 144 in 2020 to 123 last year.



Strengthening Capabilities for Emergency Response

One Meralco observes the highest standards of OSH and embeds safety awareness and practice in its employees' DNA. The Group conducts mandatory OSH training programs that include updated and relevant principles and standards for organizational safety and health, including Basic Life Support, Industrial Personal Protective Equipment Usage, Basic OSH Principles, and Electrical Safety.

The Group also conducts skills training on defensive driving, working at heights, and heavy equipment and basket truck operations, among other specialized competency programs. In 2021, Meralco offered 39 OSH training courses for its employees, totaling 35,280 training hours, representing a significant increase of 196% from 11,908 training hours 2020.

Meralco employees are also trained for disaster response and preparedness, empowering them to face hazards such as fire, earthquake, bomb threats, chemical spills, and others. Drills are regularly conducted that put employees' alertness, presence of mind, and know-how to navigate disasters in check.

In 2021, Meralco conducted three earthquake drills and one fire drill to ensure that its employees are well prepared to protect themselves and to respond to the call for help during times of disaster.

WORKERS COVERED BY AN OSH MANAGEMENT SYSTEM

		2019	2020	2021
Permanent and Probationary	Meralco DU	5,755	5,815	5,905
	Subsidiaries	6,701	6,519	7,019
Project-based/fixed-term	Meralco DU	95	186	309
	Subsidiaries	7,161	7,298	7,771
Third Party	Meralco DU	2,155	2,238	9,583
	Subsidiaries	162	157	202
TOTAL		**22,029**	**22,213**	**30,789**

OTHER OSH METRICS

		2019	2020	2021
Total employee hours worked	Meralco DU	12,356,681	12,631,044	13,026,699
	Subsidiaries	29,435,424	29,656,446	31,532,338
Safe man-hours	Meralco DU	12,356,472	12,624,538	13,026,160
	Subsidiaries	26,486,876	29,113,630	26,475,134
Occupational safety & health training hours	Meralco DU	55,760	11,908	35,280
	Subsidiaries	21,393	16,411	22,927

Remuneration: Rewarding Productivity and Excellence

GRI 102-35

As the country's premier power distribution utility, Meralco is committed to providing highly competitive remuneration opportunities that attract, retain, and motivate talent who deliver outstanding performance to its customers and communities. Meralco ensures market pay competitiveness across all employee levels and positions in the Company as well as internal pay equity, such that an employee is compensated based on the worth of their job and the value contributions they deliver to the organization.

Overall, Meralco's remuneration philosophy strives to fulfill its people's basic needs and offer opportunities to generate personal wealth both in the short and long terms.

Meralco offers base salary ranges that are well above minimum statutory levels and competitive against those of the industry and general business community. Employees can expect their salaries to grow over time through the Company's annual merit increase and promotion programs.

In support of its thrust to advance gender equity across the organization, Meralco ensures that the compensation of its female employees match what male employees receive on an annual basis. In 2021, the Company recorded an average pay gap of 0.9%, with the lowest gap in the senior management level.

On top of competitive salaries, Meralco provides its employees with profit-sharing plans in the form of short-term bonuses and long-term incentives, such as Variable Incentive Plan, Annual Bonus Plan, and Long-Term Incentive Plan. Through these bonus and incentive packages, which tie individual employee performance to corporate business performance (which includes the achievement of sustainability goals for senior management), employees are further driven and invested in the success of the Company.

Furthermore, a robust employee benefits program—covering paid leaves, health and life insurance, and retirement plan, among others—is firmly in place and well above those prescribed by law.

The satisfaction of Meralco employees with the remuneration they receive from the Company is proven by the high return-to-work rate by those who availed of parent leaves. For instance, in 2021, 100% of employees who took parent leaves (maternity, paternity, and solo parent) maintained their employment with Meralco after their leaves.



AVERAGE GENDER PAY GAP FOR MERALCO[15]

	2019	2020	2021
Senior Managers	-0.6%	-0.7%	-1.4%
Middle Managers	-3.9%	-3.9%	0.3%
Rank-and-file	12.3%	8.8%	11.6%
Project-based/fixed-term	18.4%	-105.7%	3.8%
WEIGHTED AVERAGE	**1.3%**	**-2.8%**	**0.9%**



0.9%

AVERAGE PAY GAP

MATERNITY LEAVE METRICS

		2019	2020	2021
Entitled to the leave	Meralco DU	1,192	1,208	1,277
	Subsidiaries	3,569	3,147	3,491
Took the leave	Meralco DU	87	122	73
	Subsidiaries	226	181	164
Returned after the leave	Meralco DU	87	121	73
	Subsidiaries	213	178	141
Returned after the leave and still employed 12 months after	Meralco DU	85	121	72
	Subsidiaries	207	166	140

PATERNITY LEAVE METRICS

		2019	2020	2021
Entitled to the leave	Meralco DU	4,563	4,607	4,628
	Subsidiaries	6,831	5,885	6,318
Took the leave	Meralco DU	262	250	218
	Subsidiaries	537	279	211
Returned after the leave	Meralco DU	262	250	218
	Subsidiaries	537	279	210
Returned after the leave and still employed 12 months after	Meralco DU	260	249	215
	Subsidiaries	450	257	186

SOLO PARENTAL LEAVE METRICS

		2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Entitled to the leave	Meralco DU	11	26	7	20	10	24
	Subsidiaries	97	225	84	125	910	996
Took the leave	Meralco DU	11	26	7	19	10	22
	Subsidiaries	10	35	8	35	9	32
Returned after the leave	Meralco DU	11	26	7	19	10	22
	Subsidiaries	24	35	35	35	37	32
Returned after the leave and still employed 12 months after	Meralco DU	10	26	6	17	10	22
	Subsidiaries	9	26	7	28	9	27

[15] The average pay gap was identified by finding the difference between the average salary of female employees from the average salary of males and dividing the result with the average salary for male employees and then multiplying the result by 100%.

Training and Development: Investing in Excellence and Growth

GRI 404

Training and development play a crucial role in enabling employees to achieve their full potential. One Meralco ensures that its employees do not only possess the necessary competencies for their current roles; they are also groomed for leadership positions where they solve challenges and bring about innovative solutions that will better the Group's service to its stakeholders.

In 2021, Meralco rolled out over 953 training sessions focused on technical and leadership development, investing in an average of 13.9 training hours per employee, or a total of 273,720 training hours Company-wide. Meralco managed to deliver more training hours last year than in 2020 when it ran a total of 152,608 training hours (or an average of nearly 8.0 training hours per employee). Increasing efficiency in using online training platforms and the ease of restrictions on in-person meetings contributed to more training sessions being facilitated in 2021.

Meralco continues to seek ways to engage employees in continuing professional learning especially as face-to-face work gradually resumes. To achieve this, the Company first ensures that its training content remains relevant, leading-edge, and engaging for all participants—from the senior leadership to the rank-and-file. Additionally, as it embarks on a journey toward becoming a more sustainable enterprise, Meralco has started to purposefully embed sustainability topics in its learning and development curriculum.

Meralco's learning and development (L&D) curriculum includes various pathways for developing content, facilitating learning, and measuring progress on deepening relevant knowledge among its leaders and employees, including:

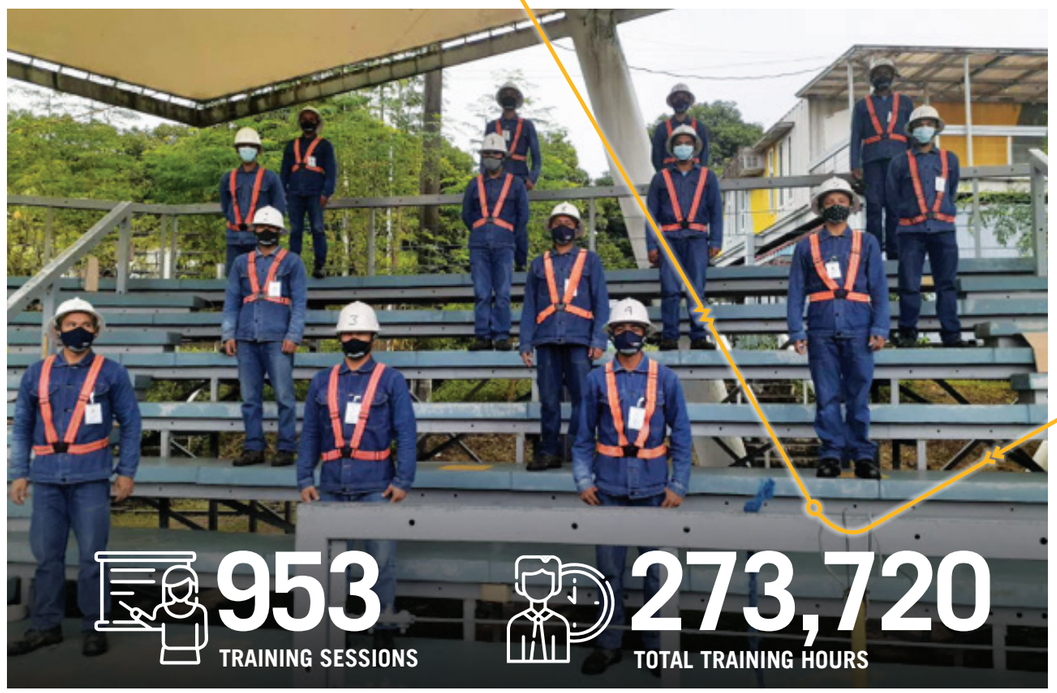
Senior Management Alignment – Every year, Meralco's leadership sit together to report on the previous year's training highlights and accomplishments, identify training needs of employees, and decide on the Company's learning priorities for the year. This informs decisions for the training investments the Company will make and ensures that learning and development are purposeful and help meet key productivity objectives.

AVERAGE TRAINING HOURS FOR MERALCO DU EMPLOYEES PER RANK

	2019		2020		2021	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Senior Managers	37.1	38.5	23.5	20.9	49.7	35.7
Middle Managers	33.6	33.4	22.0	20.7	43.7	41.9
Rank-and-file	46.1	37.6	16.1	29.2	33.8	32.4
WEIGHTED AVERAGE	**43.4**	**35.1**	**17.0**	**24.9**	**35.3**	**32.0**

AVERAGE TRAINING HOURS FOR SUBSIDIARY EMPLOYEES PER RANK

	2019		2020		2021	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Senior Managers	2.5	9.4	1.7	9.4	2.3	6.7
Middle Managers	10.2	10.1	10.9	10.3	12.1	13.7
Rank-and-file	3.9	2.2	3.1	2.5	4.8	5.4
WEIGHTED AVERAGE	**3.6**	**3.1**	**3.0**	**3.3**	**3.9**	**5.6**



One Meralco Excellerate – Meralco launched a new L&D program in February 2021 called One Meralco Excellerate, in partnership with LinkedIn Learning and Talent Management. This is L&D's proactive approach to ensuring that our key talents have sufficient resources (learn anytime, anywhere) to be prepared for future roles. Excellerate aims to provide readily accessible learning pathways and content aligned with the Talent Development Plans of identified key talents. This is a strategic move to ensure that key talents are trained and are prepared for potential promotions or leadership roles in the future.

Leadership and Technical L&D Curriculum – Built within Meralco's compendium of L&D programs, Meralco's Leadership and Technical L&D curriculum features an annual training calendar for all employees

Under this curriculum, the Company has flagship programs, including:

Management Development Programs – Catered to incoming managers, these programs are focused on preparing employees who will be assuming managerial roles in the Company. The objective is to maintain and nurture a strong pool of competent leaders that will ensure business continuity for Meralco. Some of these programs are the Breakthroughs Program for incoming First Line Managers, the New Frontiers Program for incoming middle managers, and Game Changers Program for incoming senior managers.

Engineering Talent Development Program – Designed to address competency development needs of the Company's engineers and anchored on the expertise areas vital to the operation of the Distribution Utility, this program utilizes classroom and hands-on experiences to develop and enhance competencies. The program also features interventions delivered in partnership with academic and engineering organizations, to help engineers advance in their profession.

Meralco Linecrew Training Curriculum – This curriculum provides extensive structured learning to different classes of linecrew through lectures, hands-on experiences, and on-the-job training, enabling linewomen and men to advance to higher levels of expertise. Through this program, Meralco is able to ensure that the Company has a steady supply of highly skilled technical employees that will further enhance the Company's service delivery.

FROM KNOWING TO BEING: ONE MERALCO EMPLOYEES GAUGE THEIR SustainABILITY ACUMEN

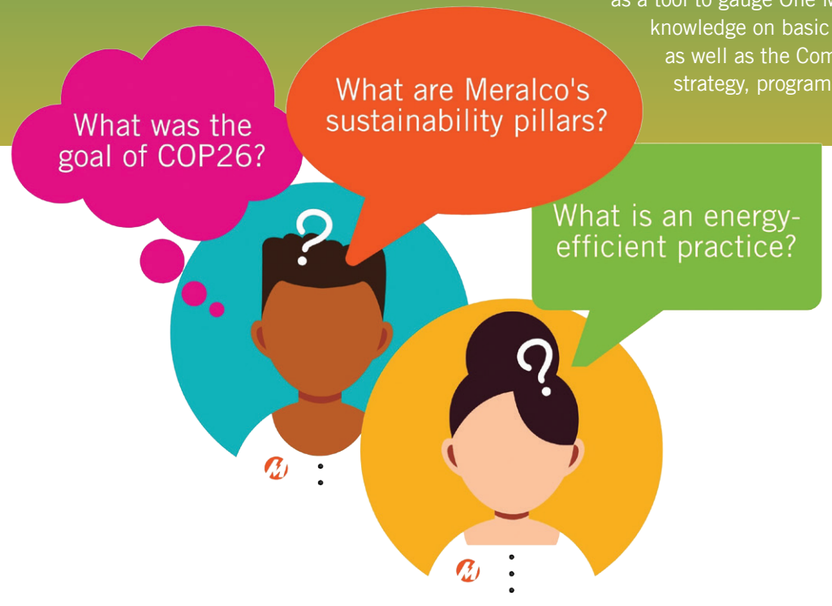
The success of One Meralco's sustainable business transformation heavily relies on its employees making the necessary mindset shift towards sustainability.

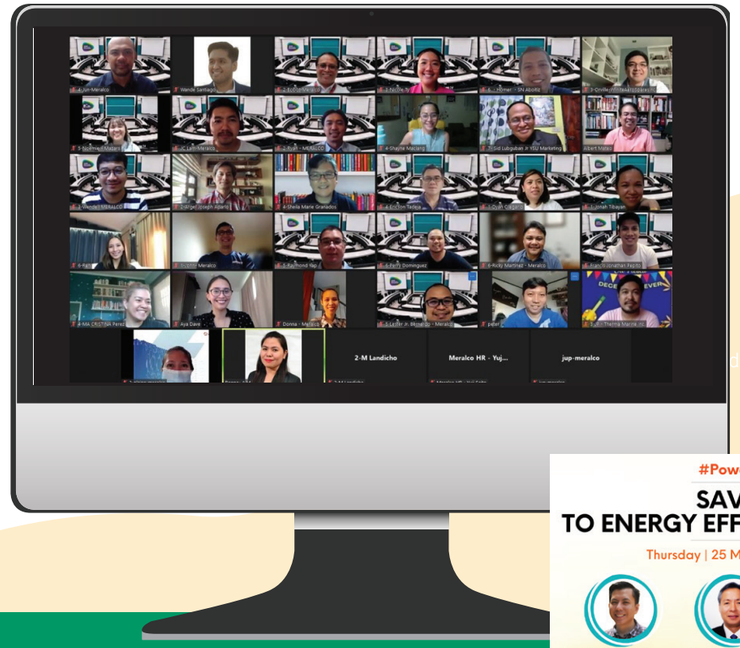
In 2021, the Group continued with its annual SustainABILITY survey. Championed by the Sustainability Office and first launched in 2020, last year's iteration of the SustainABILITY survey was an acumen test which sought to measure employees' knowledge about fundamental concepts related to sustainability and One Meralo's sustainability agenda. 2021's SustainABILITY also gathered actionable feedback from employees on the Group's sustainability initiatives and how effectively these are being communicated to internal stakeholders.

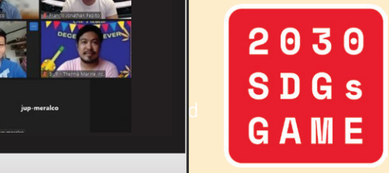
The acumen test was divided into two parts: Part 1 revolved around questions on basic sustainability concepts (e.g., definition of sustainable development, the 17 SDGs), while Part 2 was concerned with matters specific to One Meralco's sustainability journey (e.g. sustainability agenda, initiatives under the four sustainability pillars of the Group).

Despite being optional, a total of 812 employees from Meralco's business units and subsidiaries, including from across all pay grades, took the test, resulting in an output that sufficiently captured the Group's overall knowledge on sustainability.

The results of the 2021 acumen test will inform the Sustainability Office's initiatives for 2022. From hereon, this test will be administered annually as a tool to gauge One Meralco employees' knowledge on basic sustainability concepts as well as the Company's sustainability strategy, programs, and initiatives.









INSPIRING AND ENGAGING THE WORKFORCE THROUGH THE POWERING THE GOOD LIFE WEBINARS

To complement SustainABILITY, Meralco also launched the Powering the Good Life (PGL) webinars in 2020, a collection of webinars focused on different sustainability topics. In 2021, the Sustainability Office, in partnership with the Learning & Development Unit, conducted the following PGL webinars:

- Save-A-Watt: To Energy Efficiency and Beyond Webinar
- The Future Is YOUrs: A Youth-Led Huddle on Sustainable Action
- The 2030 SDGs Game

The *Powering the Good Life* webinar series promotes the value of changing lifestyles, habits, and thinking towards sustainability. PGL will continue to organize webinars on emerging issues and trends in sustainable development.

More importantly, it will continue to enjoin employees to choose to live more sustainably and to support Meralco's efforts to contribute to a safe and prosperous world.

BRIGHT SMILES

SUSTAINABILITY SPARKS FROM WITHIN

"The Powering the Good Life (PGL) webinar series rolled out by the Sustainability Office came at an opportune time in my personal journey—not just as an employee but also as a wife, a mom, and a homeschool teacher for my daughter.

"Previously, my understanding of sustainability was centered around the corporate environmental protection, but through the PGL webinars, my perspective has broadened. It provided me an opportunity to learn how I and my family can take part in taking care of the environment through waste segregation, using sustainable products in our day-to-day lives, and conserving electricity by having energy efficient appliances at home.

"Also, after hearing the stories of youth leaders in The Future Is YOUrs, I was inspired to emulate their efforts as well as to teach my daughter to do her share as early as today in taking care of the environment. I am grateful for these webinars, and I am excited for what's to come this year."



—Engr. Botany KC Anne Sevilleja
Executive Assistant,
Customer Retail Services



Employee Engagement: Fostering Holistic Personal Development

GRI 404

Meralco's leadership in the power sector is made possible by employees who are committed to its mission to power the good life for Filipinos. Keeping employees committed to an ideal and to pursue purposeful work is possible when their needs are met and when they are supported to achieve professional growth so they can in turn realize their personal aspirations and be in a better position to serve others.

To foster a holistic personal development, Meralco ensures that employees receive support for their physical, spiritual, emotional, and mental health and welfare through various programs and initiatives.

Employee Wellness: Nurturing Healthy Employees

Wellness begins with a healthy body. Compelled to work from home during the continuing pandemic, many people found themselves sitting more and moving less. The lack of physical activity, plus the stress many experienced especially in the first year of the global health crisis, resulted in weight gain and its associated health risks for many, thus the phenomenon called 'COVID-15' in which Harvard Medical School researchers found that people who gained weight during the pandemic put on up to 15 pounds on average compared to the typical 2.5-pound weight fluctuation.[16]

To counter this, in 2021, Meralco took conscious effort to care for its employees' physical fitness by organizing and facilitating group physical activities such as live



Zumba and yoga classes through the Meralco Workplace (counterpart of Facebook for companies and organizations). Meralco utilized different communication platforms and channels (email, Workplace, text blasts, posters, signages) to disseminate health and wellness information, including COVID-19 safety protocols. This helped increase awareness among employees of various ways to stay physically active and safe while working from home.

Meanwhile, emotional support among employees was also boosted through camaraderie, as Meralco continued to hold its annual corporate activities, which were delivered online, such as the Foundation Day, One Meralco Cool-tural Festival, One Meralco Salu-salo, and Service Awards. In 2021, these activities were well attended and brought Meralco employees together and promoted team strength and cohesion.

Meralco also placed a high premium on employees' spiritual health. Especially during uncertain and challenging times, spirituality has served as an anchor to people's well-being. In 2021, Meralco continued to advocate for and protect its employees' rights to practice different religions and beliefs by providing ample and suitable opportunities and channels for worship.

From a mental health standpoint, over the last two years, Meralco's counselors and medical experts were readily available to provide relief to employees who experienced heightened levels of stress as well as symptoms of anxiety and depression.

Furthermore, the Company also organized exclusive webinars on various topics on self-care and mental wellness including:

- Managing Stress, Anxiety, and Burnout
- Maintaining Positivity Amidst Crisis
- Mindfulness: Change the Mode of the Mind During the COVID-19 Pandemic
- The Power of Art and Movement for Mental Health & Well-Being

Through the provision of well-rounded and all-encompassing personal development initiatives, Meralco is able to foster the passion, drive, and excellence of its people: key ingredients to reaching its goals towards a better world.

[16] M. Elizabeth Pegg Frates, "Did we really gain weight during the pandemic?," Harvard, 5 October 2021. [Online]. Available: https://www.health.harvard.edu/blog/did-we-really-gain-weight-during-the-pandemic-202110052606.

MENTAL WELLNESS TAKES A FRONT SEAT

In 2021, mental wellness became a top priority for Meralco as it strived to support employees suffering from anxiety and stress related to the pandemic. beyond this, Meralco sought opportunities to nurture mentally strong employees. The employee engagement initiative on mental health was launched in August 2021 to address common sources of stress in the workplace, which include feedback on the need for work life balance, workload management, and addressing long working hours brought about by the digital environment and the "always-on" culture of the pandemic. The program birthed two major initiatives: Mindful Meetings and Me Time.

The Mindful Meetings initiative focuses on meeting etiquette reminders, which were issued to serve as guidance to the organization in ensuring that:

- Meetings are scheduled only within business or work hours and kept short and brief while still achieving meeting objectives.
- Meetings are avoided during lunch breaks and weekends.
- Meeting organizers and attendees are mindful to start and end meetings on time.
- Employees are purposive and deliberate on how they spend their time confetti—the period between meetings or tasks where employees can pause and do other things like walking, stretching, or simply standing up from the work area to improve mood and general health.

Meanwhile, the Me Time initiative focuses on encouraging employees to set aside an hour every Wednesday from 1:00 to 2:00 PM to align with their team or sharpen the saw by learning something new. This is not considered personal time off, but rather, it is intended to give time and space to employees to pause, think and be more productive.

A feedback survey was conducted in September 2021 to gather results on the effectiveness of these major mental health initiatives launched and measure knowledge and compliance to the program. In summary, the survey showed that four out of five Meralco employees were aware of the new initiatives, while three out of five were actively participating and complying with the guidelines.

Meralco plans on building upon the success of these initiatives by launching targeted mental wellness programs specific to certain units within the Company for a more specialized and effective approach.



EMPLOYEE ENGAGEMENT ON THE RISE

Meralco recognizes that understanding its employees' needs and motivations is critical to its thrust to nurture sustainability from within. As such, in 2021, the Company conducted an employee engagement survey called Pulse Employee Engagement Survey which ran from September to October to better understand the sentiment of its employees amid the ongoing pandemic.

The survey received an overall response rate of almost 100%, representing 5,765 out of 5,770 regular employees. This was the highest participation from Meralco employees to the Pulse Survey since it rolled out in 2011, which indicated a healthy engagement Company-wide and an openness from the people on topics that concern and impact their work.

Among the salient responses from the Pulse Employee Engagement Survey included the following: Employees said that they understand how their work impacts the Company (99%), that they clearly understand the goals of the Meralco (99%), that they are proud to be working with the organization (99%), and that they are informed and updated on Company matters (95%).

93.5%
EMPLOYEE ENGAGEMENT RATING



MERALCO PULSE SURVEY RESULTS

	2017	2021	Change
Understand business goals	98.6%	99.2%	0.6%
Own work impacts business goals	98.6%	99.2%	0.6%
Proud to be working in company	98.0%	98.5%	0.5%
Inspired by coworkers	93.3%	94.7%	1.4%
Someone cares about me	93.2%	94.7%	1.5%
Acknowledged for a job well-done	75.5%	80.9%	5.4%
Works well with immediate supervisor	93.9%	94.6%	0.7%
Regular performance discussions	83.6%	88.6%	5.0%
Right tools and information	89.7%	94.5%	4.8%
Training and development	84.5%	92.4%	7.9%
Opportunity to grow and develop career	83.7%	90.0%	6.3%
Informed and updated on company matters	92.1%	95.2%	3.1%
Overall engagement rating	**90.4%**	**93.5%**	**3.1%**

EMBEDDING DIVERSITY AND INCLUSION IN MERALCO THROUGH THE #MBRACE PROGRAM

In 2021, after the celebration of the International Women's Day in March, Meralco launched its #Mbrace Program to drive and heighten diversity and inclusion (D&I) within the organization. In an industry traditionally dominated by men, the Company's #Mbrace Program aims to build a more gender-balanced workplace that recognizes the important role of women in society and the unique talent and skills they bring to the organization.

Anchored on Meralco's commitment to the UN Women's Empowerment Principles and guided by its membership to the Philippine Business Coalition for Women Empowerment, the #Mbrace Program supports the achievement of **SDG 5: Gender Equality** and **SDG 10: Reduced Inequalities** and delivers on the Company's commitment to the UN Global Compact's **Principle 6 on Elimination of Discrimination in Employment.**



Through this program, Meralco is laying the groundwork to elevate gender D&I in its workplace over three waves:

Phase 1 EMBARK

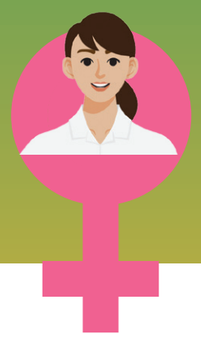
Meralco is building a firm foundation for embedding D&I in all aspects of its operations through targets set at the corporate level.

Phase 2 EMBED

Meralco will drive culture change through targets set at the departmental and subsidiary levels, which will be operationalized in key organizational units based on management direction.

Phase 3 EMBRACE

Meralco aspires to drive and achieve best-in-class performance in gender D&I, where goals and competencies are set at the individual level.



As a direct result of these three waves of action on D&I, Meralco envisions an increase in women representation in the Distribution Utility to 40% of its workforce by 2030. To achieve this, the Company is actively investing in the development of women talents through several initiatives.

In partnership with Don Bosco College-Canlubang, a leading technical and vocational school, Meralco launched the Technician Scholarship Program to develop a pool of women technicians and engineering graduates, which will feed into the Company's recruitment and resource capability program.

Meralco is investing in the development of women talents so that many will rise from the ranks to hold meaningful leadership roles.



40%
REPRESENTATION IN DISTRIBUTION UTILITY WORKFORCE BY 2030



In addition, in 2021, Meralco relaunched its Linewomen 2.0 Program, under the Meralco Linecrew Training Program (MLTP), to develop a pool of skilled female line workers who will join and even lead linecrews. This program was originally rolled out in 2013, the first of its kind in Southeast Asia that trains women in a traditionally male-dominated industry. Meralco currently has nine women linecrew members with 16 more to begin training in May 2022.

Meanwhile, for women in its workforce, Meralco established the Yes You Can! (YYC) Program, a coaching and mentoring initiative led by the Company's female executives. YYC has been helping women managers and supervisors gain more confidence and self-awareness, overcome the impostor syndrome, achieve their job and career development objectives, and unlock their full potential as leaders. Last year, YYC engaged nine coaches and 18 coachees in 131 coaching sessions.

Through all these efforts, in 2021, Meralco achieved almost 23% women representation (up from 21% in the previous year)—more than twice the 11% global energy sector average.

In 2022 and beyond, Meralco will expand #Mbrace to not only encourage greater women participation in the workplace but also LGBTQ+ representation. The Company also envisions the program to drive inclusion beyond gender in areas such as disability and socio-economic status among others.

BRIGHT SMILES

BUILDING A GENDER-DIVERSE WORKFORCE THROUGH THE LINEWOMEN 2.0



"Dahil nakita ko na ang kayang gawin ng mga lalaking line crew, naisip ko na kaya ko rin. Nagustuhan ko sa trabaho bilang linecrew ay ang mga ngiti at pasasalamat ng tao na naibalik ang kuryente nila. Kahit babae tayo, huwag matakot at mahiya na patunayan ang ating kakayahan."

—Angelita Estrellado
Linewoman, Paranaque Sector



"Lumawak ang aking kaalaman ng dahil sa training at karanasan sa trabaho. Natuto akong makapag-maneho ng truck, makisama sa mga katrabaho, at higit sa lahat, makatulong na makapagbigay serbisyo sa bawat tahanan. Huwag kayong matakot na subukan ang trabaho na akala ng lahat ay kalalakihan lang ang kayang gumawa. Kung kaya nila, kaya din nating mga kababaihan. Lakas ng loob, tapang, talino, maging positibo at tiwala sa sarili para maging isang matagumpay na linecrew."

—Charmaine Angles
Linecrew, Valenzuela Sector

Employee Volunteerism: Giving Back to Communities

Beyond taking care of its employees, Meralco also provides them with opportunities to take care of others. Every year, Meralco employees join to serve One Meralco Foundation's (OMF) volunteerism programs and fund-raising campaigns to help those hit by natural calamities.

In 2021, Meralco employees donated up to PhP 4.9 million to five fund-raising campaigns initiated by OMF, which extended much-needed aid to hundreds of families in calamity areas. For instance, when Super Typhoon Odette hit the southern regions in the country, PhP 1.1 million was raised by Meralco employees to help provide relief packages to the thousands of calamity victims.

Stories about OMF's social responsibility initiatives in 2021 and how Meralco employees contributed to their successes can be found in the 2021 OMF Annual Report, *Malasakit.*





PROSPERITY

Creating better lives for all

7,509
LOW-INCOME HOUSEHOLDS ENERGIZED VIA HEP

76%
OF TOTAL PROCUREMENT SPEND ALLOCATED FOR LOCAL SUPPLIERS

ZERO
CORRUPTION AND DISCRIMINATION INCIDENTS

Creating better lives for all

One Meralco's commitment to creating better lives for all is inspired by the United Nations' Sustainable Development Goals (SDGs), a set of aspirational targets to address society's most-pressing challenges by 2030.

SUSTAINABLE DEVELOPMENT GOALS

Power unlocks economic progress.

One Meralco's commitment to creating better lives for all is inspired by the United Nations' Sustainable Development Goals (SDGs), a set of aspirational targets to address society's most-pressing challenges by 2030. These Global Goals are a common language shared by government and private sector leaders to "ensure that all human beings can enjoy prosperous and fulfilling lives, and that economic, social, and technological progress occurs in harmony with nature."

As such, One Meralco envisions a future with **zero poverty (SDG 1)** and **reduced inequalities (SDG 10)** by powering **decent work and economic growth (SDG 8)**. The Group delivers on these goals by enabling people to create meaningful and enduring economic value to live their best lives while ensuring efficient and prudent use of Earth's finite resources. By delivering electricity from power plants to distribution lines to businesses and homes, One Meralco empowers its external stakeholders to tap limitless opportunities for responsible and sustainable growth.

For its customers, Meralco powers the good life by ensuring access to electricity that energizes progress at the household and corporate levels. For communities, Meralco's commitment is to reach the unserved and underserved, so that no one is left behind, and everyone has the opportunity to take part in the country's economic development no matter how remote these communities may be.

Beyond engaging with its customers and communities, Meralco enjoins its deep supply chain in its transformative journey towards sustainability. In 2021, the Group engaged with suppliers and contractors in an exercise that requires them to align with ESG criteria to continue to be accredited with Meralco. This exercise is yielding low-hanging economic benefits for both the Group and its partners in its initial adoption and is expected to seize far greater incentives in years ahead.

Meralco's transition towards becoming a sustainable enterprise requires long-term commitment and action that is only possible with senior leadership buy-in. Thus, at the heart of this journey is One Meralco's corporate governance, which decisively operates along principles of integrity and credibility, and in alignment with the Sustainable Development Goals. The leadership behind Meralco enables decisions to be made at the top level that impacts the Company's progress in this transformative journey.

A business that stays profitable, relevant, and contributes to positive social change is a prosperous business. A prosperous business unlocks prosperity for its constituents and the communities it impacts. This section details One Meralco's work around Prosperity, the fulcrum that holds together its other sustainability pillars—Power, Planet, and People.

Economic Impact: Creating and Delivering Shared Value to Stakeholders

GRI 201 | GRI 203

At a fundamental level, One Meralco generates financial value for its stakeholders in the form of employee wages, government taxes, and investor returns.

Economic value measures the benefits derived from goods and services by an individual or organization. In 2021, One Meralco's direct economic value generated (or revenues) increased by at least 16% from PhP 278 billion in 2020 to PhP 322 billion. This was due to the gradual recovery of the Philippine economy and the Group's strong business performance, as proven by the growth in Meralco's and MGen's energy sales.

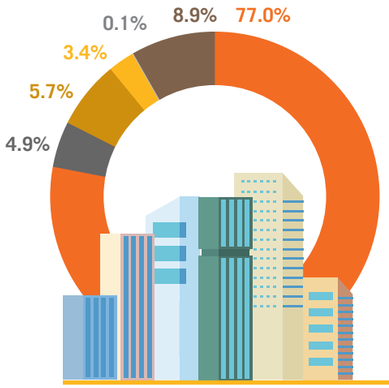
To truly contribute to inclusive economic development, One Meralco ensures that the value it generates flows equitably to all its stakeholders. In 2021, the Group distributed 91%—equivalent to PhP 293.7 billion—of its revenues to its various stakeholders in the form of payments to suppliers of goods and services, salaries and incentives to employees, dividends and interest payments, payments to the government in the form of taxes and other fees, and community investments through various corporate social responsibility (CSR) projects.

Operating costs increased by almost 15% from PhP 216.7 billion in 2020 to PhP 248.3 billion in 2021, owing to the resumption of One Meralco's business expansion activities that were postponed in the previous year due to the COVID-19 pandemic.

Employee wages and benefits likewise increased by 29% from PhP 12.3 billion in 2020 to PhP 15.9 billion in 2021 due to an increase in new hires as well as merit increases for the Group's existing employees.



Direct Economic Value Generated and Distributed



ECONOMIC VALUE (in PhP million)

- Operating costs (including payment to suppliers) **248, 279**
- Employee wages and benefits **15,892**
- Payments to providers of capital (investors and shareholders) **18,246**
- Payments to government (taxes) **10,851**
- Community investments (expenses for CSR projects) **424**
- Economic value retained (profits) **28,625**

Meanwhile, One Meralco's payments made to providers of capital declined by nearly 2% from PhP 18.6 billion in 2020 to PhP 18.2 billion in 2021. This was prompted by the decline in the Group's consolidated core net income in 2020, which resulted in lower lookback dividends. Meanwhile, interest payments have increased due to additional debt incurred for the purchase of the additional stake in Global Business Power (GBP) and inclusion of GBP's interest expense beginning April 2021.

On the other hand, taxes and other fees paid to the Philippine government increased by 48% from PhP 7.3 billion in 2020 to PhP 10.9 billion in 2021 due to the additional income tax resulting from the recalculation of deferred tax assets, net of lower current income tax, after the Corporate Recovery and Tax Incentives for Enterprises (CREATE) was signed into law in March 2021. Other factors contributing to this increase include documentary stamp taxes paid on new loans as well as higher real property and business taxes.

Finally, investments in CSR projects increased to PhP 424 million, higher by more than 149% vis-à-vis the previous year. This was mainly driven by the restarting of CSR initiatives put on hold by the One Meralco Foundation in 2020 due to strict restrictions in mobility.

Beyond all these financial gains, the enduring value that the Group creates for its customers and communities is through the sustained provision of affordable, reliable, and high-quality products and services to empower and help them prosper under all challenging societal conditions. One Meralco draws its purpose from fueling sustainable economic growth without leaving anyone behind.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (In PhP million)

	2019	2020	2021
Direct economic value generated (total revenues)	**322,592**	**277,929**	**322,317**
Economic value distributed	296,476	255,103	293,692
Operating costs (including payment to suppliers)	253,857	216,692	248,279
Employee wages and benefits	13,106	12,301	15,892
Payments to providers of capital (investors and shareholders)	19,706	18,605	18,246
Payments to government (taxes)	9,661	7,335	10,851
Community investments (expenses for CSR projects)	146	170	424
Economic value retained	26,116	22,826	28,625

Customer Enablement: Ensuring Engaged and Satisfied Clients

GRI 418-1

Meralco's work on powering the good life for Filipinos does not end after a customer's light is switched on. Beyond connecting customers to the grid so they can receive electricity and experience what power it brings to change lives for good, Meralco ensures that those already electrified continues to be so throughout their journey.

Customer enablement is key to making this happen. In 2021, Meralco extended care to its 7.4 million-strong customer base so that they will continuously stay connected, and that the customers themselves are aligned with the same goal of enjoying uninterrupted service and that they are willing to do what is needed to achieve this. By the sheer weight of numbers, this is no easy task yet of primordial importance.

To deliver on this, Meralco taps best-in-class customer service innovation to support an always-ready customer service team. The company's customer knowledge base ensures interactions with customers are insightful and actionable, where concerns that are properly reported are resolved in the best interest of both customers and the Company. Field representatives are equipped with an app that offers real-time information, avoiding the service from being discontinued if it happens that a customer is making a payment at the last minute.

Meralco also partnered with customers to achieve energy efficiency, as inefficient use of this finite resource leads to disconnection or lower service levels. Meralco enhanced channels to raise awareness among its customers on ways to conserve energy, including a bill revamp which tracks year-on-year trend in energy consumption. In the last mile of the Group's relentless customer engagement efforts, Meralco gives customers the chance to be connected even for those who are due for disconnection.

Simply put, customer enablement acknowledges that there is a two-way street Meralco and its customers must take together to ensure customer satisfaction. More details about the Company's work on creating a satisfying and delightful customer journey can be found in the sections below.

Transforming Customer Service

As it continues to care for its customers, Meralco constantly innovates its customer care solutions to provide clients with the best possible service and meet their changing needs.

In 2021, in response to the growing sentiment of customers on the challenges they encounter in understanding their electricity use, Meralco redesigned its electricity bill, which now includes easier-to-read details about a customer's historical consumption, total amount to be paid, and due date. In addition, the bill now also prominently features the 10-digit Customer Account Number, which was introduced in 2020 to make payment transactions simpler and more convenient for customers. All these are aimed at helping customers better manage their consumption and budget every month. The revamped bill also informs customers of the equivalent carbon emissions of their monthly electricity use, encouraging them to be more environmentally conscious while saving on costs.



Beyond enhancing its bill, Meralco also introduced new technology-enabled customer care initiatives to make the customer journey more efficient and hassle-free:

- **Customer 360** – As an enhancement to Meralco's CRM platform, Customer 360 enables a complete picture of the customer's interactions across both digital and non-digital channels. This system aggregates all of a customer's structured and unstructured data across the organization and makes the consolidated data available at the moment of customer interaction. Customer 360 acts as a hub that links and synchronizes all the information about a customer and enables an integrated and multi-channel view of customer engagement for more meaningful and quicker transactions.

- **Customer Care Group** – In support of **SDG 9: Industry, Innovation, and Infrastructure,** Meralco enhanced its customer care and support services in 2021, employing best-in-class contact center automation tools to enable customer care representatives to respond more efficiently to customer inquiries received through the Meralco hotline, email, and social media platforms.

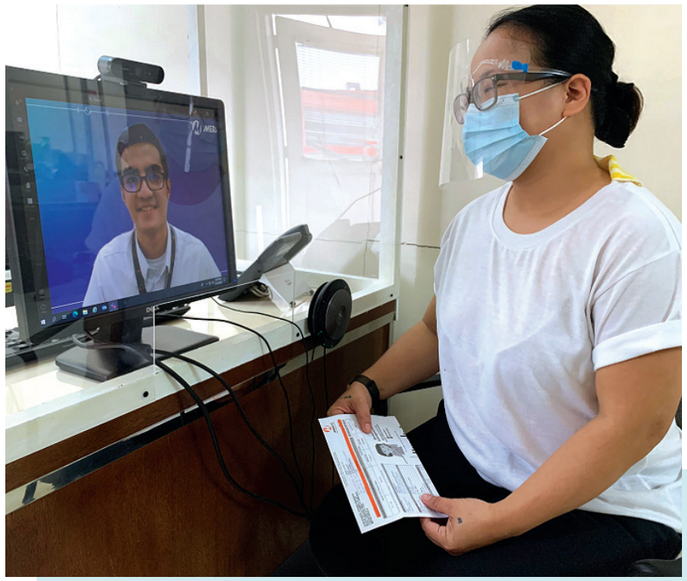
  With a focus on operations efficiency on the voice and digital channels, several key metrics have significantly improved since the establishment of the Customer Care Group. In particular, answer rate increased to an average of nearly 98% in 2021 from 94% in 2020. Furthermore, in the same period, customer waiting time was reduced from 20.39 seconds to only 12.96 seconds (within the top incentive Level A established by the Energy Regulatory Commission for distribution utilities), while handling time was optimized to 10.72 minutes from 11.50 minutes in the previous year.

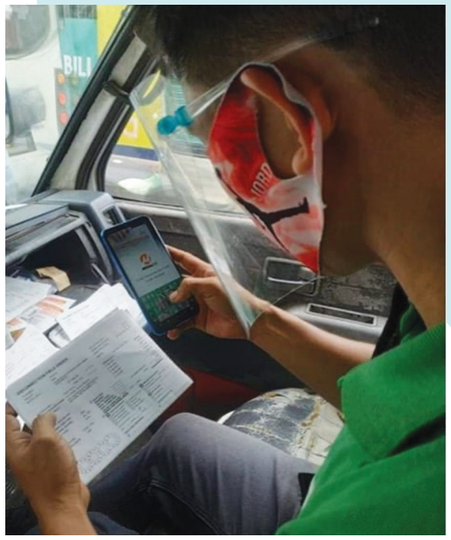
- **Customer Care Chatbots** - Meralco also continued to roll out live chat bot and chatbot beyond outage to complement its Customer Care Group. Chat bots offer intuitive, convenient, real-time assistance right on a customer's computer or mobile device. For customers who are more comfortable using chat as a means of communication, Meralco's Live Chat and Chatbot Beyond Outage apps offer self-service channels activated on Meralco Online and Meralco Mobile.

- **Real-Time Validation Before Disconnection (RTV)** – The RTV is an application issued to Meralco's disconnection personnel, which allows them to validate a customer's service connection status while on the field. This app was deployed to prevent unwanted disconnections from happening while customers with overdue disconnection notices are paying at the last minute. The use of the RTV has led to improved customer satisfaction as well as to more efficient and conflict-free field operations.

As a result of these initiatives to enhance customer-centricity, Meralco's Customer Experience Index (CXi) score increased from 7.54 (out of 10) in 2020 to 8.10 in 2021. The Company uses CXi—enabled via an automated, real-time, post-transactional survey—to measure and quantify its customers' sentiments regarding their experience with and perceptions of Meralco

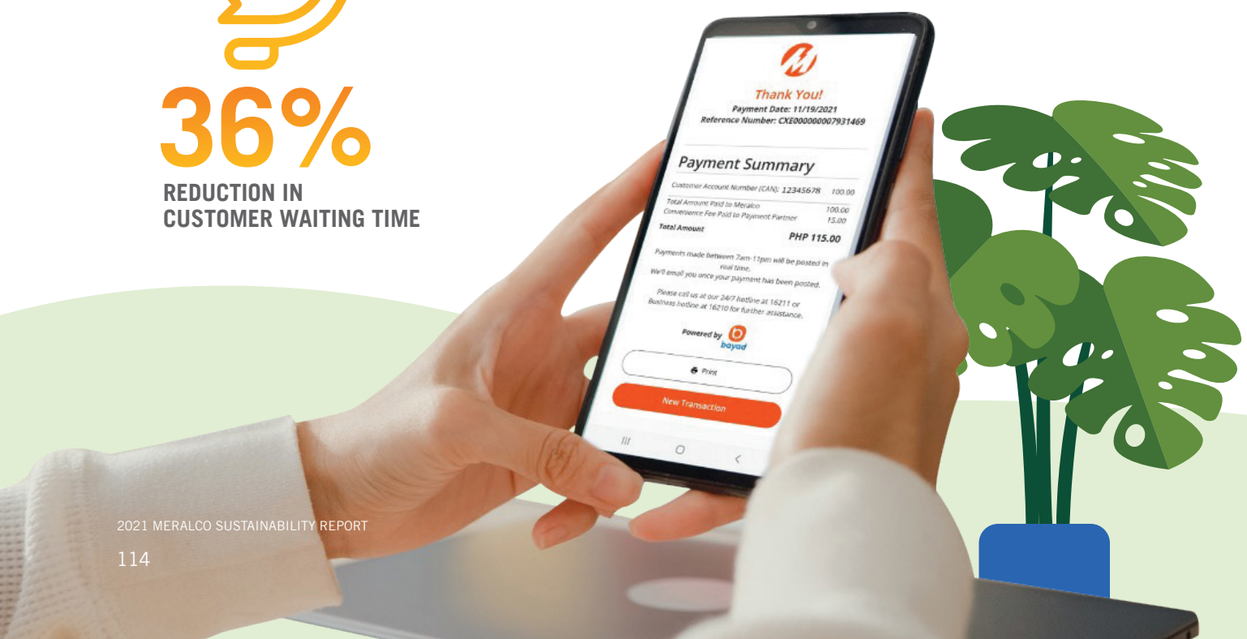
Moving forward, the Company will continue to utilize technology to improve its service delivery and ensure that its customers are satisfied with their relationships and journeys with Meralco.





36%

REDUCTION IN CUSTOMER WAITING TIME





Promoting Partnerships for Energy Efficiency

Meralco is uniquely positioned to lead the country's economy towards decarbonization, and to support economic and social progress and long-term sustainability with fairly priced, reliable, and increasingly green energy. Partnering with its wide-ranging stakeholders, especially intensive energy users like commercial and industrial businesses, towards energy efficiency is a low-hanging fruit in this journey, and creates massive value for Meralco, its customers, and the planet.

To harness stakeholders' buy-in on energy efficiency, Meralco launched an informative website dubbed Power Ideas, targeted to corporations. Power Ideas offers exactly that–or game-changing yet often overlooked ideas and ways to ensure businesses make the most of their electricity use before and beyond energization.

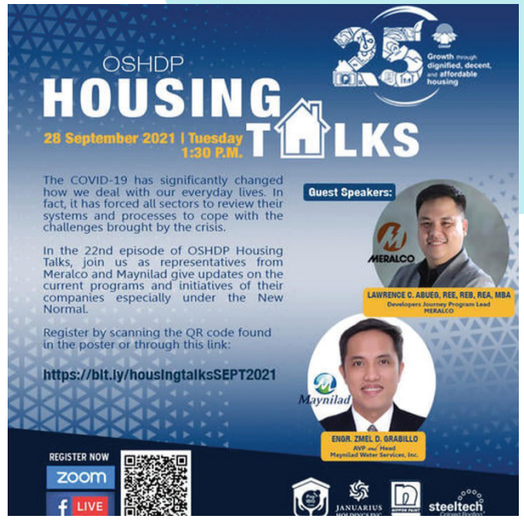
Power Ideas provides its audiences expertly produced videos on a range of topics, including power quality, energy efficiency, energy supply, and innovation. it also highlights case study interviews with companies that have partnered with Meralco and its subsidiaries for their energy and sustainability goals.

Aside from Power Ideas, in 2021, Meralco also continued conducting Power Up Live, a webinar series dedicated to bringing together expert speakers from industry and policy to facilitate deep-dive conversations on energy efficiency. The Power Up Live webinars were attended by business leaders and executives and served as Meralco's platform to promote energy efficiency initiatives among corporations, as aligned with **SDG 7: Affordable and Clean Energy**. The webinars explored various topics such as updates on energy standards and practices in energy management, the latest policies supporting energy efficiency, and Meralco's energy efficiency services and solutions.



The webinars also served as a channel through which business and government leaders discuss concerns and matters affecting the local energy sector.

Among salient topics discussed last year was the Green Energy Options Program (GEOP), a new initiative by the Department of Energy that allows consumers to choose to source renewable energy from a licensed supplier as opposed to consuming whatever type of energy is supplied by the distribution utility. Meralco's participation in GEOP will enable it to provide customers with renewable energy. Some of the Company's commercial and industrial customers have expressed their interest to join this program once Meralco rolls it out within the next few years.



Community Engagement: Uplifting the Unserved and Underserved

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

Meralco is committed to powering lasting and meaningful progress. Key to this is the electrification of marginalized households and communities. In addition, by energizing schools, the Company supports the learning continuity of the country's youth and lays a sure foundation for sustainable development.

This section shares stories about the communities that benefited from Meralco's social responsibility initiatives in 2021.

Electrifying Marginalized Communities

In 2021, One Meralco Foundation (OMF) invested PhP 19.1 million in its Household Electrification Program to provide electricity access to low-income families within and beyond Meralco's franchise area. In particular, OMF funded the installation of service entrances, metering centers, breaker walls, and intermediate polls for 7,509 low-income households. These initial set up costs are usually shouldered by residential customers applying for a Meralco connection but have been absorbed by Meralco for this community.

In parallel with the Household Electrification Program, OMF also invested PhP 6.2 million in its School Electrification Program in 2021 to electrify 16 schools across the country, ensuring that children and teachers were supported in the learning journey as limited face-to-face classes resumed.

Aside from these two flagship programs, OMF collaborated with non-profits JCI Quezon City Capitol, One Million Lights Philippines (OML PH), and Power 4 All to illuminate 60 homes in a Dumagat community in Antipolo, Rizal, last year. Flashlights and solar lanterns were distributed to community members, replacing kerosene lamps which were more expensive and unsafe to use.

Meanwhile, in El Nido, Palawan, OMF and OML PH distributed portable lamps to residents in Barangays Bucana, Teneguiban, and Bebeladan—three of the poorest coastal areas on the island—where some 600 families lived without access to electricity. The lamps provided by the two organizations were water- and drop-resistant and can be strapped on as headlamps, which are now used by local fishermen during night in fishing activities.







With this gift of light, children in the communities are now able to read and study with ease every night, and mothers can now pursue home-based industries for longer periods every day.



EXTENDING KALINGA THROUGH SOLARIZATION OF GAWAD KALINGA COMMUNITY HOUSEHOLDS

In 2021, Meralco subsidiary Spectrum installed 670-watt-peak (Wp) solar panels that benefitted 150 low-income households in Gawad Kalinga communities in San Pedro and Santa Rosa, Laguna, enabling households to reduce their energy spend and their environmental footprint as they harvest cleaner power In addition, Spectrum deployed engineers and subject-matter experts to train residents on solar PV installation, operation, and maintenance. This opened new livelihood opportunities for the community members to develop highly in-demand skills in a dynamic and emerging field, pursue meaningful work, and live prosperous lives.

BRIGHT SMILES

GAWAD KALINGA RESIDENT YOLANDA BENITEZ SHARES ABOUT HER SPECTRUM SOLAR-POWERED HOME

"Sa ngayon, inoobserbahan namin ang epekto ng solar panels sa aming electricity bill. May mga buwan talagang malaki ang pagbaba ng aming bill. Maraming nagtatanong sa aking mga kapitbahay at kaibigan tungkol sa experience ko sa solar na galing sa Spectrum. Nakakatulong talaga siya at sana tuluy-tuloy na ang mababa na bayarin naming sa kuryente."

—Yolanda Benitez
Program Beneficiary





Forging Cross-Sectoral Partnerships for a Greener EDSA

Metro Manila's main thoroughfare EDSA has long been described as a parking lot more than a highway. With over 360,000 vehicles traversing the road daily on average, EDSA suffers from the challenges of air and noise pollution aside from the usual heavy traffic congestion.

Yet, EDSA is a conduit to many other destinations. It is only fitting, therefore, that this major connector to many parts of the metro—which conveys people, goods, and services and is central to economic progress and prosperity—be given a much-needed uplift.

On May 25, 2021, Meralco joined the Green EDSA Movement (GEM), a private sector-led initiative comprising business leaders and environmental advocates who aim to transform EDSA into a green and people-friendly road.

To support GEM, Meralco converted its company-managed streetlights along EDSA to LED and electrified 128 of its vehicle fleet across its Sector Offices and Business Centers, including those situated along EDSA, throughout the year. Meralco also committed to helping transform EDSA into a tree-lined greenway through a potential partnership with OMF on its One for Trees Program.

Supply Chain: Influencing Business Partners to Embrace Sustainability

GRI 102-9 | GRI 102-10

One Meralco's ecosystem consists of many constituents, including a broad and deep chain of companies which are essential cogs in the wheels of the economy. Committed to nation-building and powering progress for local enterprises, the Group purposefully sources its goods and services from Philippine-based suppliers amid foreign counterparts being available. As a result, One Meralco spent nearly PhP 38 billion in 2021 on local procurement contracts, a significant amount of investment in local businesses that in return impact their own partners in their value chains.

One Meralco directly influences the revenue and business growth of its suppliers. In turn, these partners impact the Group's overall ESG performance, making it imperative for One Meralco to engage with all constituents in its value chain to adopt sustainability principles in their own operations.

In 2021, Meralco continued to roll out the Meralco Supplier Sustainability Scorecard (MS^3), which defines 131 sustainability criteria based on the GRI Standards and covers 14 of the 17 SDGs for suppliers to comply with to continue to be accredited with Meralco. MS^3 has since been rolled out to 163 suppliers who collectively constitute 87% of the Company's procurement spend.

MS^3 was established the previous year to introduce sustainability in Meralco's supply chain in three waves: Introduce from the second half of 2020 to 2021, Influence in 2022, and Ingrain in 2023 and beyond. The "Introduce" wave focused on gathering data and baselining the ESG performance of Meralco's top suppliers based on an initial set of sustainability criteria. The "Influence" wave in 2022 built upon the baseline, establishing sustainability standards, and assessed all of Meralco's suppliers based on the said sustainability criteria and requirements. A passing score in the assessment is a prerequisite for suppliers' continuing accreditation with Meralco. "Ingrain" beginning in 2023 will be focused on driving sustainability excellence in Meralco's supply chain through continuous improvement measures such as expanding ESG requirements and increasing sustainability standards.

Beyond compliance, MS^3 has borne greater fruit and today serves as a platform for Meralco to have meaningful conversations with its suppliers. Meralco thus began understanding the challenges suppliers face on becoming more sustainable, enabling the Company to guide suppliers in building their own sustainability strategies and programs.

Harnessing the momentum of this groundbreaking program, Meralco's Supply Chain Management team is set to introduce and implement more sustainability initiatives going forward, touching on topics such as circular economy, Scope 3 emissions reduction, and supplier diversity.

TOTAL PROCUREMENT SPEND IN 2021 (in PhP million)

	LOCAL	FOREIGN	SUBTOTAL
Meralco	27,800	3,000	30,800
Subsidiaries	10,157	8,947	19,104
TOTAL	**37,957**	**11,947**	**49,904**

TOTAL NUMBER OF SUPPLIERS BY CLASSIFICATION IN 2021

	TIER 1	NON-TIER-1	SUBTOTAL
Meralco	2,861	-	2,861
Subsidiaries	3,222	466	3,688
TOTAL	**6,083**	**466**	**6,549**

TOTAL NUMBER OF SUPPLIERS BY LOCATION IN 2021

	LOCAL	FOREIGN	SUBTOTAL
Meralco	2,303	558	2,861
Subsidiaries	3,437	251	3,688
TOTAL	**5,740**	**809**	**6,549**

One Meralco directly influences the revenue and business growth of its suppliers. In turn, these partners impact the Group's overall ESG performance, making it imperative for One Meralco to engage with all constituents in its value chain to adopt sustainability principles in their own operations.



NEARLY
PhP 38B
SPENT ON LOCAL PROCUREMENT CONTRACTS



BRIGHT SMILES

VALUE CHAIN PARTNERS SHARE THEIR MERALCO SUPPLIER SUSTAINABILITY SCORECARD (MS³) JOURNEY

"Before Meralco rolled out MS³, our company already had initiatives on waste segregation as well as water and electricity conservation, but we did not have any monitoring of our data beyond government requirements. Now that we are fully compliant with Meralco's sustainability requirements, we will take steps to further improve our data collection process to properly manage our own sustainability programs.

"We also plan to appoint an employee who will exclusively monitor our sustainability performance and our compliance to MS³. We have realized through MS³ that we need to strengthen and strictly enforce our own corporate policies related to sustainability. Moving forward, we will further embrace and practice sustainability in our own operations."



— Randy Jemina, Sales and Operation Coordinator
Dura-Poles, Inc.









"Bago ang MS³, sinusunod lang namin ang mga minamandato ng pamahalaan. Dati, hindi namin mino-monitor ang konsumo namin sa kuryente at tubig. Iniiwanan ng mga empleyado namin na nakabukas ang mga ilaw at gripo. Ngunit dahil sa MS³, nakita naming hindi lamang kami nakatutulong sa pangangalaga ng kalikasan ngunit makatitipid din pala kami. Nagsimula na rin kaming mag-segregate ng basura. Dati kasi ay tinatambak lang namin ito—ngayon, pinaghihiwahiwalay na namin ito nang maayos.

"Ang pag-iigting ng Meralco sa kanilang single-use plastic ban bilang bahagi ng MS³ ay malaki ang epekto sa amin. Mas tumagal ang proseso bago makapag-deliver ng materyales dahil plastic ang mas madaling gamitin pero 'di kalaunan ay napadali rin ito.

"Dahil sa MS³, mas iniisip na namin kung anong initiatives ang pwede naming gawin para mas maitaguyod ang sustainability sa aming kompanya. Masasabi namin na dahil sa programang ito, mas lumawak at lumaki ang pagpapahalaga namin sa sustainability."

—Zeny Rulloda, Sales & Admin Manager
Realiza Ciudad, Human Resource & Accounting Officer
Joan Fernandez, Billing & Collection Office
Kato Metal Corporation



Governance: Going Above Board

GRI 406 | GRI 102-17 | GRI 102-19 | GRI 102-26 | GRI 102-28 | GRI 102-32 | GRI 102-33 | GRI 102-34 | GRI 102-35 | GRI 205-1 | GRI 205-2 | GRI 205-3

Strong and steady leadership and a corporate governance based on long-term business sustainability is at the core of any successful enterprise. For Meralco, its governance structure and policies rests upon its highest decision-making body, the Board of Directors, which determines the foundations of its business such as its vision and core values, composition and functions of its directors, the responsibilities and privileges of its stakeholders—senior leaders, middle managers, rank-and-file employees, shareholders, and all parties it engages. It is also through governance that Meralco tightens the screw on its environmental and social performance, as it decides on which sustainability policies and programs to develop and execute.

Corporate Governance: Operationalizing Ethical Business Principles

Meralco recognizes the value that good governance creates in ushering prosperity for its stakeholders while promoting environmental protection and social justice.

Anchored on the principles of Fairness, Accountability, Integrity, Transparency, and Honesty (FAITH), Meralco's governance framework, policies, and programs enable effective management and monitoring of corporate performance, reinforce accountability, protect stakeholder welfare, and enhance ethical work culture while ensuring full commitment to the Company's environmental and social responsibilities.

Meralco's Manual of Corporate Governance and its Code of Ethics exemplify the high standards of behavior and professional conduct the Company's management and employees aspire to achieve. The Manual of Corporate Governance also fosters a culture of integrity and states the responsibilities of the Board of Directors, Management, and the Company to stockholders and other stakeholders. In parallel, the Code of Ethics guides its leadership, management, and employees in decision-making, transactions, and interactions, ensuring alignment with the Company's core principles in performing their respective duties. Furthermore, Meralco's policies against unethical conduct, such as the Anti-Bribery and Corruption Policy, emanate from the Manual and the Code.

Applying Meralco's principles and standards into practice requires constant awareness-building across the Company's business units. Accordingly, Meralco's Corporate Governance and Compliance Office (CGCO) regularly conducts onboarding sessions for its officers and provides orientation and corporate governance refresher programs to all employees. These efforts enable Meralco's workforce to have a firm grasp of the depth and breadth of the Company's businesses (with a view towards stakeholder identification and engagement), regulatory environment, and high standards of governance.

To ensure full compliance with Meralco's governance policies, all officers and employees are required to annually submit disclosure and commitment forms. In particular, HRExpress is a customized online facility through which Meralco employees can signify their Commitment to Corporate Governance, submit their Conflict-of-Interest Disclosure and Full Business Interest Disclosure forms, as well as divulge gifts or tokens received from third parties through the online Gift Registry. In 2021, 100% of Meralco's workforce complied with these annual corporate governance requirements.

Meralco keeps its senior management abreast of employee concerns by ensuring that open lines of communication are in place. Receiving whistleblower reports indicates employees' heightened awareness on governance policies, trust in management, and confidence in the established whistleblowing procedures. The Company's "e-Report Mo" Whistleblowing Program provides a secure platform for reporting misconduct, questionable accounting and auditing procedures, and other unethical behavior in Meralco. In 2021, there were no reported incidents of corruption and discrimination in the Company.

NUMBER OF REPORTED CORRUPTION INCIDENTS IN MERALCO

	2019	2020	2021
Under ongoing investigation	0	0	0
Closed with corresponding corrective action	0	0	0
Closed without corresponding corrective action	0	0	0
TOTAL	**0**	**0**	**0**

COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES IN MERALCO

	2019	2020	2021
Board of directors	11	11	11
Senior management	683	690	750
Middle management	712	696	761
Rank-and-file	4,360	4,429	4,394
Project-based/Fixed-term hires[17]	95	186	309
Third-party workers	0	0	0
Business partners	2,091	2,762	2,861

[17] Starting 2022, regular project-based employees will be included in the Company's annual corporate governance disclosure requirement and governance training.

TRAINING ON ANTI-CORRUPTION IN MERALCO

	2019	2020	2021
Board of directors	11	11	11
Senior management	683	690	750
Middle management	712	696	761
Rank-and-file	4,360	4,429	4,394
Project-based/Fixed-term hires[11]	95	186	309
Third-party workers	0	0	0
Business partners	0	0	0

NUMBER OF REPORTED DISCRIMINATION INCIDENTS IN MERALCO

	2019	2020	2021
Under ongoing investigation	0	0	0
Closed with corresponding corrective action	0	0	0
Closed without corresponding corrective action	0	0	0
TOTAL	**0**	**0**	**0**

Sustainability Governance: Institutionalizing Sustainability Leadership

GRI 102-20

Sustainability is at the core of One Meralco's strategy and operations. To embed sustainability in the Group's strategic growth, Meralco established its Sustainability Office in September 2019, immediately after President and CEO, Atty. Ray C. Espinosa, assumed office and placed sustainability at the top of his agenda. The Sustainability Office is mandated to drive sustainability within One Meralco and champions Group-wide sustainability direction and long-term goals. In January 2020, Meralco appointed its first Chief Sustainability Officer (CSO), Raymond B. Ravelo, who reports directly to the President & CEO, ensuring that the Group's sustainability agenda is aligned with and has the strong support of the top leadership. As a result of this direct engagement with the President & CEO, in March 2021, Meralco established a Board-level Sustainability Committee that helps ensure the Company and its subsidiaries align with and adopt coherent sustainability strategies, frameworks, policies, and programs.

The establishment of Meralco's Board-level Sustainability Committee and the approval of a Sustainability Committee Charter is a strong push forward, boosting the work and impact of the Company's Sustainability Office. As a result, sustainability was added as a core value of Meralco in 2021, with both senior leadership and Group-wide employees echoing the official value statement: "Sustainability is the core of all we do. We work to power our communities, to preserve our planet, to empower our people, and to create prosperity for all."

The SO is comprised of three units:

Strategy and Policy
This organization is responsible for developing Meralco's sustainability agenda and integrating it into the Group's corporate objectives and strategies. It also spearheads the development and periodic update of Meralco's long-term sustainability strategy. It likewise identifies metrics across the 4Ps (e.g., GHG emissions, waste, household electrification, gender diversity) and determines appropriate baselines and targets that accurately assess the Group's sustainability performance.

As a thought partner and adviser to line leaders, this unit supports and enables line organizations to ideate, develop, and monitor sustainability strategies and programs at the business unit level, ensuring alignment with and promotion of corporate sustainability goals and thrusts.

In addition, the team is responsible for generating awareness on sustainability both within the Group as well as among external stakeholders and the general public, employing various communication channels like Meralco's digital assets, webinars, TV, and print.

Programs
This organization is tasked to lead and guide the effective and efficient execution of sustainability programs across One Meralco. The team drives and integrates key cross-functional and cross-organizational programs, including Green Mobility, Resource Conservation and Efficiency, Race to Zero Waste, and #Mbrace.

This unit also assists and empowers Meralco's line organizations in implementing their own sustainability initiatives through targeted support for specific workstreams, provision of sustainability frameworks and tools, and sharing of subject matter expertise.

Lastly, the team fosters program-specific partnerships with external organizations (e.g., government agencies, companies) to promote not only knowledge and best practice sharing but also alliance-building towards the collective achievement of the SDGs.



Reporting and Partnerships
This organization is in charge of measuring and monitoring sustainability performance as well as ensuring accountability and transparency across One Meralco. It is also responsible for capturing and codifying the Group's sustainability efforts and outcomes through the Meralco Sustainability Report in compliance with the requirements of the Securities and Exchange Commission (SEC).

In addition, this unit facilitates engagement with ESG agencies, which produces independent ESG assessment reports used by the Company to evaluate the its overall sustainability performance. Lastly, it oversees and drives Meralco's partnerships with local and international sustainability associations and organizations, ensuring the Company's contributions to these communities of sustainability advocates and practitioners.

LEADING THE CHARGE: MERALCO'S SUSTAINABILITY COMMITTEE AND SUSTAINABILITY CHAMPIONS

Driven by its mission to power the good life, Meralco—from its Board of Directors down to its line crews—is aligning its purpose, policies, and operations on sustainability, knowing full well that amid the planetary threats of pollution, biodiversity degradation, and climate change, showing greater responsibility is the only way businesses and societies can thrive.

Last year, Meralco's Board-level Sustainability Committee was established as the Company's highest governance body on sustainability. Composed of Chairman Manuel Pangilinan, Vice Chairman Lance Gokongwei, non-executive directors Jose Ma. Lim and Frederick Go, and independent director Pedro Roxas as voting members, the Sustainability Committee harnesses the strength of some of the country's most seasoned business leaders in advancing the agenda of sustainable development and corporate responsibility within Meralco and its subsidiaries. The Company's management is represented by two non-voting members: President & CEO Atty. Ray Espinosa and CSO Raymond Ravelo.

In the same year, Meralco unveiled its long-term sustainability strategy (LTSS), which outlines One Meralco's decarbonization journey over three horizons from 2030 to 2050. Reviewed by the Sustainability Committee, LTSS marks the beginning of the Group's three-decade transformation, with an end goal to be coal-free by mid-century.

To achieve these important aims, it is necessary to have leaders and managers echoing Board-level efforts across the organization. Thus, 24 Sustainability Champions, consisting of One Meralco's most capable and trusted senior managers, were appointed in August 2021. The Sustainability Champions are the advocates for Meralco's sustainability agenda, cascading this from the boardroom down to Meralco's workforce and business ecosystem. As part of their ongoing work, the Champions ideate ways to advance Meralco's ESG progress. They convene and collaborate with stakeholders to deliver the necessary work to realize the Group's sustainability agenda. The Champions keep a dynamic and a synergistic community engaged in delivering on a shared aspiration for a sustainable One Meralco.

As one of their key outputs last year, in September 2021, the Sustainability Champions met to understand Meralco's waste impacts and explore ways to move its supply chain towards circularity. As a result, the Champions strengthened collaborations for One Meralco's sustainability programs such as Green Mobility, Resource Conservation and Efficiency, and Race to Zero Waste. Beyond these, the Champions also contributed to the launch of new programs such as #Mbrace Diversity and Inclusion Program and The Good Life Market, an online marketplace of locally sourced, sustainable products.

The Sustainability Committee and Sustainability Champions, in collaboration with the Sustainability Office, work closely together in advancing and elevating the Group's sustainability agenda.





ONE MERALCO'S OUTLOOK ON SUSTAINABILITY

From Adversity to Recovery: Powering a Brighter Tomorrow

In 2021, Filipinos began to see the light at the end of the tunnel as COVID-19 slowly released the nation from its grip. As the country bounced back towards recovery, One Meralco raised its beacon higher and responded not only to the urgent need to revitalize a disrupted economy but also to power a sustainable and resilient future.

One Meralco thus continued its work of delivering life-giving, unhampered, and fairly priced energy its customers and communities in a year marked by an immense need to recharge and reset. Likewise, deeply aware that powering the good life is possible only in a safe and healthy planet, the Group increased the pace with which it continued its course towards decarbonization.

This drive is at the heart of One Meralco's long-term sustainability strategy, unveiled in this report, fittingly titled *Kalinga*. With genuine compassion for people and profound care for the planet, One Meralco is carrying out its low-carbon transition through 2030, assessing an accelerated shift to green technologies by 2040, and preparing for deep decarbonization towards becoming coal-free by 2050.

Indeed, the journey towards a brighter tomorrow stretches ahead. Despite the challenges that may abound, One Meralco will continue caring for people and planet as it powers the good life for all.

Appendices

ESG PERFORMANCE
POWER

Energy Sales

AMOUNT OF ENERGY SOLD TO RESIDENTIAL CUSTOMERS (in kWh)

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
January	1,025,270,227	1,181,905,003	1,231,986,292	449,665	711,585	521,743
February	984,209,683	1,095,933,930	1,180,088,674	441,230	635,520	496,370
March	999,233,058	1,085,536,231	1,202,258,936	516,812	723,843	535,238
April	1,294,632,326	1,148,560,543	1,498,917,815	711,932	864,762	675,619
May	1,373,902,141	1,752,330,976	1,576,360,139	719,115	878,966	711,570
June	1,464,742,206	1,846,245,652	1,677,084,615	817,739	948,174	686,509
July	1,323,607,150	1,495,692,430	1,473,893,930	656,963	854,906	586,525
August	1,232,155,955	1,418,482,392	1,451,520,875	660,405	748,855	595,244
September	1,216,347,121	1,510,826,696	1,448,183,699	673,825	779,192	626,992
October	1,237,024,025	1,382,368,787	1,428,045,077	759,132	728,867	561,331
November	1,261,675,739	1,302,864,486	1,448,795,070	763,935	704,553	612,137
December	1,168,161,628	1,258,227,516	1,289,031,239	716,388	601,763	532,893
TOTAL	**14,580,961,257**	**16,478,974,641**	**16,906,166,361**	**7,887,141**	**9,180,986**	**7,142,171**

AMOUNT OF ENERGY SOLD TO COMMERCIAL CUSTOMERS (in kWh)

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
January	1,341,330,223	1,451,946,609	1,159,265,438	21,799,636	27,147,668	21,336,614
February	1,377,360,364	1,476,359,780	1,185,978,372	22,246,423	26,599,490	21,340,640
March	1,337,884,094	1,336,903,753	1,150,593,213	22,656,467	24,135,032	21,123,702
April	1,539,187,446	1,141,074,162	1,155,528,114	26,758,428	19,338,539	23,644,702
May	1,560,670,387	815,907,022	1,264,766,906	26,122,980	19,132,374	24,908,499
June	1,646,513,505	1,068,653,353	1,385,974,707	28,800,926	22,802,566	25,220,290
July	1,579,001,577	1,138,502,403	1,298,162,804	26,225,966	23,255,166	23,410,901
August	1,553,451,451	1,123,436,770	1,248,645,521	26,285,468	22,969,869	24,116,051
September	1,549,042,440	1,301,185,755	1,223,513,158	26,848,833	23,823,445	23,905,900
October	1,567,169,897	1,217,446,342	1,256,101,999	27,801,721	22,775,021	23,704,074
November	1,577,848,274	1,209,397,100	1,341,755,511	28,244,647	22,503,501	26,192,489
December	1,542,601,927	1,208,812,497	1,279,887,427	27,153,148	22,103,399	24,695,536
TOTAL	**18,172,061,584**	**14,489,625,546**	**14,950,173,170**	**310,944,643**	**276,586,070**	**283,599,398**

AMOUNT OF ENERGY SOLD TO INDUSTRIAL CUSTOMERS (in kWh)

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
January	975,218,550	932,620,118	991,851,637	20,595,843	18,978,273	20,045,353
February	1,125,369,133	1,168,837,047	1,137,218,458	22,100,396	22,309,940	22,484,047
March	1,047,969,771	976,840,918	1,069,592,755	21,029,345	15,394,381	20,011,695
April	1,109,479,249	646,573,333	1,077,049,686	19,836,365	8,673,837	20,140,836
May	1,106,816,549	718,192,940	1,157,850,451	23,512,339	12,312,342	21,825,269
June	1,159,319,226	983,778,188	1,219,808,993	24,366,265	18,924,784	22,992,108
July	1,243,320,808	1,029,482,026	1,125,218,770	23,350,710	19,659,459	21,621,429
August	1,134,602,662	1,075,324,147	1,148,391,506	23,721,432	19,838,516	23,508,918
September	1,165,057,917	1,138,774,697	1,140,309,798	22,410,975	20,216,668	22,622,746
October	1,141,127,333	1,087,809,882	1,143,611,813	22,660,891	20,502,146	23,384,853
November	1,120,274,786	1,093,194,823	1,198,562,160	21,317,663	20,497,508	24,754,283
December	1,065,927,514	1,106,461,443	1,107,096,245	20,033,185	20,875,933	21,814,585
TOTAL	**13,394,483,498**	**11,957,889,562**	**13,516,562,271**	**264,935,409**	**218,183,787**	**265,206,122**

AMOUNT OF ENERGY SOLD FOR FLAT STREETLIGHTS (in kWh)

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
January	11,487,523	11,681,953	11,769,458	108,946	134,793	155,077
February	11,556,561	11,622,068	11,793,487	96,593	121,399	155,089
March	11,669,983	11,670,860	11,935,859	85,977	113,262	121,774
April	11,622,255	11,683,204	11,846,076	99,469	120,518	123,045
May	11,586,465	11,651,370	11,830,791	96,554	106,650	119,344
June	11,600,435	11,721,051	11,814,775	99,395	107,345	137,099
July	10,887,824	11,730,786	11,858,959	95,166	105,281	136,068
August	11,634,291	11,714,890	11,844,766	97,005	111,372	144,161
September	11,637,595	11,718,597	11,929,151	97,034	113,148	146,512
October	11,590,738	11,732,368	11,922,785	107,270	112,788	142,308
November	11,467,357	11,721,621	11,861,734	130,393	120,967	154,275
December	11,586,431	11,709,878	11,915,838	127,331	142,607	156,583
TOTAL	**138,327,458**	**140,358,646**	**142,323,679**	**1,241,133**	**1,410,130**	**1,691,335**

ESG PERFORMANCE
POWER

ENERGY SALES (in GWh)						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Residential	14,580.96	16,478.97	16,906.17	7.89	9.18	7.14
Commercial	18,172.06	14,489.63	14,950.17	310.94	276.59	283.60
Industrial	13,394.48	11,957.89	13,516.56	264.94	218.18	265.21
Flat Streetlights	138.33	140.36	142.32	1.24	1.41	1.69
TOTAL	**46,285.83**	**43,066.85**	**45,515.23**	**585.01**	**505.36**	**557.64**

SCOPE 3 EMISSIONS FROM ENERGY SALES (in tonnes CO_2e)						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Residential	10,384,560.61	11,736,325.74	12,040,571.68	5,617.22	6,538.70	5,086.65
Commercial	12,942,142.26	10,319,511.31	10,647,513.33	221,454.77	196,984.60	201,979.49
Industrial	9,539,551.15	8,516,408.95	9,626,495.65	188,687.00	155,390.49	188,879.80
Flat Streetlights	98,516.82	99,963.43	101,362.92	883.93	1,004.29	1,204.57
TOTAL	**32,964,770.83**	**30,672,209.43**	**32,415,943.59**	**416,642.93**	**359,918.08**	**397,150.51**

CAPACITY OF SOLAR PANELS SOLD BY SPECTRUM (in kWp)			
	2019	2020	2021
Residential	48.00	702.00	239.14
Commercial & Industrial	7,398.00	11,183.00	13,784.53
TOTAL	**7,446.00**	**11,885.00**	**14,023.67**

Customer Connections

NUMBER OF CUSTOMER CONNECTIONS BY TYPE						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Residential	6,358,417	6,573,953	6,837,717	1,004	1,059	1,129
Commercial	527,701	539,912	554,183	1,268	1,311	1,323
Industrial	10,568	10,667	10,686	154	156	158
Flat Streetlights	4,808	4,842	4,909	92	87	93
TOTAL	**6,901,494**	**7,129,374**	**7,407,495**	**2,518**	**2,613**	**2,703**

NUMBER OF CAPTIVE CUSTOMERS SUBJECT TO RENEWABLE PORTFOLIO STANDARDS (RPS) BY TYPE						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Residential	RPS ENFORCED IN 2020	6,573,953	6,837,716	RPS ENFORCED IN 2020	1,059	1,129
Commercial		539,282	553,446		1,300	1,310
Industrial		10,153	10,060		141	142
Flat Streetlights		4,842	4,909		87	93
TOTAL	-	**7,128,230**	**7,406,131**	-	**2,587**	**2,674**

FULFILLMENT OF RPS (in %)					
MERALCO			CLARK ELECTRIC		
2019	2020	2021	2019	2020	2021
N/A	100%	100%	N/A	N/A	N/A

NUMBER OF NET METERING CUSTOMERS						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Residential	2,254	2,802	3,579	1	1	1
Commercial	232	272	323	6	6	6
Industrial	18	22	23	-	-	-
TOTAL	**2,504**	**3,096**	**3,925**	**7**	**7**	**7**

ESG PERFORMANCE
POWER

DU Assets

ASSETS OF DISTRIBUTION UTILITIES

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Length of distribution lines	18,146.86	18,444.84	18,822.29	450.99	460.41	477.35
Number of substations	124	122	131	4	4	4
Total substation capacity	18,576	19,182	20,408	166	183	183
Number of distribution poles	811,503	824,075	834,831	3,410	3,479	3,549
Number of overhead transformers (mineral oil-based)	180,439	188,018	198,069	1,899	1,957	1,990
Number of overhead transformers (ester oil-based)	-	261	802	-	-	-
Number of pad-mounted transformers (mineral oil-based)	1,912	1,972	2,045	15	18	18
Number of pad-mounted transformers (ester oil-based)	6,112	6,349	6,582	-	-	-
Number of distribution transformers	**188,463**	**196,600**	**207,498**	**1,914**	**1,975**	**2,008**

Affordability

AVERAGE RETAIL ELECTRICITY RATE (in PhP/kWh)

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Residential	10.2713	9.2357	9.4226	8.0618	6.6787	5.8730
Commercial	8.7013	7.6937	8.1561	8.0955	6.7279	5.9084
Industrial	7.5532	6.4765	6.8344	7.9213	6.6049	5.6834

TYPICAL MONTHLY ELECTRICITY BILL OF RESIDENTIAL CUSTOMERS (in PhP)

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
500 kWh of electricity delivered	5,520.53	4,889.41	5,027.50	4,085.99	3,502.39	3,287.39
1,000 kWh of electricity delivered	11,120.89	9,945.54	10,137.32	8,136.64	6,969.44	6,539.44

ELECTRICITY SERVICE DISCONNECTION METRICS

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Number of residential electric disconnections due to non-payment	1,784,395	206,035	907,618	117	71	131
Percentage of disconnections restored within 30 days	99	88	88	NAI	NAI	32

Reliability

GRID RESILIENCY METRICS

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Number of incidents of non-compliance with physical or cybersecurity standards or regulations	-	-	-	-	-	-
SAIFI	1.77	1.50	1.41	2.63	3.29	1.74
SAIDI (in minutes)	188.36	163.00	138.77	143.81	111.44	51.41
CAIDI (in minutes)	106.48	108.62	98.43	35.39	28.92	30.90

SYSTEM LOSS METRICS

	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Amount of energy lost through the distribution system (in MWh)	2,694,326	2,762,319	2,794,156	12,891	10,851	11,850
Energy lost in the distribution system vs. net system input (in %)	5.54	6.08	5.85	2.15	2.10	2.08
Customer savings due to lower system loss vs. Energy Regulatory Commission's system loss cap (in PhP million)	5,153.00	3,221.36	3,472.45	179.78	120.00	96.90

ESG PERFORMANCE
POWER

STORM HARDENING METRICS						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Number of poles replaced	10,914	2,604	8,223	5	1	-
Length of conductors upgraded (in spans)	14,988	6,026	6,124	65	34	10
Number of DT primary lead wires upgraded	9,347	4,680	3,283	-	-	2
Number of line and equipment covers installed	5,763	2,713	8,470	-	-	-
Number of wooden crossarms converted to fiberglass	13,434	6,263	4,192	-	-	-

LIGHTNING PROTECTION IMPROVEMENT METRICS						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Number of surge arresters used for installation or replacement	16,439	7,397	6,554	-	1	9
Number of poles used for pole-grounding correction	17,079	8,470	7,374	48	18	12
Length of system neutrals installed (in spans)	2,345	1,213	1,573	-	-	-
Length of overhead shield wires installed (in spans)	3,835	2,051	1,643	-	-	-
Number of remote-controlled line reclosers installed	559	91	257	18	-	-

Efficiency & Demand

EFFICIENCY & DEMAND METRICS						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Percentage of electric utility revenues from rate structures that are decoupled Percentage of electric utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)	Not applicable to the Philippines			Not applicable to the Philippines		
Percentage of electric load served by smart grid technology	N/A	N/A	N/A	0.63	0.65	0.79
Customer electricity savings from efficiency measures (in MWh)	N/A	N/A	N/A	No program for customer electricty savings from efficiency measures		

DU Energy Mix

EFFICIENCY & DEMAND METRICS						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Coal	9,947,157.20	10,456,011.25	10,891,059.41	189,181.51	179,620.94	138,720.00
Natural gas	18,932,486.93	17,712,845.03	16,126,245.83	-	-	-
Oil	488,867.60	106,255.59	1,850,122.42	-	-	-
Hydro	10,351.94	168,210.30	734,237.69	35,760.00	60,619.33	54,041.40
Geothermal	-	-	56,985.01	-	-	-
Wind	-	-	-	-	-	-
Solar	50,144.31	110,872.81	213,664.06	47.83	82.11	46.19
Biomass	-	-	236.07	-	-	-
WESM	4,206,823.99	3,965,311.38	3,380,580.96	72,824.64	13,238.46	68,042.11
TOTAL	**33,635,831.98**	**32,519,506.37**	**33,253,131.44**	**297,813.98**	**253,560.84**	**260,849.70**

ESG PERFORMANCE
POWER

POWER DISTRIBUTION UTILITY FUEL MIX BASED ON ENERGY DELIVERED TO CAPTIVE CUSTOMERS (in %)						
	MERALCO			CLARK ELECTRIC		
	2019	2020	2021	2019	2020	2021
Coal	29.57%	32.15%	32.75%	63.52%	70.84%	53.18%
Natural gas	56.29%	54.47%	48.50%	0.00%	0.00%	0.00%
Oil	1.45%	0.33%	5.56%	0.00%	0.00%	0.00%
Hydro	0.03%	0.52%	2.21%	12.01%	23.91%	20.72%
Geothermal	0.00%	0.00%	0.17%	0.00%	0.00%	0.00%
Wind	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Solar	0.15%	0.34%	0.64%	0.02%	0.03%	0.02%
Biomass	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WESM	12.51%	12.19%	10.17%	24.45%	5.22%	26.08%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Power Gen Mix

POWER GENERATION FUEL MIX (in MWh)			
	2019	2020	2021
Coal	5,248,575.27	7,260,791.27	7,879,523.61
Natural gas	4,858,613.31	4,596,514.76	5,331,709.90
Diesel	114,158.11	76,810.67	66,218.03
Solar	-	-	66,105.55
TOTAL	**10,221,346.69**	**11,934,116.70**	**13,343,557.09**

POWER GENERATION FUEL MIX (in %)			
	2019	2020	2021
Coal	51.35%	60.84%	59.05%
Natural gas	47.53%	38.52%	39.96%
Diesel	1.12%	0.64%	0.50%
Solar	0.00%	0.00%	0.50%
TOTAL	**100.00%**	**100.00%**	**100.00%**

MGen Plants

LIST OF MGEN PLANTS						
NAME OF COMPANY	POWER PLANT	FUEL TYPE	GROSS CAPACITY (IN MW)	NET CAPACITY (IN MW)	EQUITY STAKE	ECONOMIC LIFE LIMIT PER PSA
Cebu Energy Development Corporation	CEDC	Coal	246	216	52%	2036
Toledo Power Company	TPC 1 (Sangi)	Coal	60	50	100%	2026
	TPC 1A	Coal	82	72	100%	2039
	TPC Carmen	Diesel	40	38	100%	2024
Panay Energy Development Corporation	PEDC 1&2	Coal	164	144	89%	2036
	PEDC 3	Coal	150	132	89%	2042
Panay Power Corporation	PPC 1 (Iloilo)	Diesel	72	88.7	89%	2024
	PPC 2 (Iloilo)	Diesel	20		89%	2024
	PPC 3 (Nabas)	Diesel	7.5		89%	2024
	PPC 4 (New Washington)	Diesel	5		89%	2026
GBH Power Resources	GPRI	Diesel	7.5	6	100%	2020
Sarangani Energy Corporation	SEC 1	Coal	118.5	105	38%	2044
	SEC 2	Coal	118.5	105	38%	2044
San Buenaventura Power	SBPL	Coal	500	455	51%	2039
PowerSource First Bulacan Solar	BulacanSol	Solar	55	55	60%	2041
PacificLight Power	PLP	Natural gas	800	771	58%	2044
TOTAL			**2446**	**2237.7**		

ESG PERFORMANCE
PLANET

Water

AMOUNT OF WATER WITHDRAWN BY MGEN (in liters)			
	2019	2020	2021
Surface water	72,010,000	99,430,000	87,240,000
Groundwater	296,202,000	267,372,001	249,581,709
Seawater	1,385,237,054,276	1,231,801,946,740	1,271,552,198,650
Third-party water	7,183,825	6,277,401	9,942,300
TOTAL	**1,385,612,450,101**	**1,232,175,026,142**	**1,271,898,962,659**

AMOUNT OF WATER CONSUMED BY MGEN (in liters)			
	2019	2020	2021
Surface water	65,904,600	96,710,433	84,415,550
Groundwater	296,202,000	267,372,001	249,581,709
Seawater	463,630,390	183,560,906	393,021,587
Third-party water	7,183,825	6,277,401	9,942,300
TOTAL	**832,920,815**	**553,920,741**	**736,961,146**

AMOUNT OF WATER DISCHARGED BY MGEN (in liters)			
	2019	2020	2021
Surface water	6,105,400	2,719,567	2,824,450
Groundwater	-	-	-
Seawater	1,384,773,423,886	1,231,618,385,834	1,271,159,177,063
Third-party water	-	-	-
TOTAL	**1,384,779,529,286**	**1,231,621,105,401**	**1,271,162,001,513**

PERCENTAGE OF WATER WITHDRAWN OR CONSUMED BY MGEN IN WATER-STRESSED AREAS			
	2019	2020	2021
Withdrawn in high water stress	-	-	-
Withdrawn in extremely high water stress	-	-	-
Consumed in high water stress	-	-	-
Consumed in extremely high water stress	-	-	-

NUMBER OF INCIDENTS OF NON-COMPLIANCE BY MGEN WITH WATER LAWS & STANDARDS		
2019	2020	2021
-	-	-

WATER MANAGEMENT METRICS OF MGEN (in liters)			
	2019	2020	2021
Withdrawn	1,385,612,450,101	1,232,175,026,142	1,271,898,962,659
Consumed	832,920,815	553,920,741	736,961,146
Discharged	1,384,779,529,286	1,231,621,105,401	1,271,162,001,513

Non-Hazardous Waste

AMOUNT OF BIODEGRADABLE WASTE GENERATED BY MERALCO (in tonnes)			
	2019	2020	2021
Q1	NAI	421.06	293.36
Q2		16.66	477.06
Q3		177.16	554.98
Q4		112.45	318.33
TOTAL	**-**	**727.33**	**1,643.73**

AMOUNT OF RECYCLABLE WASTE GENERATED BY MERALCO (in tonnes)			
	2019	2020	2021
Q1	16.00	23.37	124.89
Q2		253.67	313.65
Q3		152.81	329.08
Q4		52.91	53.34
TOTAL	**16.00**	**482.76**	**820.96**

AMOUNT OF RESIDUAL WASTE GENERATED BY MERALCO (in tonnes)			
	2019	2020	2021
Q1	76.80	525.26	133.70
Q2		271.54	157.64
Q3		242.39	95.30
Q4		112.45	34.48
TOTAL	**76.80**	**1,151.64**	**421.12**

ESG PERFORMANCE
PLANET

AMOUNT OF SOLID WASTE TREATED OR DISPOSED OF BY MERALCO (in tonnes)			
	2019	2020	2021
Composted or recycled	16.00	1,210.09	2,464.69
Disposed of in landfill sites	76.80	1,151.64	421.12
TOTAL	**92.80**	**2,361.73**	**2,885.81**

AMOUNT OF SOLID WASTE TREATED OR DISPOSED OF BY MERALCO (in tonnes)			
	2019	2020	2021
Biodegradable	-	727.33	1,643.73
Recyclable	16.00	482.76	820.96
Residual	76.80	1,151.64	421.12
TOTAL	**92.80**	**2,361.73**	**2,885.81**

MGEN'S COAL ASH MANAGEMENT METRICS			
	2019	2020	2021
Amount of coal combustion residuals (CCR) generated (in metric tons)	210,711.70	220,970.74	254,325.49
Percentage of CCR recycled	0.35	0.42	0.55
Total number of CCR impoundments	3	3	3

Hazardous Waste

AMOUNT OF USED OIL GENERATED (in tonnes)						
	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	797.27	71.81	133.41	27.75	646.24	32.85
Q2		94.21	316.80	102.72	22.83	118.70
Q3		228.66	256.84	19.78	2.43	49.06
Q4		210.61	208.01	20.45	24.62	24.43
TOTAL	**797.27**	**605.29**	**915.06**	**170.70**	**696.13**	**225.03**

AMOUNT OF USED OIL TREATED (in tonnes)						
	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	516.56	560.72	79.50	27.75	646.24	32.85
Q2			350.43	102.72	22.83	118.70
Q3			256.40	19.78	2.43	49.06
Q4			260.60	20.45	24.62	24.43
TOTAL	**516.56**	**560.72**	**946.93**	**170.70**	**696.13**	**225.03**

AMOUNT OF BUSTED BULBS GENERATED (in tonnes)						
	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	52.95	0.75	129.12	0.19	0.10	0.05
Q2		4.73	4.05	0.03	0.00	0.09
Q3		5.01	0.86	0.08	0.02	0.19
Q4		0.77	7.31	0.18	0.24	0.14
TOTAL	**52.95**	**11.26**	**141.34**	**0.48**	**0.36**	**0.46**

AMOUNT OF BUSTED BULBS TREATED (in tonnes)						
	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	1.39	1.30	6.20	0.19	0.10	0.05
Q2			2.46	0.03	0.00	0.09
Q3			8.66	0.08	0.02	0.19
Q4			-	0.18	0.24	0.14
TOTAL	**1.39**	**1.30**	**17.32**	**0.48**	**0.36**	**0.46**

AMOUNT OF ELECTRONIC WASTES GENERATED (in tonnes)						
	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	-	0.33	6.77	0.46	0.05	0.02
Q2		-	0.02	-	0.03	0.02
Q3		-	0.05	-	-	-
Q4		-	0.88	0.18	0.08	-
TOTAL	**-**	**1.28**	**113.17**	**0.65**	**0.16**	**0.04**

AMOUNT OF ELECTRONIC WASTES TREATED (in tonnes)						
	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	-	-	-	0.46	0.05	0.02
Q2	-	-	-	-	0.03	0.02
Q3	-	-	-	-	-	-
Q4	-	-	-	0.18	0.08	-
TOTAL	**-**	**-**	**-**	**0.65**	**0.16**	**0.04**

ESG PERFORMANCE
PLANET

AMOUNT OF PCB-CONTAMINATED MATERIALS GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	-	-	-	Not being monitored		
Q2	-	-	-			
Q3	-	-	55.00			
Q4	-	-	12.40			
TOTAL	**-**	**-**	**67.40**			

AMOUNT OF PCB-CONTAMINATED MATERIALS TREATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	122.61	-	-	Not being monitored		
Q2		-	-			
Q3		-	-			
Q4		-	52.11			
TOTAL	**122.61**	**-**	**52.11**			

AMOUNT OF LEAD–ACID BATTERIES GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	-	3.72	6.11	0.90	3.33	0.25
Q2	-	10.23	7.47	0.05	5.52	0.49
Q3	-	16.35	19.51	2.69	0.35	0.13
Q4	-	2.86	44.28	0.43	0.81	0.41
TOTAL	**-**	**33.16**	**77.37**	**4.06**	**10.00**	**1.27**

AMOUNT OF LEAD–ACID BATTERIES TREATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	-	3.72	6.11	0.90	3.33	0.25
Q2	-	10.23	7.47	0.05	5.52	0.49
Q3	-	16.35	19.51	2.69	0.35	0.13
Q4	-	2.86	44.28	0.43	0.81	0.41
TOTAL	**-**	**33.16**	**77.37**	**4.06**	**10.00**	**1.27**

AMOUNT OF INFECTIOUS WASTES GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	2.21	0.58	1.21	Not being monitored		
Q2		0.07	3.21			
Q3		0.10	3.92			
Q4		2.15	13.91			
TOTAL	**2.21**	**2.90**	**22.25**			

AMOUNT OF INFECTIOUS WASTES GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	0.57	2.46	-	Not being monitored		
Q2			-			
Q3			1.63			
Q4			-			
TOTAL	**0.57**	**2.46**	**1.63**			

AMOUNT OF OIL-CONTAMINATED MATERIALS GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	17.26	0.82	5.33	33.75	3.16	1.00
Q2		4.33	1.10	0.86	0.69	5.65
Q3		0.61	0.89	2.25	0.42	3.08
Q4		8.50	52.19	0.55	0.48	0.43
TOTAL	**17.26**	**14.26**	**59.51**	**37.41**	**4.76**	**10.15**

AMOUNT OF OIL-CONTAMINATED MATERIALS TREATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	1.77	1.16	-	33.75	3.16	1.00
Q2			3.77	0.86	0.69	5.65
Q3			0.25	2.25	0.42	3.08
Q4			1.80	0.55	0.48	0.43
TOTAL	**1.77**	**1.16**	**5.82**	**37.41**	**4.76**	**10.15**

ESG PERFORMANCE
PLANET

AMOUNT OF CONTAMINATED CONTAINERS GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	-	0.58	2.32	3.77	1.45	0.53
Q2	-	0.09	0.92	0.26	0.12	1.11
Q3	-	0.09	2.15	0.19	0.09	2.31
Q4	-	0.96	1.43	0.39	0.45	0.40
TOTAL	**-**	**1.72**	**6.82**	**4.60**	**2.12**	**4.34**

AMOUNT OF CONTAMINATED CONTAINERS TREATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	0.09	0.58	-	3.77	1.45	0.53
Q2			0.05	0.26	0.12	1.11
Q3			-	0.19	0.09	2.31
Q4			-	0.39	0.45	0.40
TOTAL	**0.09**	**0.58**	**0.05**	**4.60**	**2.12**	**4.34**

AMOUNT OF GREASE WASTES GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1	-	0.03	0.03	0.06	0.03	0.01
Q2	-	-	0.05	0.05	0.03	-
Q3	-	0.30	-	-	0.04	-
Q4	-	-	0.06	0.04	0.25	-
TOTAL	**-**	**0.33**	**0.14**	**0.14**	**0.36**	**0.01**

AMOUNT OF GREASE WASTES TREATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
Q1		0.33	0.03	0.06	0.03	0.01
Q2			0.05	0.05	0.03	-
Q3	-		-	-	0.04	-
Q4			0.06	0.04	0.25	-
TOTAL	**-**	**0.33**	**0.14**	**0.14**	**0.36**	**0.01**

TOTAL AMOUNT OF HAZARDOUS WASTES GENERATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
	869.69	670.20	1,403.06	218.04	713.88	241.30

TOTAL AMOUNT OF HAZARDOUS WASTES TREATED (in tonnes)

	MERALCO			MGEN		
	2019	2020	2021	2019	2020	2021
	714.70	566.55	1,039.87	218.04	713.88	241.30

Electricity

AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION IN 2019 (in kWh)

	MERALCO	SUBSIDIARIES	TOTAL
January	4,421,439.00	2,777,244.80	7,198,683.80
February	4,993,380.00	1,216,506.08	6,209,886.08
March	4,581,917.00	1,160,752.31	5,742,669.31
April	5,048,485.00	2,170,000.73	7,218,485.73
May	5,248,390.00	572,599.95	5,820,989.95
June	5,406,152.00	1,744,308.94	7,150,460.94
July	5,323,213.00	778,145.86	6,101,358.86
August	5,166,400.00	997,581.84	6,163,981.84
September	5,105,261.00	754,720.46	5,859,981.46
October	5,020,577.00	999,965.79	6,020,542.79
November	5,157,097.00	938,736.63	6,095,833.63
December	4,924,374.00	1,143,544.72	6,067,918.72
SUBTOTAL	**60,396,685.00**	**15,254,108.11**	**75,650,793.11**

AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION IN 2020 (in kWh)

	MERALCO	SUBSIDIARIES	TOTAL
January	4,603,938.00	1,190,125.81	5,794,063.81
February	4,964,125.00	2,372,143.07	7,336,268.07
March	4,548,697.00	707,949.31	5,256,646.31
April	4,919,331.00	2,188,403.12	7,107,734.12
May	3,644,754.00	1,593,102.49	5,237,856.49
June	5,798,104.00	1,882,116.53	7,680,220.53
July	3,872,717.00	1,413,516.29	5,286,233.29
August	3,717,956.00	1,069,252.42	4,787,208.42
September	6,685,974.00	2,143,189.40	8,829,163.40
October	5,806,366.00	2,072,743.30	7,879,109.30
November	5,340,998.00	1,800,549.81	7,141,547.81
December	4,057,394.00	1,639,418.52	5,696,812.52
SUBTOTAL	**57,960,354.00**	**20,072,510.07**	**78,032,864.07**

ESG PERFORMANCE
PLANET

AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION IN 2021 (in kWh)

	MERALCO	SUBSIDIARIES	TOTAL
January	4,730,681.00	1,932,260.22	6,662,941.22
February	5,078,906.00	1,269,523.82	6,348,429.82
March	4,602,376.00	1,159,039.92	5,761,415.92
April	4,762,590.00	1,326,051.48	6,088,641.48
May	5,521,459.00	939,029.07	6,460,488.07
June	5,570,775.00	2,269,884.89	7,840,659.89
July	5,035,766.00	1,384,910.26	6,420,676.26
August	4,832,055.00	1,377,627.87	6,209,682.87
September	4,973,746.00	853,797.68	5,827,543.68
October	4,826,807.00	1,354,915.87	6,181,722.87
November	4,946,626.00	1,067,039.11	6,013,665.11
December	4,443,747.00	1,533,989.36	5,977,736.36
SUBTOTAL	**59,325,534.00**	**16,468,069.55**	**75,793,603.55**

TOTAL AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION (in MWh)

	2019	2020	2021
MERALCO	60,397	57,960	59,326
SUBSIDIARIES	15,254	20,073	16,468
TOTAL	**75,651**	**78,033**	**75,794**

SCOPE 2 EMISSIONS FROM ELECTRICITY CONSUMPTION (in tonnes CO_2e)

	2019	2020	2021
MERALCO	43,014.52	41,279.36	42,251.65
SUBSIDIARIES	10,280.58	13,742.49	11,728.56
CIS Bayad Center	164.49	60.05	147.62
Bayad	164.49	48.93	133.76
CFS	-	11.12	13.86
Clark Electric	303.28	319.60	349.39
Comstech	-	-	-
eSakay	-	41.91	58.42
MGen	8,666.65	12,264.06	9,041.11
MIESCOR United	220.55	215.88	892.27
MIESCOR	43.32	52.44	725.24
MBI	177.24	163.45	167.03
MLI	-	-	-
MEP	43.32	52.44	50.46
MServ	136.03	83.32	64.66
Shin Clark	6.27	20.26	19.99
Spectrum	-	-	-
Radius	739.99	684.97	1,104.65
TOTAL	**53,295.10**	**55,021.86**	**53,980.20**

AMOUNT OF ENERGY SOURCED BY PEDC FROM SOLAR PANELS FOR OWN USE (in GWh)

	2019	2020	2021
January	0.0126	0.0130	0.0105
February	0.0144	0.0137	0.0144
March	0.0166	0.0162	0.0125
April	0.0176	0.0150	0.0119
May	0.0150	0.0148	0.0122
June	0.0146	0.0133	0.0110
July	0.0126	0.0138	0.0100
August	0.0112	0.0131	0.0114
September	0.0127	0.0121	0.0108
October	0.0153	0.0117	0.0084
November	0.0109	0.0114	0.0123
December	0.0156	0.0106	0.0106
TOTAL	**0.1689**	**0.1588**	**0.1360**

SF_6

AMOUNT OF SF_6 LEAKAGE (in kg)

	Meralco*			Clark Electric**		
	2019	2020	2021	2019	2020	2021
January	Not monitored yet	20.47	31.20	Not monitored yet		-
February		20.47	17.04			-
March		20.47	19.08			-
April		20.47	20.16			-
May		17.45	12.74			-
June		2.21	11.07			-
July		21.26	21.94			-
August		19.31	43.89			-
September		26.50	12.98			-
October		20.31	14.03			-
November		22.23	4.62			-
December		34.52	7.38			-
TOTAL		**245.67**	**216.13**	-	-	-

*Monitoring of SF_6 leakage started in May 2020, thus the average SF_6 leakage from May to Dec 2020 (20.47 kg) was used to represent the estimated monthly SF_6 leakage for January to April 2020.
**Monitoring of SF_6 leakage started in 2021; no SF_6 leakage was recorded for the year.

TOTAL SCOPE 1 EMISSIONS FROM SF_6 LEAKAGE (in tonnes CO_2e)

	2019	2020	2021
TOTAL	**0.00**	**5,773.25**	**5,079.06**

ESG PERFORMANCE
PLANET

Gasoline (Vehicles & Gen Sets)

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2019 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	13,820.00	13,293.26	27,113.26
February	13,087.00	13,825.59	26,912.59
March	16,037.38	13,705.45	29,742.83
April	15,039.70	17,295.35	32,335.05
May	17,897.00	13,463.06	31,360.06
June	15,060.00	18,098.66	33,158.66
July	17,670.00	15,403.31	33,073.31
August	15,400.00	18,972.72	34,372.72
September	17,001.00	22,998.73	39,999.73
October	20,825.00	20,607.51	41,432.51
November	17,591.82	16,067.71	33,659.53
December	15,071.00	78,328.87	93,399.87
SUBTOTAL	**194,499.90**	**262,060.21**	**456,560.11**

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2021 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	14,136.22	**21,033.02**	35,169.24
February	14,391.00	40,868.79	55,259.79
March	15,553.00	36,148.44	51,701.44
April	13,807.00	28,646.38	42,453.38
May	17,370.00	37,418.07	54,788.07
June	18,711.00	42,035.03	60,746.03
July	16,583.00	35,777.25	52,360.25
August	16,783.00	34,422.97	51,205.97
September	17,097.00	36,831.83	53,928.83
October	17,860.00	71,372.72	89,232.72
November	18,434.00	64,392.49	82,826.49
December	18,135.00	121,189.12	139,324.12
SUBTOTAL	**198,860.22**	**570,136.11**	**768,996.33**

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2020 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	18,696.00	19,175.65	37,871.65
February	16,836.00	17,541.06	34,377.06
March	11,303.00	13,912.78	25,215.78
April	7,533.00	7,973.88	15,506.88
May	14,990.00	10,868.75	25,858.75
June	15,104.00	12,097.67	27,201.67
July	17,812.48	18,173.26	35,985.74
August	15,028.00	14,766.10	29,794.10
September	15,168.00	15,138.77	30,306.77
October	15,017.00	20,828.48	35,845.48
November	14,363.00	16,575.79	30,938.79
December	12,718.00	66,263.25	78,981.25
SUBTOTAL	**174,568.48**	**233,315.45**	**407,883.93**

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2019 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	1,648.00	-	1,648.00
February	1,507.38	-	1,507.38
March	1,743.00	-	1,743.00
April	2,035.01	-	2,035.01
May	1,527.77	-	1,527.77
June	1,627.16	-	1,627.16
July	1,094.00	-	1,094.00
August	1,349.00	-	1,349.00
September	1,387.50	-	1,387.50
October	1,661.12	-	1,661.12
November	866.00	-	866.00
December	1,109.18	-	1,109.18
SUBTOTAL	**17,555.12**	**-**	**17,555.12**

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2020 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	1,910.94	-	1,910.94
February	1,441.00	-	1,441.00
March	655.00	-	655.00
April	275.00	-	275.00
May	294.00	-	294.00
June	730.00	-	730.00
July	952.60	-	952.60
August	519.33	-	519.33
September	1,047.00	-	1,047.00
October	1,410.00	-	1,410.00
November	2,198.12	-	2,198.12
December	855.53	-	855.53
SUBTOTAL	**12,288.52**	**-**	**12,288.52**

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2021 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	930.69	3,088.10	4,018.79
February	969.00	2,082.12	3,051.12
March	1,137.00	2,346.70	3,483.70
April	802.00	1,035.06	1,837.06
May	1,333.00	1,147.11	2,480.11
June	1,134.00	3,337.90	4,471.90
July	888.20	2,112.49	3,000.69
August	1,611.85	3,067.49	4,679.34
September	1,544.00	6,453.00	7,997.00
October	1,248.71	3,668.62	4,917.33
November	956.00	2,846.76	3,802.76
December	1,450.00	3,471.99	4,921.99
SUBTOTAL	**14,004.45**	**34,657.34**	**48,661.79**

AMOUNT OF GASOLINE CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2019 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	17,919.63	17,919.63
SUBTOTAL	**-**	**17,919.63**	**17,919.63**

AMOUNT OF GASOLINE CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2020 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	-	539.56	539.56
February	-	802.46	802.46
March	-	1,346.89	1,346.89
April	-	-	-
May	-	515.72	515.72
June	-	1,092.14	1,092.14
July	-	910.71	910.71
August	-	1,343.22	1,343.22
September	-	1,351.30	1,351.30
October	-	904.83	904.83
November	-	801.02	801.02
December	-	13,005.77	13,005.77
SUBTOTAL	**-**	**22,613.62**	**22,613.62**

ESG PERFORMANCE
PLANET

AMOUNT OF GASOLINE CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2021 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	-	499.00	499.00
February	-	612.00	612.00
March	-	647.00	647.00
April	-	241.00	241.00
May	-	661.00	661.00
June	-	461.00	461.00
July	-	554.44	554.44
August	-	853.02	853.02
September	-	548.18	548.18
October	-	706.87	706.87
November	-	876.27	876.27
December	-	14,040.44	14,040.44
SUBTOTAL	**-**	**20,700.22**	**20,700.22**

SCOPE 1 EMISSIONS FROM COMBUSTION OF GASOLINE USED TO RUN COMPANY-OWNED VEHICLES (in tonnes CO_2e)

	2019	2020	2021
MERALCO	356.32	319.81	364.31
SUBSIDIARIES	480.09	427.43	1,044.48
CIS Bayad Center	-	6.97	11.72
Bayad	-	0.21	3.56
CFS	-	6.76	8.16
Clark Electric	5.68	5.39	13.97
Comstech	-	-	-
eSakay	-	-	-
MGen	40.48	26.76	25.49
MIESCOR United	197.46	213.07	723.45
MIESCOR	120.73	125.04	611.74
MBI	57.88	76.33	99.31
MLI	18.84	11.70	12.40
MEP	-	0.22	0.81
MServ	112.01	97.38	107.67
Shin Clark	-	-	-
Spectrum	-	5.54	6.07
Radius	124.46	72.09	155.30
TOTAL	**836.41**	**747.24**	**1,408.79**

SCOPE 1 EMISSIONS FROM COMBUSTION OF GASOLINE USED TO RUN COMPANY-OWNED GENERATOR SETS (in tonnes CO_2e)

	2019	2020	2021
MERALCO	40.13	28.09	32.02
SUBSIDIARIES	-	-	79.23
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	79.23
MIESCOR	-	-	79.23
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	**40.13**	**28.09**	**111.25**

SCOPE 3 EMISSIONS FROM COMBUSTION OF GASOLINE USED TO RUN RENTED/THIRD-PARTY VEHICLES (in tonnes CO_2e)

	2019	2020	2021
MERALCO	-	-	-
SUBSIDIARIES	32.83	41.43	37.92
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	10.48	13.50
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	32.83	21.05	24.42
Shin Clark	-	-	-
Spectrum	-	9.90	-
Radius	-	-	-
TOTAL	**32.83**	**41.43**	**37.92**

TOTAL SCOPE 1 EMISSIONS FROM GASOLINE CONSUMPTION (in tonnes CO_2e)

2019	2020	2021
0.00	**5,773.25**	**5,079.06**

TOTAL SCOPE 3 EMISSIONS FROM GASOLINE CONSUMPTION (in tonnes CO_2e)

2019	2020	2021
32.83	**41.43**	**37.92**

ESG PERFORMANCE
PLANET

Diesel (Vehicles & Gen Sets)

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2019 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	228,344.05	119,008.63	347,352.68
February	210,239.79	117,168.86	327,408.65
March	252,448.93	113,172.50	365,621.43
April	256,364.00	128,316.40	384,680.40
May	281,145.62	117,102.90	398,248.52
June	272,347.75	127,139.22	399,486.97
July	284,350.53	123,924.30	408,274.83
August	257,138.56	185,692.50	442,831.06
September	260,709.11	237,611.28	498,320.39
October	272,749.00	190,615.31	463,364.31
November	245,396.31	125,655.22	371,051.53
December	225,286.78	225,469.38	450,756.16
SUBTOTAL	**3,046,520.43**	**1,967,521.21**	**5,014,041.64**

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2020 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	252,088.00	161,993.07	414,081.07
February	233,279.62	174,466.60	407,746.22
March	210,350.63	110,837.32	321,187.95
April	162,128.63	90,151.27	252,279.90
May	261,672.75	75,175.66	336,848.41
June	261,848.33	101,227.03	363,075.36
July	277,785.31	170,124.20	447,909.51
August	251,320.52	161,136.43	412,456.95
September	278,128.55	163,172.08	441,300.63
October	297,001.52	268,170.62	565,172.14
November	301,632.41	141,872.85	443,505.26
December	241,370.00	282,177.75	523,547.75
SUBTOTAL	**3,028,606.27**	**1,900,504.88**	**4,929,111.15**

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2021 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	249,080.79	90,916.95	339,997.74
February	249,537.00	99,601.42	349,138.42
March	293,704.00	127,386.83	421,090.83
April	263,441.74	110,665.01	374,106.75
May	286,820.00	121,878.57	408,698.57
June	298,920.49	133,008.46	431,928.95
July	287,183.00	131,462.60	418,645.60
August	289,071.00	140,476.94	429,547.94
September	291,367.40	145,953.98	437,321.38
October	283,869.00	146,933.32	430,802.32
November	268,204.00	154,542.32	422,746.32
December	247,296.00	275,133.69	522,429.69
SUBTOTAL	**3,308,494.42**	**1,677,960.09**	**4,986,454.51**

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2019 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	7,149.00	15,181.43	22,330.43
February	1,543.00	24,915.51	26,458.51
March	1,373.00	19,982.32	21,355.32
April	4,558.00	36,137.31	40,695.31
May	2,377.98	25,433.30	27,811.28
June	4,169.00	25,838.28	30,007.28
July	3,699.00	25,193.98	28,892.98
August	3,705.44	24,891.84	28,597.28
September	2,864.00	25,247.78	28,111.78
October	1,856.73	33,099.64	34,956.37
November	6,733.00	27,676.38	34,409.38
December	3,268.00	26,638.80	29,906.80
SUBTOTAL	**43,296.15**	**310,236.58**	**353,532.73**

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2020 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	2,885.00	25,087.26	27,972.26
February	2,272.00	29,215.68	31,487.68
March	2,032.00	27,774.29	29,806.29
April	359.00	22,459.78	22,818.78
May	660.00	22,192.31	22,852.31
June	1,956.00	21,065.78	23,021.78
July	10,660.00	27,102.12	37,762.12
August	2,875.00	25,583.35	28,458.35
September	5,839.00	23,173.76	29,012.76
October	5,323.00	31,968.37	37,291.37
November	8,510.00	32,262.87	40,772.87
December	978.00	29,147.01	30,125.01
SUBTOTAL	**44,349.00**	**317,032.58**	**361,381.58**

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2021 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	1,118.00	30,844.60	31,962.60
February	820.00	28,335.69	29,155.69
March	2,129.00	40,030.54	42,159.54
April	7,678.00	34,086.17	41,764.17
May	1,443.00	48,758.50	50,201.50
June	4,872.00	41,019.36	45,891.36
July	2,758.00	33,341.72	36,099.72
August	775.00	44,037.18	44,812.18
September	1,760.00	36,538.88	38,298.88
October	4,136.00	41,758.69	45,894.69
November	1,121.00	44,268.35	45,389.35
December	1,698.00	40,381.19	42,079.19
SUBTOTAL	**30,308.00**	**463,400.86**	**493,708.86**

AMOUNT OF DIESEL CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2019 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	-	540.30	540.30
February	-	500.04	500.04
March	-	605.97	605.97
April	-	655.33	655.33
May	-	648.27	648.27
June	-	681.33	681.33
July	-	607.27	607.27
August	-	648.36	648.36
September	-	582.27	582.27
October	-	598.33	598.33
November	-	643.36	643.36
December	-	2,966.07	2,966.07
SUBTOTAL	**-**	**9,676.90**	**9,676.90**

AMOUNT OF DIESEL CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2020 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	-	541.06	541.06
February	-	564.65	564.65
March	-	814.36	814.36
April	-	329.27	329.27
May	-	452.86	452.86
June	-	537.10	537.10
July	-	558.14	558.14
August	-	716.10	716.10
September	-	719.21	719.21
October	-	666.58	666.58
November	-	649.33	649.33
December	-	1,243.26	1,243.26
SUBTOTAL	**-**	**7,791.92**	**7,791.92**

ESG PERFORMANCE
PLANET

AMOUNT OF DIESEL CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2021 (in liters)

	MERALCO	SUBSIDIARIES	TOTAL
January	-	420.65	420.65
February	-	320.30	320.30
March	-	429.85	429.85
April	-	222.87	222.87
May	-	478.26	478.26
June	-	431.20	431.20
July	-	204.22	204.22
August	-	288.53	288.53
September	-	666.08	666.08
October	-	364.31	364.31
November	-	247.32	247.32
December	-	693.72	693.72
SUBTOTAL	**-**	**4,767.31**	**4,767.31**

SCOPE 1 EMISSIONS FROM COMBUSTION OF DIESEL USED TO RUN COMPANY-OWNED VEHICLES (in tonnes CO_2e)

	2019	2020	2021
MERALCO	6,571	6,532	7,136
SUBSIDIARIES	3,906	4,099	3,619
CIS Bayad Center	-	22	29
Bayad	-	14	20
CFS	-	8	10
Clark Electric	77	67	68
Comstech	-	-	-
eSakay	-	-	-
MGen	257	338	293
MIESCOR United	3,354	3,394	2,798
MIESCOR	2,274	2,417	1,690
MBI	1,057	931	1,021
MLI	23	46	86
MEP	4	2	3
MServ	141	216	262
Shin Clark	2	4	3
Spectrum	-	2	2
Radius	70	55	160
TOTAL	**10,477**	**10,631**	**10,755**

SCOPE 1 EMISSIONS FROM COMBUSTION OF DIESEL USED TO RUN COMPANY-OWNED GENERATOR SETS (in tonnes CO_2e)

	2019	2020	2021
MERALCO	93	96	65
SUBSIDIARIES	669	684	999
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	1	1	0
Comstech	-	-	-
eSakay	-	-	-
MGen	513	512	516
MIESCOR United	155	90	394
MIESCOR	155	90	394
MBI	-	-	-
MLI	-	-	-
MEP	-	0	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	80	89
Radius	-	-	-
TOTAL	**763**	**779**	**1,065**

SCOPE 3 EMISSIONS FROM COMBUSTION OF DIESEL USED TO RUN RENTED/THIRD-PARTY VEHICLES (in tonnes CO_2e)

	2019	2020	2021
MERALCO	-	-	-
SUBSIDIARIES	21	17	10
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	7	3	3
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	9	9	8
MServ	5	1	-
Shin Clark	-	-	-
Spectrum	-	4	-
Radius	-	-	-
TOTAL	**21**	**17**	**10**

TOTAL SCOPE 1 EMISSIONS FROM DIESEL CONSUMPTION (in tonnes CO_2e)

2019	2020	2021
11,239.23	11,410.84	11,819.93

TOTAL SCOPE 3 EMISSIONS FROM DIESEL CONSUMPTION (in tonnes CO_2e)

2019	2020	2021
20.87	16.81	10.28

ESG PERFORMANCE
PLANET

Coal

AMOUNT OF ENERGY GENERATED BY SBPL PLANT (in GWh)

	2019	2020	2021
January	-	272.79	295.00
February	-	103.48	304.36
March	-	294.22	144.08
April	-	287.99	326.09
May	-	265.82	327.99
June	-	213.88	336.26
July	-	315.88	301.22
August	-	283.21	304.13
September	-	152.58	259.22
October	291.10	303.24	289.61
November	304.87	292.23	240.53
December	256.08	285.07	105.30
TOTAL	**852.05**	**3,070.38**	**3,233.78**

AMOUNT OF ENERGY GENERATED BY CEDC PLANT (in GWh)

	2019	2020	2021
January	130.15	126.67	116.72
February	99.95	101.54	124.87
March	116.81	114.40	89.43
April	93.29	73.72	88.12
May	134.60	75.52	119.56
June	138.80	111.49	134.96
July	111.08	97.58	124.78
August	113.90	112.68	128.79
September	116.72	97.83	123.55
October	132.96	98.26	121.76
November	133.27	95.67	123.18
December	118.87	109.99	90.26
TOTAL	**1,440.39**	**1,215.33**	**1,385.97**

AMOUNT OF ENERGY GENERATED BY TPC1 (SANGI) AND TPC 1A PLANTS (in GWh)

	2019	2020	2021
January	58.77	51.05	50.08
February	66.92	47.33	42.46
March	58.47	47.21	48.15
April	66.08	41.06	61.34
May	62.05	43.32	64.97
June	28.87	11.55	37.98
July	46.74	44.36	64.18
August	49.40	48.23	64.36
September	49.99	49.99	54.50
October	47.28	35.63	54.36
November	53.82	40.15	57.75
December	48.38	46.06	32.88
TOTAL	**636.77**	**505.94**	**633.01**

AMOUNT OF ENERGY GENERATED BY PEDC 1 & 2 PLANTS (in GWh)

	2019	2020	2021
January	74.53	77.19	76.63
February	60.37	73.78	47.59
March	38.56	58.98	66.44
April	78.01	56.87	78.42
May	83.04	60.26	80.85
June	88.13	70.81	80.44
July	74.71	64.21	80.96
August	52.69	67.12	71.00
September	79.28	51.20	61.58
October	87.95	66.86	59.82
November	70.34	70.69	64.27
December	65.23	69.25	56.94
TOTAL	**852.84**	**787.22**	**824.93**

AMOUNT OF ENERGY GENERATED BY PEDC 3 PLANT (in GWh)

	2019	2020	2021
January	5.43	10.42	2.80
February	58.60	57.87	85.43
March	62.96	66.46	0.08
April	74.71	53.71	85.63
May	85.68	64.01	85.55
June	91.40	72.77	67.95
July	67.12	64.56	75.44
August	76.46	66.52	77.17
September	71.92	83.15	62.76
October	76.27	67.48	65.26
November	73.33	67.39	68.13
December	62.61	72.65	65.27
TOTAL	**806.50**	**746.99**	**741.45**

AMOUNT OF ENERGY GENERATED BY SEC 1 & 2 PLANTS (in GWh)

	2019	2020	2021
January	22.55	72.35	87.92
February	39.06	79.10	90.51
March	41.01	92.17	94.55
April	54.26	85.79	108.07
May	57.38	87.40	97.81
June	45.07	92.86	101.18
July	56.62	75.75	76.08
August	68.15	76.13	51.93
September	42.46	54.38	73.76
October	77.42	61.97	65.55
November	79.89	77.43	67.91
December	76.16	79.60	64.12
TOTAL	**660.02**	**934.93**	**979.39**

GROSS SCOPE 1 EMISSIONS FROM COAL COMBUSTION (in tonnes CO_2e)

	2019	2020	2021
SBPL	1,598,763.37	3,029,074.20	3,273,050.14
CEDC	1,806,285.03	1,684,302.49	1,896,923.88
TPC 1 (Sangi) and TPC 1A	917,065.76	640,369.24	904,749.61
PEDC 1 & 2	1,109,353.73	1,110,918.89	1,381,512.79
PEDC 3	949,588.00	957,625.98	1,051,481.92
SEC 1 and SEC 2	841,355.91	1,198,023.28	1,241,931.47
TOTAL	**7,222,411.81**	**8,620,314.08**	**9,749,649.81**

EQUITY-APPLIED SCOPE 1 EMISSIONS FROM COAL COMBUSTION (in tonnes CO_2e)

	2019	2020	2021
SBPL	815,369.32	1,544,827.84	1,669,255.57
CEDC	131,497.55	122,617.22	783,793.16
TPC 1 (Sangi) and TPC 1A	128,389.21	89,651.69	731,813.79
PEDC 1 & 2	138,225.48	138,420.49	985,158.40
PEDC 3	118,318.67	119,320.20	839,971.78
SEC 1 and SEC 2	44,760.13	63,734.84	383,524.63
TOTAL	**1,376,560.35**	**2,078,572.29**	**5,393,517.32**

ESG PERFORMANCE
PLANET

Natural Gas

AMOUNT OF ENERGY GENERATED BY ALL OF PLP'S PLANTS (in GWh)

	2019	2020	2021
January	379.67	349.54	416.52
February	315.63	212.52	391.02
March	453.00	315.04	466.50
April	448.42	335.18	442.95
May	409.96	378.10	451.57
June	390.51	389.15	440.81
July	459.59	394.03	465.04
August	418.95	449.54	457.90
September	452.98	414.75	445.00
October	438.03	461.02	456.60
November	387.69	446.55	442.10
December	304.19	451.12	455.70
TOTAL	**4,858.62**	**4,596.54**	**5,331.71**

GROSS SCOPE 1 EMISSIONS FROM NATURAL GAS COMBUSTION

	2019	2020	2021
PLP	**1,730,693.75**	**1,645,311.81**	**1,877,025.18**

EQUITY-APPLIED SCOPE 1 EMISSIONS FROM NATURAL GAS COMBUSTION (in tonnes CO_2e)

	2019	2020	2021
PLP	**1,003,802.38**	**954,280.85**	**1,088,674.60**

Diesel

AMOUNT OF ENERGY GENERATED BY TPC (CARMEN) PLANT (in GWh)

	2019	2020	2021
January	1.38	3.10	1.72
February	1.16	5.27	3.72
March	2.22	1.60	2.24
April	7.02	1.36	0.85
May	5.24	2.14	1.36
June	7.93	7.66	4.96
July	3.81	2.33	3.40
August	2.75	2.24	2.68
September	7.26	2.76	3.62
October	3.79	8.32	5.74
November	3.29	6.32	5.48
December	2.36	3.74	1.81
TOTAL	**48.21**	**46.84**	**37.58**

AMOUNT OF ENERGY GENERATED BY PPC 1 & 2 PLANTS (in GWh)

	2019	2020	2021
January	0.40	1.67	1.04
February	0.00	2.83	0.03
March	0.89	1.62	1.36
April	2.03	-	1.04
May	4.62	0.42	4.70
June	4.84	2.23	3.34
July	1.68	1.62	4.06
August	1.98	1.07	3.12
September	1.55	2.79	0.21
October	4.44	0.39	1.20
November	4.46	0.94	0.38
December	1.65	0.25	1.08
TOTAL	**28.55**	**15.83**	**21.56**

AMOUNT OF ENERGY GENERATED BY PPC 3 (NABAS) PLANT (in GWh)

	2019	2020	2021
January	0.20	0.17	0.09
February	0.11	0.04	0.05
March	0.25	0.02	0.05
April	0.76	0.10	0.03
May	0.75	0.10	0.13
June	0.91	0.02	0.38
July	0.22	-	0.57
August	0.04	0.01	0.20
September	0.03	0.11	0.06
October	0.28	0.59	0.24
November	0.30	0.49	0.04
December	0.08	0.20	0.12
TOTAL	**3.94**	**1.86**	**1.96**

AMOUNT OF ENERGY GENERATED BY PPC 4 (NEW WASHINGTON) PLANT (in GWh)

	2019	2020	2021
January	0.34	-	-
February	0.14	0.10	-
March	0.18	-	0.01
April	0.52	0.42	-
May	0.75	0.61	0.02
June	0.76	-	0.02
July	0.25	0.00	0.37
August	0.13	0.01	0.39
September	0.02	0.06	0.03
October	0.23	0.03	0.04
November	0.35	0.01	-
December	0.33	-	-
TOTAL	**4.01**	**1.23**	**0.87**

AMOUNT OF ENERGY GENERATED BY GPRI PLANT (in GWh)

	2019	2020	2021*
January	2.62	2.58	0.89
February	2.41	2.10	0.97
March	2.37	1.83	0.93
April	2.55	0.54	1.07
May	2.28	-	0.36
June	2.37	-	-
July	2.30	-	-
August	2.92	-	-
September	2.46	1.03	-
October	2.87	1.36	-
November	2.64	0.17	-
December	1.67	1.44	-
TOTAL	**29.45**	**11.05**	**4.21**

*No new contract for GPRI starting June 2021.
The plant is currently not operating but stll being maintained by GBP.

GROSS SCOPE 1 EMISSIONS FROM DIESEL COMBUSTION (in tonnes CO_2e)

	2019	2020	2021
TPC (Carmen)	38,105.58	37,703.91	30,348.29
PPC 1 & 2 (Iloilo)	20,893.59	12,032.47	15,817.54
PPC 3 (Nabas)	2,975.33	1,399.82	1,524.05
PPC 4 (New Washington)	3,207.17	1,001.60	711.04
GPRI	23,774.63	8,530.69	3,210.11
TOTAL	**88,956.30**	**60,668.48**	**51,611.02**

EQUITY-APPLIED SCOPE 1 EMISSIONS FROM DIESEL COMBUSTION (in tonnes CO_2e)

	2019	2020	2021
TPC (Carmen)	5,334.78	5,278.55	25,016.86
PPC 1 & 2 (Iloilo)	2,603.34	1,499.25	12,714.42
PPC 3 (Nabas)	370.73	174.42	1,242.35
PPC 4 (New Washington)	399.61	124.80	629.57
GPRI	3,328.45	1,194.30	1,381.32
TOTAL	**12,036.91**	**8,271.31**	**40,984.52**

ESG PERFORMANCE
PLANET

Solar

AMOUNT OF ENERGY GENERATED BY BULACANSOL PLANT (in GWh)			
	2019	2020	2021
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	10.33
June	-	-	2.87
July	-	-	8.62
August	-	-	9.18
September	-	-	7.44
October	-	-	8.13
November	-	-	10.51
December	-	-	9.03
TOTAL	**-**	**-**	**66.11**

Non-GHG Emissions

CONCENTRATION OF AIR POLLUTANTS RELEASED BY MGEN'S POWER PLANTS (in mg/Nm3)			
	2019	2020	2021
Nitrogen oxides (NOx)	373.09	315.50	328.78
Sulfur oxides (SOx)	65.89	584.22	481.16
Particulate matter (PM10)	55.62	53.06	37.62
Persistent organic pollutants (POPs)	Not being monitored		
Volatile organic compounds (VOCs)			
Lead (Pb)			
Mercury (Hg)			

PERCENTAGE OF AIR POLLUTANTS RELEASED BY MGEN'S POWER PLANTS IN OR NEAR AREAS OF DENSE POPULATION			
	2019	2020	2021
Nitrogen oxides (NOx)	Not being monitored		
Sulfur oxides (SOx)			
Particulate matter (PM10)			
Persistent organic pollutants (POPs)			
Volatile organic compounds (VOCs)			
Lead (Pb)			
Mercury (Hg)			

ESG PERFORMANCE
PEOPLE

Hires and Separations

TOTAL NUMBER OF NEW EMPLOYEE HIRES			
	2019	2020	2021
MERALCO	391	290	272
SUBSIDIARIES	4,737	4,364	4,704
TOTAL	**5,128**	**4,654**	**4,976**

TOTAL NUMBER OF EMPLOYEE SEPARATIONS			
	2019	2020	2021
MERALCO	238	230	313
SUBSIDIARIES	2,264	1,792	2,391
TOTAL	**2,502**	**2,022**	**2,704**

TOTAL NUMBER OF NEW EMPLOYEE HIRES BY GENDER				
		2019	2020	2021
MERALCO	Male	294	225	171
	Female	97	65	101
SUBSIDIARIES	Male	3,370	2,649	3,537
	Female	1,367	1,715	1,167

NUMBER OF EMPLOYEE SEPARATIONS BY GENDER				
		2019	2020	2021
MERALCO	Male	174	181	235
	Female	64	49	78
SUBSIDIARIES	Male	1,467	1,242	1,571
	Female	797	550	820

NUMBER OF NEW HIRES BY AGE GROUP				
		2019	2020	2021
MERALCO	Under 30 years old	328	200	188
	Between 30 and 50 years old	61	88	82
	Over 50 years old	2	2	2
SUBSIDIARIES	Under 30 years old	2,744	2,650	2,729
	Between 30 and 50 years old	1,796	1,577	1,817
	Over 50 years old	197	135	161

ESG PERFORMANCE
PEOPLE

NUMBER OF EMPLOYEE SEPARATIONS BY AGE GROUP				
		2019	2020	2021
MERALCO	Under 30 years old	69	42	50
	Between 30 and 50 years old	62	47	86
	Over 50 years old	107	141	174
SUBSIDIARIES	Under 30 years old	1,313	1,003	1,176
	Between 30 and 50 years old	823	668	1,033
	Over 50 years old	128	122	182

INTERNAL HIRES (open positions filled by internal candidates)			
	2019	2020	2021
MERALCO	703	571	442
SUBSIDIARIES	195	106	298
TOTAL	**898**	**677**	**740**

AVERAGE COST OF HIRING A NEW FULL-TIME EQUIVALENT (FTE) (in PhP)			
	2019	2020	2021
MERALCO	7,808	8,005	13,208
SUBSIDIARIES	91,389	80,033	71,868
WEIGHTED AVERAGE	30,427	26,082	24,033

Employee Status

TOTAL NUMBER OF PERMANENT EMPLOYEES				
		2019	2020	2021
MERALCO	Male	4,393	4,495	4,491
	Female	1,140	1,188	1,205
SUBSIDIARIES	Male	3,939	3,890	3,945
	Female	2,025	1,896	2,074
TOTAL		**11,497**	**11,469**	**11,715**

TOTAL NUMBER OF PROBATIONARY EMPLOYEES				
		2019	2020	2021
MERALCO	Male	170	112	137
	Female	52	20	72
SUBSIDIARIES	Male	145	121	217
	Female	344	313	297
TOTAL		**711**	**566**	**723**

TOTAL NUMBER OF PROJECT-BASED/FIXED-TERM EMPLOYEES				
		2019	2020	2021
MERALCO	Male	38	119	184
	Female	57	67	125
SUBSIDIARIES	Male	5,744	5,611	5,661
	Female	1,295	1,371	1,227
TOTAL		**7,134**	**7,168**	**7,196**

TOTAL NUMBER OF THIRD-PARTY WORKERS				
		2019	2020	2021
MERALCO	Male	N/A	N/A	N/A
	Female	N/A	N/A	N/A
SUBSIDIARIES	Male	45	24	27
	Female	3	2	7
TOTAL		**48**	**26**	**34**

TOTAL NUMBER OF EMPLOYEES AND WORKERS				
		2019	2020	2021
MERALCO	Male	4,601	4,726	4,812
	Female	1,249	1,275	1,402
SUBSIDIARIES	Male	9,874	9,646	9,850
	Female	3,667	3,582	3,605
TOTAL		**19,390**	**19,229**	**19,668**

ESG PERFORMANCE
PEOPLE

Age, Rank, and Gender

TOTAL NUMBER OF EMPLOYEES (including project-based/fixed-term) UNDER 30 YEARS OLD

		2019	2020	2021
MERALCO	Male	1,054	1,064	1,113
	Female	443	418	496
SUBSIDIARIES	Male	3,194	2,638	3,007
	Female	2,208	1,759	1,964
TOTAL		**6,898**	**5,879**	**6,580**

TOTAL NUMBER OF EMPLOYEES (including project-based/fixed-term) BETWEEN 30 AND 50 YEARS OLD

		2019	2020	2021
MERALCO	Male	2,502	2,598	2,675
	Female	656	712	771
SUBSIDIARIES	Male	5,376	5,544	5,648
	Female	1,322	1,017	1,503
TOTAL		**9,856**	**9,871**	**10,598**

TOTAL NUMBER OF EMPLOYEES (including project-based/fixed-term) OVER 50 YEARS OLD

		2019	2020	2021
MERALCO	Male	1,045	1,064	1,024
	Female	150	145	135
SUBSIDIARIES	Male	1,197	1,212	1,206
	Female	97	73	124
TOTAL		**2,488**	**2,494**	**2,489**

SENIOR MANAGEMENT

TOTAL NUMBER OF SENIOR MANAGERS UNDER 30 YEARS OLD

		2019	2020	2021
MERALCO	Male	1	3	7
	Female	2	3	2
SUBSIDIARIES	Male	318	301	245
	Female	33	62	49
TOTAL		**354**	**369**	**303**

TOTAL NUMBER OF SENIOR MANAGERS BETWEEN 30 AND 50 YEARS OLD

		2019	2020	2021
MERALCO	Male	309	306	347
	Female	110	120	144
SUBSIDIARIES	Male	806	878	778
	Female	107	82	58
TOTAL		**1,332**	**1,386**	**1,327**

SENIOR MANAGEMENT

TOTAL NUMBER OF SENIOR MANAGERS OVER 50 YEARS OLD

		2019	2020	2021
MERALCO	Male	230	221	211
	Female	31	37	39
SUBSIDIARIES	Male	186	210	216
	Female	20	22	29
TOTAL		**467**	**490**	**495**

TOTAL NUMBER OF SENIOR MANAGERS

		2019	2020	2021
MERALCO	Male	540	530	565
	Female	143	160	185
SUBSIDIARIES	Male	1,310	1,389	1,239
	Female	160	166	136
TOTAL		**2,153**	**2,245**	**2,125**

MIDDLE MANAGEMENT

TOTAL NUMBER OF MIDDLE MANAGERS UNDER 30 YEARS OLD

		2019	2020	2021
MERALCO	Male	39	27	47
	Female	43	32	51
SUBSIDIARIES	Male	140	113	120
	Female	113	95	97
TOTAL		**335**	**267**	**315**

TOTAL NUMBER OF MIDDLE MANAGERS BETWEEN 30 AND 50 YEARS OLD

		2019	2020	2021
MERALCO	Male	343	347	357
	Female	173	187	214
SUBSIDIARIES	Male	475	490	525
	Female	188	188	243
TOTAL		**1,179**	**1,212**	**1,339**

TOTAL NUMBER OF MIDDLE MANAGERS OVER 50 YEARS OLD

		2019	2020	2021
MERALCO	Male	67	65	58
	Female	47	38	34
SUBSIDIARIES	Male	161	145	143
	Female	52	43	44
TOTAL		**327**	**291**	**279**

ESG PERFORMANCE
PEOPLE

TOTAL NUMBER OF MIDDLE MANAGERS				
		2019	2020	2021
MERALCO	Male	449	439	462
	Female	263	257	299
SUBSIDIARIES	Male	776	748	788
	Female	353	326	384
TOTAL		1,841	1,770	1,933

RANK AND FILE

TOTAL NUMBER OF RANK-AND-FILE EMPLOYEES UNDER 30 YEARS OLD				
		2019	2020	2021
MERALCO	Male	977	938	912
	Female	344	321	342
SUBSIDIARIES	Male	2,075	1,754	1,504
	Female	1,853	1,666	1,428
TOTAL		5,249	4,679	4,186

TOTAL NUMBER OF RANK-AND-FILE EMPLOYEES BETWEEN 30 AND 50 YEARS OLD				
		2019	2020	2021
MERALCO	Male	1,850	1,923	1,935
	Female	370	400	390
SUBSIDIARIES	Male	3,315	3,302	3,193
	Female	938	1,021	1,070
TOTAL		6,473	6,646	6,588

TOTAL NUMBER OF RANK-AND-FILE EMPLOYEES OVER 50 YEARS OLD				
		2019	2020	2021
MERALCO	Male	747	777	754
	Female	72	70	61
SUBSIDIARIES	Male	677	724	727
	Female	41	53	65
TOTAL		1,537	1,624	1,607

TOTAL NUMBER OF RANK-AND-FILE EMPLOYEES				
		2019	2020	2021
MERALCO	Male	3,574	3,638	3,601
	Female	786	791	793
SUBSIDIARIES	Male	6,067	5,780	5,424
	Female	2,832	2,740	2,563
TOTAL		13,259	12,949	12,381

Board

NUMBER OF MALE BOARD MEMBERS			
	2019	2020	2021
MERALCO	9	10	9
SUBSIDIARIES	72	70	69
CIS Bayad Center	13	14	15
Bayad	7	8	8
CFS	6	6	7
Clark Electric	9	7	7
Comstech	7	7	7
eSakay	4	4	4
MGen	8	8	8
MIESCOR United	12	12	12
MIESCOR	12	12	12
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	8	7	5
Shin Clark	4	4	4
Spectrum	1	1	1
Radius	6	6	6
TOTAL	81	80	78

TOTAL NUMBER OF BOARD MEMBERS			
	2019	2020	2021
MERALCO	11	11	11
SUBSIDIARIES	96	95	94
CIS Bayad Center	20	21	22
Bayad	10	11	11
CFS	10	10	11
Clark Electric	11	10	10
Comstech	7	7	7
eSakay	5	5	5
MGen	10	10	10
MIESCOR United	13	13	13
MIESCOR	13	13	13
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	11	10	8
Shin Clark	5	5	5
Spectrum	7	7	7
Radius	7	7	7
TOTAL	107	106	105

NUMBER OF FEMALE BOARD MEMBERS			
	2019	2020	2021
MERALCO	9	10	9
SUBSIDIARIES	24	25	25
CIS Bayad Center	7	7	7
Bayad	3	3	3
CFS	4	4	4
Clark Electric	2	3	3
Comstech	-	-	-
eSakay	1	1	1
MGen	2	2	2
MIESCOR United	1	1	1
MIESCOR	1	1	1
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	3	3	3
Shin Clark	1	1	1
Spectrum	6	6	6
Radius	1	1	1
TOTAL	26	26	27

ESG PERFORMANCE
PEOPLE

CBA

TOTAL NUMBER OF SENIOR MANAGERS COVERED BY CBA				
		2019	2020	2021
MERALCO	Male	-	-	-
	Female	-	-	-
SUBSIDIARIES	Male	-	-	-
	Female	-	-	-
TOTAL		-	-	-

TOTAL NUMBER OF MIDDLE MANAGERS COVERED BY CBA				
		2019	2020	2021
MERALCO	Male	-	-	-
	Female	-	-	-
SUBSIDIARIES	Male	246	207	170
	Female	135	98	89
TOTAL		381	305	260

TOTAL NUMBER OF RANK-AND-FILE EMPLOYEES COVERED BY CBA				
		2019	2020	2021
MERALCO	Male	3,574	3,638	3,601
	Female	786	791	793
SUBSIDIARIES	Male	632	618	570
	Female	46	40	20
TOTAL		5,037	5,087	4,985

TOTAL NUMBER OF PROJECT-BASED/FIXED TERM EMPLOYEES COVERED BY CBA				
		2019	2020	2021
MERALCO	Male	-	-	-
	Female	-	-	-
SUBSIDIARIES	Male	171	521	568
	Female	43	128	135
TOTAL		214	649	703

TOTAL NUMBER OF EMPLOYEES COVERED BY CBA				
		2019	2020	2021
MERALCO	Male	3,574	3,638	3,601
	Female	786	791	793
SUBSIDIARIES	Male	1,049	1,346	1,308
	Female	223	266	245
TOTAL		5,632	6,041	5,947

PERCENTAGE OF EMPLOYEES COVERED BY CBA				
		2019	2020	2021
MERALCO	Male	78%	77%	75%
	Female	63%	62%	57%
SUBSIDIARIES	Male	11%	14%	13%
	Female	6%	7%	7%
OVERALL		29%	31%	30%

Training and Education

TOTAL NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY SENIOR MANAGERS				
		2019	2020	2021
MERALCO	Male	20,014	12,441	28,062
	Female	5,502	3,337	6,600
SUBSIDIARIES	Male	3,254	2,293	2,799
	Female	1,504	1,558	914
TOTAL		30,274	19,629	38,375

TOTAL NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY MIDDLE MANAGERS				
		2019	2020	2021
MERALCO	Male	15,064	9,637	20,202
	Female	8,782	5,313	12,538
SUBSIDIARIES	Male	7,926	8,177	9,498
	Female	3,554	3,353	5,270
TOTAL		35,326	26,481	47,508

TOTAL NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY RANK-AND-FILE EMPLOYEES				
		2019	2020	2021
MERALCO	Male	164,727	58,415	121,752
	Female	29,578	23,104	25,731
SUBSIDIARIES	Male	23,464	17,961	26,252
	Female	6,236	6,946	13,911
TOTAL		224,005	106,425	187,645

TOTAL NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY ALL EMPLOYEES				
		2019	2020	2021
MERALCO	Male	199,805	80,493	170,016
	Female	43,862	31,754	44,869
SUBSIDIARIES	Male	35,528	28,453	38,718
	Female	11,311	11,928	20,116
TOTAL		290,506	152,628	273,720

ESG PERFORMANCE
PEOPLE

AVERAGE NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY ALL EMPLOYEES				
		2019	2020	2021
MERALCO	Male	43.43	17.03	35.33
	Female	35.12	24.90	32.00
SUBSIDIARIES	Male	3.61	2.96	3.94
	Female	3.09	3.33	5.59
AVERAGE		**15.00**	**7.95**	**13.93**

PERCENTAGE OF SENIOR MANAGERS RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS				
in %		2019	2020	2021
MERALCO	Male	100%	100%	100%
	Female	100%	100%	100%
SUBSIDIARIES	Male	100%	100%	100%
	Female	100%	100%	100%
AVERAGE		**100%**	**100%**	**100%**

PERCENTAGE OF MIDDLE MANAGERS RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS				
in %		2019	2020	2021
MERALCO	Male	100%	100%	100%
	Female	100%	100%	100%
SUBSIDIARIES	Male	100%	100%	100%
	Female	100%	100%	100%
AVERAGE		**100%**	**100%**	**100%**

PERCENTAGE OF RANK-AND-FILE EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS				
in %		2019	2020	2021
MERALCO	Male	100%	100%	100%
	Female	100%	100%	100%
SUBSIDIARIES	Male	92%	92%	92%
	Female	96%	97%	97%
AVERAGE		**94%**	**95%**	**95%**

AVERAGE NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY SENIOR MANAGERS				
		2019	2020	2021
MERALCO	Male	37.06	23.47	49.67
	Female	38.48	20.86	35.68
SUBSIDIARIES	Male	2.48	1.65	2.26
	Female	9.40	9.38	6.72
AVERAGE		**14.06**	**8.74**	**18.06**

AVERAGE NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY MIDDLE MANAGERS				
		2019	2020	2021
MERALCO	Male	33.55	21.95	43.73
	Female	33.39	20.67	41.93
SUBSIDIARIES	Male	10.21	10.93	12.05
	Female	10.07	10.29	13.72
AVERAGE		**19.19**	**14.96**	**24.58**

AVERAGE NUMBER OF PERFORMANCE AND CAREER DEVELOPMENT TRAINING HOURS RECEIVED BY RANK-AND-FILE EMPLOYEES				
		2019	2020	2021
MERALCO	Male	46.09	16.06	33.81
	Female	37.63	29.21	32.45
SUBSIDIARIES	Male	3.87	3.11	4.84
	Female	2.20	2.53	5.43
AVERAGE		**16.89**	**8.22**	**15.16**

OSH

NUMBER OF PERMANENT AND PROBATIONARY EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM			
	2019	2020	2021
MERALCO	5,755	5,815	5,905
SUBSIDIARIES	6,701	6,519	7,019
TOTAL	**12,456**	**12,334**	**12,924**

NUMBER OF PERMANENT AND PROBATIONARY EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN INTERNALLY AUDITED			
	2019	2020	2021
MERALCO	5,755	5,815	5,905
SUBSIDIARIES	4,864	4,847	4,437
TOTAL	**10,619**	**10,662**	**10,342**

NUMBER OF PERMANENT AND PROBATIONARY EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN EXTERNALLY AUDITED			
	2019	2020	2021
MERALCO	5,755	5,815	5,905
SUBSIDIARIES	1,040	1,020	987
TOTAL	**6,795**	**6,835**	**6,892**

NUMBER OF OCCUPATIONAL SAFETY & HEALTH TRAINING HOURS			
	2019	2020	2021
MERALCO	55,760	11,908	35,280
SUBSIDIARIES	21,393	16,411	22,927
TOTAL	**77,153**	**28,319**	**58,207**

NUMBER OF RECORDABLE WORK-RELATED INJURIES (including fatalities)			
	2019	2020	2021
MERALCO	58	44	37
SUBSIDIARIES	174	100	86
TOTAL	**232**	**144**	**123**

NUMBER OF INJURIES DUE TO PUBLIC ACTION			
	2019	2020	2021
MERALCO	279	247	238
SUBSIDIARIES	1	1	-
TOTAL	**280**	**248**	**238**

TOTAL LOST WORKING DAYS DUE TO INJURIES (male employees)			
	2019	2020	2021
MERALCO	9	271	10
SUBSIDIARIES	349	184	6,235
TOTAL	**358**	**455**	**6,245**

ESG PERFORMANCE
PEOPLE

NUMBER OF LOST WORKING HOURS DUE TO INJURIES (including fatalities)

	2019	2020	2021
MERALCO	209	6,506	539
SUBSIDIARIES	2,478	3,792	48,547
TOTAL	**2,687**	**10,298**	**49,086**

NUMBER OF PROJECT-BASED/FIXED-TERM EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM

	2019	2020	2021
MERALCO	95	186	309
SUBSIDIARIES	7,161	7,298	7,771
TOTAL	**7,256**	**7,484**	**8,080**

NUMBER OF PROJECT-BASED/FIXED-TERM EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN INTERNALLY AUDITED

	2019	2020	2021
MERALCO	95	186	309
SUBSIDIARIES	4,160	4,433	5,337
TOTAL	**4,255**	**4,619**	**5,646**

NUMBER OF PROJECT-BASED/FIXED-TERM EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN EXTERNALLY AUDITED

	2019	2020	2021
MERALCO	95	186	309
SUBSIDIARIES	9	5	40
TOTAL	**104**	**191**	**349**

NUMBER OF SAFE MAN-HOURS

	2019	2020	2021
MERALCO	12,356,472	12,624,538	13,026,160
SUBSIDIARIES	26,486,876	29,113,630	26,475,134
TOTAL	**38,843,348**	**41,738,168**	**39,501,294**

NUMBER OF HIGH-CONSEQUENCE WORK-RELATED INJURIES (excluding fatalities)

	2019	2020	2021
MERALCO	10	11	13
SUBSIDIARIES	17	14	12
TOTAL	**27**	**25**	**25**

NUMBER OF PUBLIC ACCIDENTS CAUSED BY THE COMPANY

	2019	2020	2021
MERALCO	149	149	105
SUBSIDIARIES	5	1	2
TOTAL	**154**	**150**	**107**

TOTAL LOST WORKING DAYS DUE TO INJURIES (female employees)

	2019	2020	2021
MERALCO	-	-	-
SUBSIDIARIES	1	-	-
TOTAL	**1**	**-**	**-**

NUMBER OF TOTAL EMPLOYEE HOURS WORKED

	2019	2020	2021
MERALCO	12,356,681	12,631,044	13,026,699
SUBSIDIARIES	29,506,144	29,739,646	31,636,338
TOTAL	**41,862,825**	**42,370,690**	**44,663,037**

NUMBER OF THIRD-PARTY WORKERS COVERED BY AN OSH MANAGEMENT SYSTEM

	2019	2020	2021
MERALCO	2,155	2,238	9,583
SUBSIDIARIES	162	157	202
TOTAL	**2,317**	**2,395**	**9,785**

NUMBER OF THIRD-PARTY WORKERS COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN INTERNALLY AUDITED

	2019	2020	2021
MERALCO	2,155	2,238	9,583
SUBSIDIARIES	120	135	183
TOTAL	**2,275**	**2,373**	**9,766**

NUMBER OF THIRD-PARTY WORKERS COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN EXTERNALLY AUDITED

	2019	2020	2021
MERALCO	2,155	2,238	9,583
SUBSIDIARIES	120	135	183
TOTAL	**2,275**	**2,373**	**9,766**

NUMBER OF SAFETY DRILLS CONDUCTED

	2019	2020	2021
MERALCO	4	4	4
SUBSIDIARIES	98	53	49
TOTAL	**102**	**57**	**53**

NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURY

	2019	2020	2021
MERALCO	-	1	-
SUBSIDIARIES	-	-	1
TOTAL	**-**	**1**	**1**

NUMBER OF PUBLIC ACCIDENTS DUE TO COMPANY-OWNED EQUIPMENT AND FACILITIES

	2019	2020	2021
MERALCO	23	14	9
SUBSIDIARIES	46	32	25
TOTAL	**69**	**46**	**34**

TOTAL LOST WORKING DAYS DUE TO INJURIES

	2019	2020	2021
MERALCO	9	271	10
SUBSIDIARIES	350	184	6,235
TOTAL	**359**	**455**	**6,245**

LOST TIME INJURY FREQUENCY RATE

	2019	2020	2021
MERALCO	0.8	0.9	1.0
SUBSIDIARIES	0.6	0.5	0.4
TOTAL	**0.6**	**0.6**	**0.6**

TOTAL NUMBER OF EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM

	2019	2020	2021
MERALCO	8,005	8,239	15,797
SUBSIDIARIES	14,024	13,974	14,992
TOTAL	**22,029**	**22,213**	**30,789**

TOTAL NUMBER OF EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN INTERNALLY AUDITED

	2019	2020	2021
MERALCO	8,005	8,239	15,797
SUBSIDIARIES	9,144	9,415	9,957
TOTAL	**17,149**	**17,654**	**25,754**

TOTAL NUMBER OF EMPLOYEES COVERED BY AN OSH MANAGEMENT SYSTEM THAT HAVE BEEN EXTERNALLY AUDITED

	2019	2020	2021
MERALCO	8,005	8,239	15,797
SUBSIDIARIES	1,169	1,160	1,210
TOTAL	**9,174**	**9,399**	**17,007**

NUMBER OF FATALITIES AS A RESULT OF ILL HEALTH

	2019	2020	2021
MERALCO	-	-	-
SUBSIDIARIES	-	2	11
TOTAL	**-**	**2**	**11**

ESG PERFORMANCE
PROSPERITY

Economic Performance

TOTAL NUMBER OF EMPLOYEE SEPARATIONS	2019	2020	2021
Direct economic value generated (revenues)	322,592	277,929	322,317
Economic value distributed	296,476	255,103	293,692
Operating costs (including payment to suppliers)	253,857	216,692	248,279
Employee wages and benefits	13,106	12,301	15,892
Payments to providers of capital (investors and shareholders)	19,706	18,605	18,246
Payments to government (taxes)	9,661	7,335	10,851
Community investments (expenses for CSR projects)	146	170	424
Economic value retained	26,116	22,826	28,625

FINANCIAL ASSISTANCE FROM THE GOVERNMENT (in PhP million)	2019	2020	2021
Total monetary value of financial assistance (tax relief, tax credits, subsidies, investment grants, financial incentives, etc.) received by the company from the government	52	96	-

* Meralco refunded the government in 2021 for its previous deposits

CUSTOMER SERVICE

MERALCO'S CUSTOMER SERVICE METRICS	2019	2020	2021
Annual customer satisfaction rate based on conducted survey	8.37	7.54	8.10
Home and MicroBiz*	8.45	7.26	7.72
Biz Partners**	8.43	7.39	8.14
Corporate Business***	8.29	7.87	8.45
Number of substantiated complaints concerning breaches of customer data privacy and losses of customer data	-	-	-

Notes:
* Residential customers, Local government units (LGUs), and micro businesses whose contracted capacity is less than 5 kW
** Businesses whose contracted capacity ranges from 5 to 499 kW
*** Large public and private sector customers with a contracted capacity of at least 500 kW

Procurement Practices

NUMBER OF TIER 1 SUPPLIERS	2019	2020	2021
MERALCO	2,091	2,762	2,861
SUBSIDIARIES	2,764	2,878	3,222
CIS Bayad Center	75	149	164
Bayad		62	60
CFS	75	87	104
Clark Electric	187	159	175
eSakay	9	9	40
MGen	1,524	1,604	1,600
MIESCOR United	940	906	1,157
MIESCOR	570	601	680
MBI	253	189	343
MLI	117	116	134
MServ	-	-	-
Spectrum	10	10	14
Radius	19	41	72
TOTAL	**4,855**	**5,640**	**6,083**

NUMBER OF LOCAL SUPPLIERS	2019	2020	2021
MERALCO	1,739	2,226	2,303
SUBSIDIARIES	3,017	2,984	3,437
CIS Bayad Center	75	148	162
Bayad		61	58
CFS	75	87	104
Clark Electric	182	154	169
eSakay	10	10	45
MGen	1,356	1,429	1,414
MIESCOR United	935	895	1,133
MIESCOR	565	590	656
MBI	253	189	343
MLI	117	116	134
MServ	340	294	320
Spectrum	97	10	122
Radius	22	44	72
TOTAL	**4,756**	**5,210**	**5,740**

NUMBER OF NON-TIER 1 SUPPLIERS	2019	2020	2021
MERALCO	-	-	-
SUBSIDIARIES	449	316	466
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
eSakay	1	1	9
MGen	-	-	-
MIESCOR United	1	2	2
MIESCOR	1	2	2
MBI	-	-	-
MLI	-	-	-
MServ	344	297	325
Spectrum	97	10	124
Radius	6	6	6
TOTAL	**449**	**316**	**466**

NUMBER OF FOREIGN SUPPLIERS	2019	2020	2021
MERALCO	352	536	558
SUBSIDIARIES	196	210	251
CIS Bayad Center	-	1	2
Bayad	-	1	2
CFS	-	-	-
Clark Electric	5	5	6
eSakay	-	-	4
MGen	168	175	186
MIESCOR United	6	13	26
MIESCOR	6	13	26
MBI	-	-	-
MLI	-	-	-
MServ	4	3	5
Spectrum	10	10	16
Radius	3	3	6
TOTAL	**548**	**746**	**809**

ESG PERFORMANCE
PROSPERITY

PROCUREMENT SPEND ON LOCAL SUPPLIERS (in PhP million)

	2019	2020	2021
MERALCO	21,900	19,200	27,800
SUBSIDIARIES	8,655	7,055	10,157
CIS Bayad Center	40	113	143
Bayad	NAI	94	133
CFS	40	19	10
Clark Electric	196	91	155
eSakay	160	55	274
MGen	3,830	3,652	3,760
MIESCOR United	1,693	1,595	2,192
MIESCOR	1,140	1,138	1,637
MBI	274	283	316
MLI	280	174	239
MServ	1,572	650	1,410
Spectrum	259	225	305
Radius	904	674	1,919
TOTAL	**30,555**	**26,255**	**37,957**

TOTAL NUMBER OF SUPPLIERS

	2019	2020	2021
MERALCO	2,091	2,762	2,861
SUBSIDIARIES	3,213	3,194	3,688
CIS Bayad Center	75	149	164
Bayad	-	62	60
CFS	75	87	104
Clark Electric	187	159	175
eSakay	10	10	49
MGen	1,524	1,604	1,600
MIESCOR United	941	908	1,159
MIESCOR	571	603	682
MBI	253	189	343
MLI	117	116	134
MServ	344	297	325
Spectrum	107	20	138
Radius	25	47	78
TOTAL	**5,304**	**5,956**	**6,549**

PROCUREMENT SPEND ON FOREIGN SUPPLIERS (in PhP million)

	2019	2020	2021
MERALCO	4,100	1,800	3,000
SUBSIDIARIES	6,679	4,779	8,947
CIS Bayad Center	-	3	8
Bayad	NAI	3	8
CFS	-	-	-
Clark Electric	13	5	4
eSakay	-	-	0
MGen	6,274	4,109	7,761
MIESCOR United	187	500	817
MIESCOR	187	500	817
MBI	-	-	-
MLI	-	-	-
MServ	88	43	46
Spectrum	110	103	289
Radius	6	16	21
TOTAL	**10,779**	**6,579**	**11,947**

TOTAL PROCUREMENT SPEND (in PhP million)

	2019	2020	2021
MERALCO	26,000	21,000	30,800
SUBSIDIARIES	15,335	11,834	19,104
CIS Bayad Center	40	116	151
Bayad	-	97	141
CFS	40	19	10
Clark Electric	210	97	160
eSakay	160	55	274
MGen	10,105	7,762	11,520
MIESCOR United	1,880	2,095	3,009
MIESCOR	1,327	1,638	2,454
MBI	274	283	316
MLI	280	174	239
MServ	1,660	693	1,456
Spectrum	369	327	594
Radius	910	690	1,939
TOTAL	**41,335**	**32,834**	**49,904**

TOTAL NUMBER OF SUPPLIERS BY CLASSIFICATION IN 2021

	TIER 1	NON TIER-1	SUBTOTAL
MERALCO	2,861	-	2,861
SUBSIDIARIES	3,222	466	3,688
CIS Bayad Center	164	-	164
Clark Electric	175	-	175
eSakay	40	9	49
MGen	1,600	-	1,600
MIESCOR United	1,157	2	1,159
MServ	-	325	325
Spectrum	14	124	138
Radius	72	6	78
TOTAL	**6,083**	**466**	**6,549**

TOTAL NUMBER OF SUPPLIERS BY LOCATION IN 2021

	LOCAL	FOREIGN	SUBTOTAL
MERALCO	2,303	558	2,861
SUBSIDIARIES	3,437	251	3,688
CIS Bayad Center	162	2	164
Clark Electric	169	6	175
eSakay	45	4	49
MGen	1,414	186	1,600
MIESCOR United	1,133	26	1,159
MServ	320	5	325
Spectrum	122	16	138
Radius	72	6	78
TOTAL	**5,740**	**809**	**6,549**

ESG PERFORMANCE
PROSPERITY

Community Engagement

CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

CATEGORY	PROGRAM/INITIATIVE	2019	2020	2021	IMPACTS
Community Electrification	Household Electrification Program	19,990,728.00	16,286,691.00	20,202,130.77	• Increased productivity due to energy access • Savings from electricity expenses versus previous rates through sub-metering • Safe electricity connection • Lower the electricity-related accidents • Electrification led to purchase of household appliances resulting to more productive household chores. • Easier to read at night and increased TV viewing which led to increase information on current issues • Ignited entrepreneurial spirit as they established home-based businesses • Increased learning hours and sources of information (due to use of TV, radio, internet)
	School Electrification Program	7,517,035.00	4,598,844.00	7,141,621.64	• Technology has complemented the traditional teaching methodologies and yielded learning gains • Teachers are able to offer topics they could not teach before as students can already view constellations, green house gas emissions, etc.) • Productivity increased since teachers and students are able to use various equipment. • Skills are enhanced and students become more creative and innovative in their schoolwork and assignments • Improved school safety • Opened up more opportunities for the schools as schools can easily ask for donations since donors are encouraged by the availability of electricity

CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

CATEGORY	PROGRAM/INITIATIVE	2019	2020	2021	IMPACTS
Energy Education	Energy Education Program	3,461,076.00	224,760.00	-	• Increased students' interest in Science • Improved problem-solving skills, communication skills, teamwork, research (many started their investigatory projects from the topics in the cards) • Social consciousness of students increased affecting their behavior
Environmental Sustainability	One for Trees (OFT)	1,330,900.00	9,512,539 (disbursed in 2021)	17,494,035.69	Streghtened partnership with local governments and organizations within Meralco's franchise area.
Grassroots Partnership	Community relations projects	6,067,002.00	726,182.00	5,757,904.33	Streghtened partnership with local governments and organizations within Meralco's franchise area.
Youth Development	MVP Academic Achievement Awards	5,203,750.00	4,642,437.00	4,943,694.98	• Advocate for academic excellence • Help employees defray the amount of school fees • Increased employee morale and encourage them to excellently perform in their jobs
Emergency Preparedness & Disaster Response	Relief operations and power restoration projects	177,087.00	7,848,893.00	5,019,476.78	Support to local electric cooperatives for speedy restoration of power resulting to better relief and rehabilitation programs delivery
Employee Volunteerism	Back-to-School Program (2019: Laging Handa; 2020 and 2021: Teacher-Frontliner)	1,940,920.00	1,258,642.50	1,014,564.00	2020–21 • Recognize teachers' big role in implementing DepEd's blended learning in the new normal • Give opportunities to Meralco employees to support COVID19 response projects • Encourage employees to actively participate in community programs 2019 Help students become more disaster ready Give opportunity to meralco employees to help Encourage employees to be more active in community programs

ESG PERFORMANCE
PROSPERITY

CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

CATEGORY	PROGRAM/INITIATIVE	2019	2020	2021	IMPACTS
COVID-19 Response	1. Donations of PPEs (2020–21) 2. Donation of rapid test kits (2020) 3. Donation of medical equipment to East Avenue Medical Center (2020) 4. Donation of alcohol to hospitals, healthcare facilities, and the Armed Forces of the Philippines (2020) 5. Donation of food packs, provision of grocery gift checks, and donation of sanitation kits (2020) 6. From Farmers to Frontliners (2020) 7. Donation of computer desktops and laptop to Philippine Genome Center and Philippine Red Cross (2020) 8. Partnership with eSakay for the free shuttle service for essential workers (2020) 9. Financial assistance to affected wage workers through A Day to Give/Share a Leave Program (2020) 10. Energization of COVID-19 quarantine facilities (2020–21) 11. Provision of grocery gift certificates to AskForce volunteer-doctors (2020) 12. Sponsorship of the steramist disinfection of PNP Offices and Rizal Medical Center (2020) 13. Meals for frontliners (2021) 14. Support to community pantries (2021) 15. Donation of COVID kits (2020–21) 16. Donation of rubbing alcohol (2020–21) 17. Sponsorship of vaccination volunteers (2021)	N/A	94,317,710.56*	26,019,319.71	• Provide PPEs to support healthcare workers • Provided nutritious food to healthcare workers and the marginalized and at the same time help augment the income of local vegetable farmers • Provide cash assistance to ""no-work, no-pay"" workers workers of companies providing service to Meralco • Support to the transportation requirement of the frontline workers • Engage employees and subsidiaries to contribute to the COVID-related fundraising campaigns

* PhP 71,188,050.55 was disbursed in 2020 and PhP 23,052,460.01 in 2021. Out of this total cost, Meralco donated a total amount of PhP 44,465,569.60 (PhP 18,915,300.55 were received in 2020 and PhP 25,5550,269.05 in 2021). Some of the above mentioned COVID-19 intiatives (including assistance to wage workers, donation of care packages, and From Farmers to Frontliners) were funded by employees (PhP 27,418,002). OMF also received funding from co-sponsors amounting to PhP 12,190,952 (received PhP 8,340,694.43 in 2020 and PhP 3,850,258.40 in the 2021) for the electricity bills of two COVID facilities (PICC and World Trade Center).

Corporate Governance

NUMBER OF REPORTED SEXUAL HARASSMENT INCIDENTS IN MERALCO

	2019	2020	2021
Under ongoing investigation	-	-	-
Closed with corresponding corrective action	1	-	1
Closed without corresponding corrective action	-	-	-
TOTAL	**1**	**-**	**1**

NUMBER OF REPORTED DISCRIMINATION INCIDENTS IN MERALCO

	2019	2020	2021
Under ongoing investigation	-	-	-
Closed with corresponding corrective action	-	-	-
Closed without corresponding corrective action	-	-	-
TOTAL	**-**	**-**	**-**

NUMBER OF REPORTED CORRUPTION INCIDENTS IN MERALCO

	2019	2020	2021
Under ongoing investigation	-	-	-
Closed with corresponding corrective action	-	-	-
Closed without corresponding corrective action	-	-	-
TOTAL	**-**	**-**	**-**

COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES IN MERALCO

	2019	2020	2021
Board of directors	11	11	11
Senior management	683	690	750
Middle management	712	696	761
Rank-and-file	4,360	4,429	4,394
Project-based/Fixed-term hires	95	186	309
Third-party workers	-	-	-
Business partners	2,091	2,762	2,861

TRAINING ON ANTI-CORRUPTION IN MERALCO

	2019	2020	2021
Board of directors	11	11	11
Senior management	683	690	750
Middle management	712	696	761
Rank-and-file	4,360	4,429	4,394
Project-based/Fixed-term hires	95	186	309
Third-party workers	-	-	-
Business partners	-	-	-

Stakeholder Engagement

GRI 102-40 | 102-43 | 102-44

STAKEHOLDER GROUP	CONCERNS RAISED	ONE MERALCO'S RESPONSE	MODES OF ENGAGEMENT
Customers	- Installment Payment Arrangement requests - Bill amount and bill details - Service Application Status Inquiry - Inquiries regarding payment - Payment processes	- Customers can go to Meralco's Business Centers to negotiate billing arrangements - Bill details are provided by Meralco - The Customer Care Representative looks for the status of the service application and informs the customer.	- Meralco Business Centers and Bayad Centers - Meralco hotline - Social media (Facebook, Twitter, Instagram, Linkedin) - Email and SMS - Letters and notifications by postal mail - Meralco Online and Meralco Mobile App - Television, radio, and print media - Customer satisfaction surveys
Communities	- Continuation of household electrification of indigent families - Continuation of support for school electrification for far-flung areas especially with the increasing use of technology during the pandemic. - Continuation of CSR initiatives	- Community townhalls and consultations - School administration, faculty and Parent-Teachers consultations per school - Collaboration with LGUs in CSR program implementation - Community involvement in CSR initiatives planning involving climate change mitigation, disaster relief and resilience, livelihood, and education	- Community visits - LGU consultations - SMS and phone communications
Employees	- Salaries and benefits - Training and career development opportunities - Job promotion opportunities - Workplace safety and environment - Work-life balance - Improvement of office systems and protocols - Internal communication structure and channels - Grievance mechanisms - COVID-19 related concerns in the workplace	- Regular review of compensation packages - Regular professional training and career growth opportunities - Recognition programs - Online team-building and social activities - Regular review and improvement of communication structure and channels - Improvement of HR policies and programs - Updates through internal memos - Continuing use of Code Light Bot and remote working arrangements - Dissemination of return to office guidelines and support	- Union and town hall meetings - Online programs, seminars, and discussions - Employee performance evaluation - One Meralco Pulse Surveys (biennial) - CBA negotiations (every three years)
Investors & Shareholders	- Return on investment - Company performance and growth - Transparency and due diligence - Increasing focus on ESG	- Online communications with investors on shareholders on latest developments by the company - Timely and transparent disclosures - Increasing use of the website to show presentations alongside quarterly results press releases - The launch of the sustainabilty microsite for ESG focused investors	- Investor meetings and conference calls - Annual Stockholders' Meeting - Meralco website
Government & Regulators	- Compliance to regulations and policies - Payment of taxes - Energy price, availability, and reliability - Renewable energy integration	- Regular review of internal company policies and systems to ensure compliance to regulations and policies - Punctual payment of taxes to government - Transparent disclosure in Annual Report and Sustainability Report - Internal and external audits - Close collaboration with government agencies to ensure uninterrupted power supply during the community quarantine period	- Meetings - Conferences - Correspondence through emails and phone calls - Hearings
Suppliers & Contractors	- Impact of the pandemic to companies - Compliance to Meralco's sustainability requirements indicated in the scorecard	- Continuing guidance and implementation of the Meralco Supplier Sustainability Scorecard (MS^3) - Transition to purely online communication for transactions through the SUS portal - Conducting performance improvement plan discussions with suppliers who received low ratings in the vendor performance evaluation. - Submission of government documentary requirements to Meralco.	- Accreditation process - Online meetings and calls

SASB Content Index

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER/ REMARKS
Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions, (2) percentage covered under emissions-limiting regulations, and (3) emissions-reporting regulations	Quantitative	tCO_2e, Percentage (%)	IF-EU-110a.1	69
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	tCO_2e	IF-EU-110a.2	74
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	IF-EU-110a.3	35-39, 69
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Quantitative	Number, Percentage (%)	IF-EU-110a.4	139
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Quantitative	Metric tons (t), Percentage (%)	IF-EU-120a.1	76
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)	IF-EU-140a.1	76, 146
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	IF-EU-140a.2	147
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	IF-EU-140a.3	76-77
Coal Ash Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	IF-EU-150a.1	148
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Quantitative	Number	IF-EU-150a.2	147
Energy Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Quantitative	Rate	IF-EU-240a.1	45
	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Quantitative	Reporting currency	IF-EU-240a.2	140
	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Quantitative	Number, Percentage (%)	IF-EU-240a.3	141
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Discussion and Analysis	N/A	IF-EU-240a.4	44-45
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	Rate	IF-EU-320a.1	Not reported

SASB Content Index

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER/ REMARKS
End-Use Efficiency & Demand	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Quantitative	Percentage (%)	IF-EU-420a.1	143
	Percentage of electric load served by smart grid technology	Quantitative	Percentage (%), by megawatt hours (MWh)	IF-EU-420a.2	143
	Customer electricity savings from efficiency measures, by market	Quantitative	Megawatt hours (MWh)	IF-EU-420a.3	143
Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Number	IF-EU-540a.1	N/A
	Description of efforts to manage nuclear safety and emergency preparedness	Discussion and Analysis	N/A	IF-EU-540a.2	N/A
Grid Resiliency	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Quantitative	Number	IF-EU-550a.1	141
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	Minutes, Number	IF-EU-550a.2	141
Activity Metrics	Number of: (1) residential, (2) commercial, and (3) industrial customers served	Quantitative	Number	IF-EU-420a.1	139
	Total electricity delivered to (1) residentical, (2) commercial, (3) industrial, (4) all other customers, and (5) wholesale customers	Quantitative	Gigawatt hours (GWh)	IF-EU-420a.2	136-138
	Length of transmission and distribution lines	Quantitative	Spans	IF-EU-420a.3	140
	Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	Gigawatt hours (GWh), percentage (%)	IF-EU-540a.1	144
	Total wholesale electricity purchased	Quantitative	Gigawatt hours (GWh)	IF-EU-540a.2	144

GRI Content Index

GRI 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
ORGANIZATIONAL PROFILE		
GRI 102-1	Name of the organization	11
GRI 102-2	Activities, brands, products, and services	11-15
GRI 102-3	Location of headquarters	11
GRI 102-4	Location of operations	11-15
GRI 102-5	Ownership and legal form	Please refer to page 3 Definitive Information Statement- Security Ownership of Certain Record and Beneficial Owners https://meralcomain.s3.ap-southeast-1.amazonaws.com/2021-04/meralco_amended_definitive_information_statement_april_27_2021.pdf?null
GRI 102-6	Markets served	11-15
GRI 102-7	Scale of the organization	11-15
GRI 102-8	Information on employees and other workers	85-87
GRI 102-9	Supply chain	122-123
GRI 102-10	Significant changes to the organization and its supply chain	No significant changes in the organization and its supply chain 122-123
GRI 102-11	Precautionary Principle or approach	Enterprise-wide Risk Management in Meralco website: https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management
GRI 102-12	External initiatives	United Nations Global Compact UN Women Philippine Business Coalition for Women Empowerment Business for Sustainable Development

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GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
ORGANIZATIONAL PROFILE		
GRI 102-13	Membership of associations	Philippine Chamber of Commerce & Industry Management Association of the Philippines Federation of Philippine Industries Makati Business Club Employers Confederation of the Philippines American Chamber of Commerce of the Philippines Electric Vehicle Association of the Philippines Philippine Energy Efficiency Alliance Inc. Philippine Solar and Storage Energy Alliance IT and Business Process Association of the Philippines Contact Centers Association of the Philippines Association of the Electricity Supply Industry of East Asia and Western Pacific Philippine Solar Power Alliance Inc. Philippine Management Association of the Philippines Toastmasters International Information Systems Audit and Control Association Institute of Corporate Directors Inc. UN Women Philippine Business Coalition for Women Empowerment Business for Sustainable Development
STRATEGY		
GRI 102-14	Statement from senior decision-maker	7-9
GRI 102-15	Key impacts, risks, and opportunities	Enterprise-wide Risk Management in Meralco website: https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management"
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards, and norms of behavior	Mission, Vision, Values and Principles in Meralco website: https://company.meralco.com.ph/corporate-profile/mission-vision-values-and-principles
GRI 102-17	Mechanisms for advice and concerns about ethics	126-131

GRI Content Index

GRI 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
GOVERNANCE		
GRI 102-18	Governance structure	Governance Structure in Meralco website: https://company.meralco.com.ph/corporate-governance/corporate-governance-in-meralco
GRI 102-19	Delegating authority	126-131
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	128-129
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	22-29, 190
GRI 102-22	Composition of the highest governance body and its committees	Board Committees in Meralco website: https://company.meralco.com.ph/corporate-governance/board-committees
GRI 102-23	Chair of the highest governance body	Manuel V. Pangilinan is the chair and is a non-executive officer
GRI 102-24	Nominating and selecting the highest governance body	Nomination and Governance Committee Charter in Meralco website: https://meralcomain.s3.ap-southeast-1.amazonaws.com/documents/pdf_listing/2020-01/nom_and_gov_charter_rev._code_4_series_of_2019.pdf"
GRI 102-25	Conflicts of interest	Conflict of Interest Policy in Meralco website: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507537560.fea8c510112d9a9c74e8b490b5e46cde.pdf?null
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	126-131

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
GOVERNANCE		
GRI 102-27	Collective knowledge of highest governance body	Manila Electric Company ("MERALCO") directors have a collective working knowledge, experience and expertise relevant to power, energy and electric distribution industry/sector. Also, the Board represents an appropriate mix of competence and expertise in the area of business, finance, operations, regulatory and legal disciplines relevant to the Company's industry, with each director capable of adding value and exercising independent judgment, ensuring that the directors 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 profiles of the directors are disclosed in MERALCO Website, in the Definitive Information Statement and in the Annual Report while the required qualifications of a director are provided in Article II, Section 5 of the Company's By-Laws, page 4 of the Board Charter, and Article I, Section 6.1 of the Revised Manual of Corporate Governance. *Profile of Directors: Meralco Website: https://company.meralco.com.ph/corporate-governance/board-directors Definitive Information Statement 2020, pages 7-19: https://meralcomain.s3.ap-southeast-1.amazonaws.com/2020-04/2020_meralco_definitive_is.pdf?null Definitive Information Statement 2021, pages 6-17: https://meralcomain.s3.ap-southeast-1.amazonaws.com/2021-04/meralco_amended_definitive_information_statement_april_27_2021.pdf?null *Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance are found in page 5 of the By-Laws: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/by-laws.pdf Board Charter, page 4 for general qualifications; and pages 2 to 3 for independent directors: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null *Qualifications of independent directors are found in pages 6 and 7; qualifications of directors in general in page 15, of the Revised Manual of Corporate Governance: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507250421.8dd4083abcd328358189a0b0f85bc682.pdf?null

GRI Content Index

GRI 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
GOVERNANCE		
GRI 102-27	Collective knowledge of highest governance body	The Board, through the Nomination and Governance Committee, reviews, on an annual basis, the appropriate skills and characteristics required on the Board in the context of the strategic direction of the Company (Revised Organizational Charter of the Nom&Gov Committee, B.5). https://meralcomain.s3.ap-southeast-1.amazonaws.com/documents/pdf_listing/2020-01/nom_and_gov_charter_rev._code_4_series_of_2019.pdf?null The Company has a policy that encourages directors to attend annual continuing training programs to ensure that they 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 Company believes that its Directors must keep abreast with the latest developments in business, corporate governance best practices, laws and regulations, and other relevant matters that help them function effectively in the Board and in their respective committees in order to direct the Company to achieve its mission, vision and goals (Article I, Section 4.5, Revised Manual of Corporate Governance). *Policy on annual continuing training program of directors is found in page 9 of the Revised Manual of Corporate Governance and page 14 of the Board Charter: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null First time directors shall undergo an orientation program covering SEC mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. The orientation and continuing education program should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions. The trainings attended by the Company Directors are disclosed in the Annual Report and in the Company Website. Each newly elected director is provided with a director's kit which contains policies and other information pertaining to his duties and obligations as a director provided under existing laws and regulations. An in-house orientation program, incorporating briefings from the corporate and regulatory units, is arranged for any new director to better familiarize himself with the Company's businesses, stakeholders, regulatory environment, and governance practices.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
GOVERNANCE		
GRI 102-27	Collective knowledge of highest governance body	Link: Meralco Website: https://company.meralco.com.ph/corporate-governance/board-matters *Policy on annual continuing training program of directors is found in page 9 of the Revised Manual of Corporate Governance: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507250421.8dd4083abcd328358189a0b0f85bc682.pdf?null *Same provision appears in page 14 of the Board Charter: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null Contents of the Orientation Program for New Directors can be downloaded from the Company website. Link: Orientation Program Kit: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-11/b8fe9d50f21d0f6778dad90976778826_0.pdf?null On January 7, 2020, newly-elected director, Mr. Frederick D. Go, attended the Company's Onboarding Program for New Directors conducted by Corporate Governance Office.
GRI 102-28	Evaluating the highest governance body's performance	126-131
GRI 102-29	Identifying and managing economic, environmental, and social impacts	21
GRI 102-30	Effectiveness of risk management processes	Meralco has a robust Enterprise Risk Management (ERM) framework to monitor and manage its strategic, regulatory, operational and financial risks. 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 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.

GRI Content Index

GRI 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
GOVERNANCE		
GRI 102-30	Effectiveness of risk management processes	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. 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. These were detailed in the Annual Report, particularly in the Message of the Chairman of the Board and President and CEO. Links: Meralco Website: https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management 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. Links: Risk Management Committee accomplishments: https://company.meralco.com.ph/corporate-governance/board-committees Risk Management Committee Charter: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/1433818851.5ae6b5b5cf0bc3f510ed8e4768c9da92_2.pdf The Risk Management Policy Manual of the Company provides the methodology and process for the identification and assessment of risks, defines management accountability and covers a systematic process of assessing and reporting the company's top business risks. https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
GOVERNANCE		
GRI 102-31	Review of economic, environmental, and social topics	21
GRI 102-32	Highest governance body's role in sustainability reporting	126-131
GRI 102-33	Communicating critical concerns	126-131
GRI 102-34	Nature and total number of critical concerns	126-131
GRI 102-35	Remuneration policies	The Remuneration and Leadership Development Committee recommends to the Board, for the approval of the shareholders, a framework of remuneration for directors and Management, including the President and CEO. For the President and CEO, 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 Board ensures that the remuneration of its members and key officers is aligned with the long-term interest of the Company. The Company adopts a remuneration policy comprised of fixed and variable components in the form of base salary and variable bonus linked to the Company's and the individual's performance. Compensation packages and revisions of key Management's remuneration are subject to the review and approval of the Remuneration and Leadership Development Committee. The Board ensures that the remuneration of directors and officers is consistent with the Company's culture, strategy, and the business environment in which it operates and aligned with the long-term interest of the Company. Directors do not participate in discussions or deliberations involving their own remuneration. The framework of remuneration for Directors and Management, including the President and CEO is subject to the recommendation of the Board's Remuneration and Leadership Development Committee (RLDC) and to the approval of the shareholders.

GRI Content Index

GRI 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
GOVERNANCE		
GRI 102-35	Remuneration policies	Specifically, the Company's By-Laws provides for the remuneration of directors in the form of per diems for their attendance at each regular or special meeting and additional compensation, whether in the form of a fixed retainer, bonus or stock grant, or a combination thereof, as may be approved by the Board of Directors and majority vote of the outstanding capital stock. The total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the net income before tax of MERALCO during the preceding year. By-laws, Article II, Section 7, page 6: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/by-laws.pdf No fees or other remuneration shall be payable to the members of RLDC in respect to their services provided in connection with the Committee, save and except fees or remunerations authorized by the Board. Remuneration and Leadership Development Committee Charter: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/1433818863.9928e1d01e76f50e57dc0740a76b3eec_0.pdf
GRI 102-36	Process for determining remuneration	The Company adopts a remuneration policy comprised of fixed and variable components in the form of base salary and variable bonus linked to the Company's and the individual's performance. Compensation packages and revisions of key Management's remuneration are subject to the review and approval of the RLDC.
GRI 102-37	Stakeholders' involvement in remuneration	Meralco upholds the rights of all shareholders, including the minority shareholders, to participate in approval of remuneration or increase in remuneration of non-executive and executive directors.
GRI 102-38	Annual total compensation ratio	Meralco treats individual employee salaries as highly confidential in nature. Therefore, such information and/or any related information cannot be disclosed in this report.
GRI 102-39	Percentage increase in annual total compensation ratio	Meralco treats individual employee salaries as highly confidential in nature. Therefore, such information and/or any related information cannot be disclosed in this report.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	22-29, 190
GRI 102-41	Collective bargaining agreements	88
GRI 102-42	Identifying and selecting stakeholders	22-29
GRI 102-43	Approach to stakeholder engagement	22-29, 190
GRI 102-44	Key topics and concerns raised	22-29, 190
REPORTING PRACTICE		
GRI 102-45	Entities included in the consolidated financial statements	In the financial statements, the entities included are Manila Electric Company and its subsidiaries.
GRI 102-46	Defining report content and topic Boundaries	5, 21
GRI 102-47	List of material topics	21
GRI 102-48	Restatements of information	No restatements of information.
GRI 102-49	Changes in reporting	21, 31-35
GRI 102-50	Reporting period	5
GRI 102-51	Date of most recent report	December 2020
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	5
GRI 102-54	Claims of reporting in accordance with the GRI standards	5
GRI 102-55	GRI content index	196-213
GRI 102-56	External assurance	229-232

GRI Content Index

GRI 102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
ECONOMIC			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	111-112
	103-3	Evaluation of the management approach	111-112
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	111-112
	103-3	Evaluation of the management approach	21
	201-1	Direct economic value generated and distributed	111-112
	201-2	Financial implications and other risks and opportunities due to climate change	111-112
	201-3	Defined benefit plan obligations and other retirement plans	111-112
GRI 204: Procurement Practices 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	122-123
	103-3	Evaluation of the management approach	21
	204-1	Proportion of spending on local suppliers	122
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	126-128
	103-3	Evaluation of the management approach	21
	205-1	Operations assessed for risk related corruption	126-128
	205-2	Communication and training about anti-corruption policies and procedures	126-128
	205-3	Confirmed incidents of corruption and actions taken	126-128
System Efficiency	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	72
	103-3	Evaluation of the management approach	21

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GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
ENVIRONMENT			
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	68-71
	103-3	Evaluation of the management approach	21
	302-1	Energy consumed within the organization	69-71
	302-2	Energy consumed outside of the organization	68-69
	302-3	Energy intensity	68-69
	302-4	Reduction of energy consumption	69-71
	302-5	Reductions in energy requirements of products and services	68-69
GRI 303: Water and Effluents 2018	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	76-77
	103-3	Evaluation of the management approach	21
	303-1	Interaction with water as a shared resource	76-77
	303-2	Management of water discharge-related impacts	76-77
	303-3	Water withdrawal by source	146
	303-4	Water discharge	146
	303-5	Water consumption	146
GRI 304: Biodiversity 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	75
	103-3	Evaluation of the management approach	21
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside of protected areas	Not reported.
	304-2	Significant impacts of activities, products and services on biodiversity	75
	304-3	Habitats protected or restored	Not reported.
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not reported.

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GRI 102-55

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GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
ENVIRONMENT			
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	68-76
	103-3	Evaluation of the management approach	21
	305-1	Direct (Scope 1) GHG emissions	69-71
	305-2	Energy indirect (Scope 2) GHG emissions	72
	305-3	Other indirect (Scope 3) GHG emissions	74
	305-4	GHG emission intensity	74
	305-6	Emissions of ozone-depleting substances (ODS)	Not being reported
	305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	76,168
GRI 306: Waste 2020	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	78-81
	103-3	Evaluation of the management approach	21
	306-1	Waste generation and significant waste-related impacts	78-81
	306-2	Management of significant waste-related impacts	78-81
	306-3	Waste generated	147-153
	306-4	Waste diverted from disposal	78-81, 148
	306-5	Waste directed to disposal	147-153
GRI 307: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	307-1	Non-compliance with environmental laws and regulations	N/A
GRI 308: Supplier Environmental Assessment 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	122-125
	103-3	Evaluation of the management approach	21
	308-1	New suppliers that were screened using environmental criteria	122-125
	308-2	Negative environmental impacts in the supply chain and actions taken	122-125

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GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
SOCIAL			
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	85-87. 92-93
	103-3	Evaluation of the management approach	21
	401-1	New employment hires and employee turnover	85-87
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	85-87
	401-3	Parental leave	92-93
GRI 402: Labor/Management Relations 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	88-89
	103-3	Evaluation of the management approach	21
	402-1	Minimum notice periods regarding operational changes	88-89
GRI 403: Occupational Health and Safety 2018	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	90-91
	103-3	Evaluation of the management approach	21
	403-1	Occupational health and safety management system	90-91
	403-2	Hazard identification, risk assessment, and incident investigation	90-91
	403-3	Occupational health services	90-91
	403-4	Worker participation, consultation, and communication on occupational health and safety	90-91
	403-5	Worker training on occupational health and safety	90-91
	403-6	Promotion of worker health	90-91
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	90-91
	403-8	Workers covered by an occupational health and safety management system	180
	403-9	Work-related injuries	181
	403-10	Worker-related ill health	181

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GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
SOCIAL			
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	94-98
	103-3	Evaluation of the management approach	21
	404-1	Average hours of training per year per employee	94
	404-2	Programs for upgrading employee skills and transition assistance programs	94-95
	404-3	Percentage of employees receiving regular performance and career development reviews	178
GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	102-106
	103-3	Evaluation of the management approach	21
	405-1	Diversity and equal opportunity	102-106
	405-2	Ratio of basic salary and remuneration of women to men	93
GRI 406: Non-discrimination 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	126-128
	103-3	Evaluation of the management approach	21
	406-1	Incidents of discrimination and corrective action taken	126-128
GRI 407: Freedom of Association and Collective Bargaining 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A

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GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
SOCIAL			
GRI 408: Child Labor 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
GRI 409: Forced or Compulsory Labor 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410: Security Practices 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	410-1	Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	411-1	Incidents of violations involving rights of indigenous peoples	N/A

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GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
SOCIAL			
GRI 412: Human Rights Assessment 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	89
	103-3	Evaluation of the management approach	21
	412-1	Operations that have been subject to human rights reviews or impact assessments	89
	412-2	Employee training on human rights policies or procedures	89
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	89
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	118-121
	103-3	Evaluation of the management approach	21
	413-1	Operations with local community engagement, impact assessments, and development programs	118-121
	413-2	Operations with significant actual and potential negative impacts on local communities	118-121
GRI 414: Supplier Social Assessment 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	122-125
	103-3	Evaluation of the management approach	21
	414-1	New suppliers that were screened using social criteria	122-125
	414-2	Negative social impacts in the supply chain and actions taken	122-125
GRI 415: Public Policy 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	415-1	Political contributions	N/A

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GRI STANDARD		DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
SOCIAL			
GRI 416: Customer Health and Safety 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	416-1	Assessment of health and safety impacts of product and service categories	N/A
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417: Marketing and Labeling 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	417-1	Requirements for product and service information and labeling	N/A
	417-2	Incidents of non-compliance concerning products and service information and labeling	N/A
	417-3	Incidents of non-compliance concerning marketing communications	N/A
GRI 418: Customer Privacy 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	21
	103-2	The management approach and its components	113-117
	103-3	Evaluation of the management approach	21
	418-1	Substantiated complaints conerning breaches of customer privacy and losses of customer data	113-117
GRI 419: Socioeconomic Compliance 2016	103-1	Explanation of the material topic and its Boundary Materiality Assessment	N/A
	103-2	The management approach and its components	N/A
	103-3	Evaluation of the management approach	N/A
	419-1	Non-compliance with laws and regulations in the social and economic area	N/A

One Meralco's Climate Scenario Analysis

The TCFD recommends the use of CSA as an effective planning tool to assist companies in understanding and disclosing how the unprecedented challenges and opportunities presented by a changing climate may affect the organization in the long term. By doing so, the CSA can help inform investors and other stakeholders about what kind of performance may be expected from an organization in the future.

Aligned with its commitment to achieving its strategic goals and targets, and as part of its long-term sustainability strategy, One Meralco pledged in 2021 to raise the bar on its sustainability reporting by incorporating TCFD guidance principles, including the performance of a CSA, thus providing its shareholders and stakeholders with a more comprehensive evaluation of the climate-related financial risks and opportunities it may face. The approach used in this CSA to analyze climate scenarios included analyzing existing information provided by One Meralco, conducting interviews and workshops with key One Meralco representatives, and reviewing independent publicly available literature about potential climate scenarios. The CSA assessed how One Meralco's existing plans for addressing climate change impacts may perform under changing climate scenarios.

CLIMATE SCENARIOS CONSIDERED

The Paris Agreement strives to limit or redirect human activity so that temperature rise above pre-industrial levels is limited to 2.0º C or lower. Reducing greenhouse gas emissions is the key to achieving these targets. The Intergovernmental Panel on Climate Change (IPCC) and the International Energy Association (IEA) have both developed scenarios that outline the actions that need to be taken to achieve these targets, and the implications should these targets are not met. Three of the Representative Concentration Pathways (RCPs) from IPCC selected for this CSA are:

- **RCP 1.9** assumes very strongly declining GHG emissions starting 2020. The RCP 1.9 pathway delivers a temperature increase of about 1.5 °C or below by 2100, relative to pre-industrial temperatures.

- **RCP 2.6** assumes that global annual GHG emissions peak by 2020, with emissions declining substantially thereafter. The RCP 2.6 pathway delivers a temperature increase of below 2.0 °C by 2100, relative to pre-industrial temperatures.

- **RCP 4.5** assumes that emissions peak around 2040, then begin to decline. The RCP 4.5 pathway delivers a temperature increase of about 2.4°C by 2100, relative to pre-industrial temperatures.

This CSA examines IEA scenarios aligned with RCPs 1.9, 2.6, and 4.5 and their implications for the physical and transitional risks to One Meralco operations. The table below shows how the IEA scenarios considered correlate to the IPCC's RCPs:

IEA Scenarios	RCP Alignment
NetZero 2050 (NZE)	RCP 1.9
Announced Pledges Scenario (APS)	RCP 2.6
Stated Policies Scenario (STEPS	RCP 4.5

Scenario A: Net Zero Emissions by 2050 Scenario (NZE)

Developed by the IEA and introduced ahead of the 2021 COP26, the NZE scenario lays out a pathway to achieve net zero by 2050. This scenario assumes that the world economy in 2030 is 40% larger than it is today but uses 7% less energy. In this pathway, global energy demand in 2050 is projected to be around 8% smaller than today and will serve an economy more than twice as big and a population with 2 billion more people.

The NZE scenario envisions a significant increase in electricity needs, with 75% of the projected global uptick coming from emerging market economies. The NZE scenario also forecasts a radical shift in the way energy is generated. Some of the key features of the NZE scenario are:

- It leads to a temperature rise of 1.5 degrees by 2050.
- Global energy related and industrial processes emissions of GHG fall to approximately 21 $GtCO_2$ in 2030 and to netzero CO_2 in 2050.
- Global electricity generation more than doubles to exceed 71,000 TWh in 2050.
- The share of renewables in electricity generation rises to nearly 90% in 2050.
- Oil demand does not return to its 2019 peak and falls about 4% per year to 72 millions of barrels per day (mb/d) by 2030, and 24 mb/d in 2050.
- Coal use drops by nearly 90% to less than 600 megatonnes of coal equivalent (Mtce) in 2050.
- Natural gas use declines to 3,700 billion cubic meters (bcm) in 2030 and 1,750 bcm in 2050.

Scenario B: Announced Pledges Scenario (APS)

The Announced Pledges Scenario (APS) assumes pledges that have been announced by all nations will be attained, regardless of whether there are policies in place (to date) to support the execution of those pledges. The APS features the following expected outcomes:

- It leads to a temperature rise in 2100 of around 2.1 °C (with a 50% probability).
- Global energy related and industrial processes emissions of GHG fall to 30 $GtCO_2$ in 2030 and 22 $GtCO_2$ in 2050.
- Global electricity generation nearly doubles to exceed 50,000 TWh in 2050.
- The share of renewables in electricity generation rises to nearly 70% in 2050.
- Oil demand does not return to its 2019 peak and falls about 10% from 2020 to 80 mb/d in 2050.
- Coal use drops by 50% to 2,600 Mtce in 2050.
- Natural gas use expands by 10% to 4,350 bcm in 2025 and remains at about that level to 2050.

Under the APS, the same physical vulnerabilities remain, with greater probability of occurrence and greater magnitude of impact compared with the NZE.

Scenario C: Stated Policies Scenario (STEPS)

The stated policies scenario (STEPS) includes only those policies that are currently in place and governments have announced. The STEPS scenario anticipates the following features:

- It leads to a temperature rise of around 2.7 °C by 2100 (with a 50% probability).
- Annual energy related and industrial processes emissions of GHG rise from 34 Gt in 2020 to 36 Gt in 2030 and remain at this level until 2050.
- Renewables will provide almost 55% of global electricity generation in 2050 (up from 29% in 2020), but clean energy transitions lag in other sectors.
- Global coal use falls by 15% between 2020 and 2050.
- Oil use in 2050 is 15% higher than in 2020.
- Natural gas use is almost 50% higher in 2050.

From a physical risk perspective, STEPS results in the most-dire outcomes in terms of potential impacts, not only to vulnerable island nations but to the world as a whole.

ASSESSMENT AND MANAGEMENT OF PHYSICAL RISKS

1. Temperature

Outcomes by Scenario
Warming predictions under the NZE and APS scenarios are comparatively similar and unlikely to affect One Meralco's operations significantly, while those under STEPS could significantly influence energy demand and may result in operational disruptions.

One Meralco Response
High-heat days increase energy demand for applications such as air conditioning and may impose additional stress on One Meralco's physical systems and workforce. One Meralco has identified "high-heat days" and "increasing average temperatures" as climate-related conditions that may influence future energy demand.
The methodology currently used by One Meralco to forecast energy demand allows for these increases and, in combination with investment planning, will likely be adequate to meet this challenge under all the analyzed scenarios.
It should be noted that the impact of temperature changes on One Meralco will be contingent upon a variety of social, economic, and political factors such as population growth and energy consumption per capita. These and other non-environmental factors should be considered during demand forecasting and strategic planning for increases in temperature.

2. Storms

Outcomes by Scenario
Intensity of storms in the Philippines is predicted to increase under the highest emissions scenarios, despite the frequency of the storms remaining similar to historic levels. From January 2019 to October 2021, 57 tropical cyclones entered the Philippines, 26 of which entered the areas within the Meralco's franchise. Therefore, the risks are highest to One Meralco under STEPS as the most disruptions to energy supply are felt. While floods incur the highest financial loss, storms are the most frequent and most devastating type in terms of human fatalities. One Meralco named harsh weather conditions as a risk to their entire distribution system. Meralco has already implemented plans

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to ensure the robustness of its entire distribution system and prevent damage and outages, such as pole replacement. Under the APS, temperatures will still rise above 2 degrees by the end of the century. Many risks that One Meralco faces under STEPS will be also felt under APS. Unusual weather events and strong storms can also lead to flooding of roadways and other transportation infrastructure. Damage to transportation infrastructure can impact Meralco's ability to mitigate power outages, as they work to repair damage from inclement weather. Intensity of storms in the Philippines is predicted to be the least in NZE.

One Meralco Response
Meralco's management of assets highlights pole replacement as a strategy to prevent storms and other environmental hazards from causing catastrophic damage. Pole replacement prioritization is based on a pole's type, age, condition, and loading. Replacing wooden poles with concrete or steel poles will strengthen the utility's system to withstand storms up to 270 kph. Poles placed in swampy areas and surrounded by bodies of water have reinforced foundations, further reducing pole damage and power outages to customers. The ongoing pole replacement initiative considers the differing vulnerability of regions within the Philippines to typhoons, as evidenced by references to the wind zones defined in the Philippine Electric Code.

3. Precipitation, Flooding, and Water Availability

Outcomes by Scenario
Greater pressure on water supplies has been identified by One Meralco as a climate-related risk. Historic water data indicates that One Meralco consumed an average of approximately 441,000 cubic meters annually between 2018 and 2020. Water consumption by Meralco's subsidiaries averaged approximately 485,000 cubic meters per year, excluding seawater and brackish water. Water stress projections from Aqueduct indicate that the solar plant in Bulacan province and the Pacific Light Power facility in Singapore, in both of which Meralco maintains a majority stake, will be located in extremely water stressed areas by 2040. Water stress will increase in the Quezon province from low to high during the same period, potentially impacting the San Buenaventura Power plant in which Meralco maintains approximately 50% equity. All the other major energy generation assets identified by One Meralco, with equity stakes ranging from approximately 40% to 100%, will experience medium to high water stress by 2040.

One Meralco Response
The increasing scarcity of water in the areas where One Meralco operates threatens energy generation and other activities that rely on freshwater extracted from surface water bodies or the subsurface. Transitioning to less water intensive sources of energy may be an effective strategy for mitigating the impacts of water stress. However, the expected economic life of power plants located in the most water stressed areas suggests that such a transition may not be feasible in time to avoid increases in water stress. Alternative strategies for reducing water consumption, whether within One Meralco or in the communities in which it operates, have the potential to alleviate water stress in the interim. One Meralco has identified energy and water efficiency improvements as a component of its Scope 2 GHG emissions-related sustainability strategy.

4. Sea Level Rise and Coastal Flooding

Outcomes by Scenario
Flooding will likely impact coastal assets under the NZE, APS, and STEPS climate scenarios, with some assets under threat as early as 2030. While the degree and timing of the risk posed by coastal inundation varies slightly between the scenarios, the predicted levels of risk are relatively similar and will likely emerge over a long enough period to permit a measured response. Urban expansion into vulnerable coastal areas in regions served by One Meralco may exacerbate the existing threat to distribution lines and other infrastructure. Collaboration with local planning bodies and other stakeholders may be an effective means of ensuring climate-conscious development in coastal areas, protecting both communities and One Meralco's investments.

One Meralco Response
One Meralco's existing asset management plan includes drainage diversion schemes, pole reinforcement, and foundations designed specifically for swamps and areas surrounded by bodies of water. To date, this approach has successfully prevented damage to poles during typhoons and strengthened pole resilience to flooding. This indicates that Meralco's plan to improve reliability and prevent power outages to customers is effective even under high stress from environmental conditions such as flooding.

ASSESSMENT AND MANAGEMENT OF PHYSICAL OPPORTUNITIES

Environmental changes resulting from a warming world may result in various opportunities for companies. The opportunities are primarily associated with technological solutions to address the physical risks resulting from climate change. For example, One Meralco's investments in infrastructure such as smart grids and EV chargers can help reduce losses in energy and loads, making energy generation more efficient, thus increasing profitability while saving customers' money. Such investments and opportunities will also assist One Meralco in achieving the sustainability targets it has set. These kinds of investment opportunities appear to have the potential to bring multiple benefits, including climate change impact mitigation, an increase in customer satisfaction and an increase in profitability for One Meralco.

One Meralco is exploring options for clean energy beyond 2030 that involve battery energy storage systems, offshore wind and nuclear power. Renewable energy is a clear opportunity in the case of climate emergencies for the Philippines because small islands are better suited for decentralized renewable energy than for centralized fossil-fuel based generation, which requires substantial infrastructure investments and isolates residents living in remote areas. Far-flung islands also tend to run up higher costs for electricity, than their urban counterparts; renewable energy, in the form of micro-grids or mini-grids offers an opportunity to provide a lower price point for consumers and provide a cushion in the case of adverse weather events. An additional opportunity for One Meralco could come from increased demand for electricity for cooling systems across residential, commercial, and industrial customers as temperatures rise. Less than 10% of households in the Philippines, and other Southeast Asian countries, have air conditioning. This number, however, is expected to increase over time.

ASSESSMENT AND MANAGEMENT OF TRANSITION RISKS

1. National and International Policy Risks

Outcomes by Scenario
A global and/or national commitment to a net zero scenario would play well for One Meralco on several fronts. The path to net zero at a global level assumes a 50% increase in demand for energy and a two and half times increase in electricity generation. However, it also requires commitments to no longer invest in coal plants and a phase out of least-efficient coal plants by 2030. It also relies on investment in renewables so that by 2050, 90% of global electricity generation will come from renewables, with 70% of renewable energy coming from wind and solar.

One Meralco Response
In the policy arena, One Meralco has already stepped up its leadership in terms of responding to anticipated climate risks by developing the LTSS, which includes targets for decarbonization. The LTSS acknowledges that regulatory support is needed to enable renewable strategies to be competitive by 2050. This advance planning will allow One Meralco to take advantage of policy programs that seek to fund and support the transition to renewable energy.

One Meralco has, through its LTSS, already committed to several actions that are in alignment with NZE milestones. When viewed through the lens of APC, the policy impact on One Meralco's ability to deliver on its LTSS becomes more pronounced. The announced pledges of the Philippine government are less stringent than those that One Meralco has set for itself (e.g., not endorsing Clause 3 of the Global Coal to Clean Power Transition statement; only announcing GHG reduction pledges through 2030, and not committing to fully fund the necessary investments to achieve 2030 announced pledges). The implications and potential risks for One Meralco from a policy perspective are similar to those in the NZE scenario. The risk is that limited regulatory and policy mechanisms will not be sufficient to provide a competitive price for a

One Meralco's Climate Scenario Analysis

renewable energy supply. However, given that the demonstrated trend of the Philippine government is towards more stringent and more comprehensive action and policy as it relates to climate change mitigation, there is reason to expect that the government will make good on their announced pledges and, should international financial capital be injected into the system as expected (in the form of loans, grants, support programs and other green financing instruments), these risks should be minimal.

2. Technological and Investment Risks

Outcomes by Scenario
One Meralco has recognized that successful deep decarbonization of their energy supply will require heavy reliance on technologies not yet in existence or not yet operational at scale. To the extent that the global community remains committed to NZE, it is expected that significant public and private sector investments will be made towards development and commercialization of these types of technologies. The likelihood that such technologies will be developed on time for One Meralco to meet its strategic targets is realistic. The NZE scenario is most favorable to One Meralco in terms of their ability to deliver on their targets.

One Meralco Response
One Meralco has completed a thorough analysis of the risks, and the investment funding required, and is on target to take advantage of and expedite the implementation of needed technologies and investments required, based on its LTSS planning.

3. Markets

Outcomes by Scenario
The transition to a net zero scenario and the general push to decarbonize present risks in terms of market prices, changes in supply and changes in demand. Under the NZE scenario, One Meralco's strategies will be highly effective. There is no reason to doubt that the markets, as analyzed by One Meralco, will in fact come to pass within a reasonable margin of error. One Meralco has evaluated the market areas of renewable, purchased power from suppliers, electricity customer demand, power rates, and carbon costs.

One Meralco Response
One Meralco has analyzed its investment needs and has further analyzed the policy requirements to meet them. More importantly, One Meralco has completed an analysis of the timeline for price competitiveness of renewables compared to fossil fuels. The APC and STEPS scenarios suggest that One Meralco's investment and shift to renewables could be delayed, although even in the STEPS scenario, the direction of global energy shifts is in the same direction that One Meralco is moving.

ASSESSMENT AND MANAGEMENT OF TRANSITION OPPORTUNITIES

The opportunity for One Meralco lies with the fact that there is recognition on the part of the global community that international commitments to fund research and implementation must be made, if NZE is to be achieved. Because One Meralco has already identified sectors and renewable energy projects to develop in support of NZE targets, it will be well positioned to take advantage of those funding opportunities should they materialize. One Meralco has already initiated its transition to providing green power to its customers. That puts them ahead of other power producers who have delayed a conversion from fossil fuel powered electricity. One Meralco is currently requesting proposals to deliver up to 850 MW of renewable energy capacity to begin providing power in February 2026.

Material Topics

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
ECONOMIC			
Direct economic contribution	One Meralco	With Performance as one of its Corporate Values, One Meralco ensures that it delivers the best value that helps develop economic systems at the local, national, and global level.	Economic Performance GRI 201
Indirect economic contribution	One Meralco	With Malasakit (lit. 'concern') as one of its Corporate Values, One Meralco believes that it is within its responsibility to go beyond generating financial value for its stakeholders. As such, the Group strives to implement services and programs that uplift the economic conditions of its stakeholders.	Indirect Economic Contribution GRI 203 Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.4
Effective demand-side management	Meralco, Clark Electric, MEP, Shin Clark	Meralco, Clark Electric, MEP, and Shin Clark recognize that the supply of electricity in the Philippines is much lower than the demand. As such, the Companies ensure that demand-side management is introduced to customers while aiming at reducing total costs of meeting energy demand, thereby ensuring reliability of electricity.	End-Use Efficiency and Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3
Power supply availability & reliability	Meralco, Clark Electric, MEP, Shin Clark	Recognizing that electricity is an essential need of society, Meralco, Clark Electric, MEP, and Shin Clark ensure that their services are affordable, accessible, and reliable for their customers.	Grid Resiliency SASB IF-EU-550a.1
Energy affordability	Meralco, Clark Electric, MEP, Shin Clark		Energy Affordability SABS IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4

Material Topics

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
ENVIRONMENTAL			
Optimization of operations & prudent resource management	One Meralco	One Meralco embraces environmental stewardship. As a conglomerate that heavily relies on natural resources to deliver its products and services, it commits to be mindful in prudently utilizing its natural capital.	Energy GRI 302 Water and Effluents GRI 303 Biodiversity GRI 304 Emissions GRI 305 Effluents and Waste GRI 306 Greenhouse Gas Emissions & Energy Resource Planning SASB IF-EU-110a.1 SASB IF-EU-110a.2 SASB IF-EU-110a.3 SASB IF-EU-110a.4 Air Quality SASB IF-EU-120a.1 Water Management SASB IF-EU-140a.1 SASB IF-EU-140a.2 SASB IF-EU-140a.3
Effective environmental impact management	One Meralco	As in any business, One Meralco's operations generate waste that result in pollution. The Group thus believes that proper management systems and preventive measures shall be set in place to reduce its ecological impact.	
Integration of climate action into business strategy	One Meralco	With Accountability as one of its Corporate Values, One Meralco acknowledges that it is part of the sector that produces the highest amount of GHG emissions in the world. As such, the Group strives to lower its emissions to help mitigate climate change.	

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
SOCIAL			
Provision of employee training & career development	One Meralco	With Empowerment as one of its Corporate Values, One Meralco engenders an environment that allows its employees to advance their professional careers.	Training and Education GRI 404
Workplace safety	One Meralco	One Meralco treats its employees as its most valued resource, treating them with dignity and full consideration of their interests. The Group thus recognizes that keeping its employees safe, through health and safety management systems and policies, is its due diligence to its workers.	Occupational Health and Safety GRI 404 Workforce Health and Safety SASB IF-EU-320a.1
Workplace management	One Meralco	One Meralco realizes that its employees are essential in achieving its goals. The Group thus commits to adopting global best employee management practices to ensure employee satisfaction.	Employment GRI 401 Diversity and Equal Opportunity GRI 405 Non-discrimination GRI 406
Effective service delivery & customer communication	One Meralco	With Customer Service as one of its Corporate Values, One Meralco puts prime importance in efficiently addressing the needs of its customers as well as providing necessary and correct information to ensure inclusivity, reliability, and good customer experience.	Energy Affordability SASB IF-EU-240a.3 SASB IF-EU-240a.4 End-use Efficiency & Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3 Grid Resiliency SASB IF-EU-550a.2
Strengthened cybersecurity and customer privacy	Meralco	As Meralco adopts efforts to digitalize many of its systems, the Company prioritizes data privacy and data breach prevention through secure cyber systems.	Customer Privacy GRI 418 Grid Resiliency SASB IF-EU-550a.1
Proactive community engagement	One Meralco	With Makabayan (lit. patriotic) as one of its Corporate Values, One Meralco seeks to create shared value in the communities, especially those that are poor and marginalized, within or near its areas of operation.	Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4

Material Topics

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
GOVERNANCE			
Strict compliance with laws & regulations	One Meralco	One Meralco is heavily regulated by the government and thus ensures that the Group strictly adheres to national policies and regulations, and that it maintains good relations with local regulatory agencies.	General Disclosures GRI 102-16 to 102-37 Anti-corruption GRI 205 Anti-competitive Behavior GRI 206
Observance of ethical business practices	One Meralco	With Integrity as one of its Corporate Values, One Meralco conducts all of its business operations and transactions in an ethical manner.	
Effective & efficient risk management	One Meralco	With the ever-evolving industry landscape, One Meralco recognizes it is essential to have foresight of risks inherent to its various businesses and how these change over time.	
Robust corporate governance	One Meralco	One Meralco ensures that its competitiveness and profitability are sustained in a manner that puts forward the best interest of its stakeholders through a robust corporate governance.	
POWER			
Affordability	Meralco, Clark Electric, MEP, Shin Clark	Recognizing that electricity is an essential need of society, Meralco, Clark Electric, MEP, and Shin Clark ensure that their services are affordable, accessible, and reliable for their customers. Meralco, Clark Electric, MEP, and Shin Clark recognize that the supply of electricity in the Philippines is much lower than the demand. As such, the Companies ensure that demand-side management is introduced to customers while aiming at reducing total costs of meeting energy demand, thereby ensuring reliability of electricity.	Energy Affordability SABS IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4 End-Use Efficiency and Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3
Accessibility	Meralco		IF-EU-000.A IF-EU-000.
Reliability	Meralco, Clark Electric, MEP, Shin Clark		Grid Resiliency SASB IF-EU-550a.1
Clean Energy	MGen, Spectrum	As such, in support of SDG 7: Affordable and Clean Energy, One Meralco is working to realize a future where powering society's progress runs parallel with environmental stewardship.	IF-EU-420a.3 IF- EU-000.E
PLANET			
Climate Action	One Meralco	With Accountability as one of its Corporate Values, One Meralco acknowledges that it is part of the sector that produces the highest amount of GHG emissions in the world. As such, the Group strives to lower its emissions to help mitigate climate change.	Greenhouse Gas Emissions & Energy Resource Planning SASB IF-EU-110a.1 SASB IF-EU-110a.2 SASB IF-EU-110a.3 SASB IF-EU-110a.4 Emissions GRI 305
Air Quality	One Meralco		Air Quality SASB IF-EU-120a.1
Water Management	One Meralco	As in any business, One Meralco's operations generate waste that result in pollution. The Group thus believes that proper management systems and preventive measures shall be set in place to reduce its ecological impact. One Meralco embraces environmental stewardship. As a conglomerate that heavily relies on natural resources to deliver its products and services, it commits to be mindful in prudently utilizing its natural capital.	Water and Effluents GRI 303 Effluents and Waste GRI 306
Waste Management	One Meralco		Water Management SASB IF-EU-140a.1 SASB IF-EU-140a.2 SASB IF-EU-140a.3

Material Topics

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
PEOPLE			
Workforce Profile	One Meralco	One Meralco employs a recruitment process that is fair, ethical, and inclusive. It is an equal-opportunity employer and hires qualified candidates regardless of gender, socioeconomic status, religion, age, and ethnicity. The Group continuously also attracts top talents to meet the fast-changing needs of the organization.	GRI 102-7 Scale of Organization and GRO 102-8 Information on employees and other workers
Talent Resourcing	One Meralco		Employment GRI 401 Diversity and Equal Opportunity GRI 405 Non-discrimination GRI 406
Remuneration and Incentives	One Meralco	One Meralco realizes that its employees are essential in achieving its goals. The Group thus commits to adopting global best employee management practices to ensure employee satisfaction.	
Diversity and Inclusion	One Meralco		
Labor Relations	One Meralco		Labor/Management Relations GRI 402 Freedom of Association GRI 407
Employee Health and Safety	One Meralco	One Meralco treats its employees as its most valued resource, treating them with dignity and full consideration of their interests. The Group thus recognizes that keeping its employees safe, through health and safety management systems and policies, is its due diligence to its workers.	Occupational Health and Safety GRI 403 Workforce Health and Safety SASB IF-EU-320a.1
Training and Development	One Meralco	With Empowerment as one of its Corporate Values, One Meralco engenders an environment that allows its employees to advance their professional careers.	Training and Education GRI 404
Employee Engagement	One Meralco		

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
PROSPERITY			
Economic Performance	One Meralco	With Performance as one of its Corporate Values, One Meralco ensures that it delivers the best value that helps develop economic systems at the local, national, and global level. With Malasakit (lit. 'concern') as one of its Corporate Values, One Meralco believes that it is within its responsibility to go beyond generating financial value for its stakeholders. As such, the Group strives to implement services and programs that uplift the economic conditions of its stakeholders.	Economic Performance GRI 201 Indirect Economic Contribution GRI 203 Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.4
Customer Service (Customer Enablement)	Meralco	As Meralco adopts efforts to digitalize many of its systems, the Company prioritizes data privacy and data breach prevention through secure cyber systems. With Customer Service as one of its Corporate Values, One Meralco puts prime importance in efficiently addressing the needs of its customers as well as providing necessary and correct information to ensure inclusivity, reliability, and good customer experience.	Customer Privacy GRI 418 Grid Resiliency SASB IF-EU-550a.1 SASB IF-EU-550a.2 Energy Affordability SASB IF-EU-240a.3 SASB IF-EU-240a.4 End-use Efficiency & Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3
Procurement Practices (Supply Chain)	One Meralco	One Meralco's ecosystem consists of many constituents, including a broad and deep chain of companies which are essential cogs in the wheels of the economy. Committed to nation-building and powering progress for local enterprises, the Group purposefully sources its goods and services from Philippine-based suppliers amid foreign counterparts being available.	Procurement Practices GRI 204 Supplier Social Assessment GRI 414-1 GRI 414-2
Community Engagement	One Meralco	With Makabayan (lit. patriotic) as one of its Corporate Values, One Meralco seeks to create shared value in the communities, especially those that are poor and marginalized, within or near its areas of operation.	Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4

Material Topics

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Corporate Governance	One Meralco	One Meralco ensures that its competitiveness and profitability are sustained in a manner that puts forward the best interest of its stakeholders through a robust corporate governance. One Meralco is heavily regulated by the government and thus ensures that the Group strictly adheres to national policies and regulations, and that it maintains good relations with local regulatory agencies. With Integrity as one of its Corporate Values, One Meralco conducts all of its business operations and transactions in an ethical manner. With the ever-evolving industry landscape, One Meralco recognizes it is essential to have foresight of risks inherent to its various businesses and how these change over time.	General Disclosures GRI 102-16 to 102-37 Anti-corruption GRI 205 Anti-competitive Behavior GRI 206

OWNERSHIP OF MERALCO

In 2021, Meralco had a total market capitalization of over PhP 188.6 billion, consisting of PhP 98.2 million in equity and PhP 90.4 million in debt. As of the end of the reporting year, 34.96% of Meralco's total outstanding shares were held by Beacon Electric Asset Holdings, 29.56% by JG Summit Holdings, and 10.50% by Metro Pacific Investments Corporation. The remaining 24.92% were held by institutional and individual investors, directors, officers, and employees of the Company.

List of Abbreviations

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 Comission
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.
COP26	26th United Nations Climate Change Conference
COREC	Code of Right Employee Conduct
CREATE	Corporate Recovery and Tax Incentives for Enterprises
CREM	Competitive Retail Electricity Market
CSA	Climate Scenario Analysis
CSEZ	Clark Special Economic Zone
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
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 Deveopment
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.

List of Abbreviations

MSMEs	Micro, small, and medium enterprises
NEO	Natural ester oil
NOx	Nitrogen Oxides
OFT	One for Trees
OHDTs	Overhead Distribution Transformers
OMF	One Meralco Foundation
OML PH	One Million Lights Phiippines
One Meralco	Meralco and its subsidiaries
OPI	Orange Plug-in
OSBCM	Organizational Safety and Business Continuity Management
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
PM_{10}	Patriculate matter with a diameter of 10 micrometers or smaller
POPs	Persitent 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 Valdation 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
SF_6	Sulfur hexafluoride
Shin Clark	Shin Clark Power Holdings, Inc.
SO	Meralco Sustainability Office
SOx	Sulfur Oxides
Spectrum	MSpectrum, Inc.
SR	2021 Sustainability Report
STPs	Sewage Treatment Plants
SUP	Single-use plastic
TCFD	Task Force for Climate-related Financial Disclosures
the Group	Meralco and its subsidiaries
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

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV AS Philippine Branch ('DNV') has been commissioned by the management of Manila Electric Company ('Meralco', or 'the Company', Securities and Exchange Commission Identification Number: PW-102) to undertake an independent assurance of the sustainability / non-financial disclosures in Meralco's 2021 Sustainability Report ('the Report') in its printed format for the year ended 31 December 2021. The intended users of this Assurance Statement are the management of the Company.

We performed a Type 2 Moderate Level of assurance using AccountAbility's AA1000 Assurance Standard v3 (AA1000AS v3) and DNV's assurance methodology Verisustain[TM1], which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised*, along with the Global Reporting Initiative's (GRI's) Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's (SASB's) industry-specific Standards. Our assurance engagement was planned and carried out from December 2021 to May 2022.

Scope and Boundary of Assurance

The scope of assurance included a review of sustainability related disclosures and performance data from Meralco's operations in the Philippines.

The boundary of the Report for the identified material topics and topic-specific disclosures is as set out in the section "About the Report" in the Report. We evaluated the Report for adherence to the reporting principles for defining the sustainability report content using the GRI Standards along with AA1000AS v3. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Responsibilities of the Management of Meralco and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. Meralco has stated that this Report has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) Standards and Task Force on Climate-Related Financial Disclosures (TCFD) Guidance.

In performing our assurance work, DNV's responsibility is solely towards the Management of Meralco in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to Meralco and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the Head Office at Pasig City and selected operating companies of Meralco (MGen, eSakay) in the Philippines and consolidated annual numbers, based on DNV's sampling plan. Due to the COVID-19 pandemic and associated travel restrictions, we undertook remote audits in line with DNV's remote assessment methodology as site visits were not possible. We undertook the following activities:

- Review of the non–financial sustainability-related disclosures in this Report;

[1] The VeriSustain protocol is available on request from www.dnv.com.

- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;
- Conducted interviews with data owners from Meralco and its subsidiaries to understand the key processes and controls for reporting business units' performance data;
- Reviewed the approach towards materiality determination and stakeholder engagement through interviews with selected members of Meralco's senior management team and representatives responsible for management of Meralco's material topics. We were free to choose interviewees and interviewed those with overall responsibility for management of these topics and the findings were discussed and resolved with the Corporate Sustainability Team;
- Carried out remote assessment on their head office and selected operating companies to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites for remote assessment or verification;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

On the basis of the assurance work undertaken, nothing has come to our attention that causes us to believe that that Meralco's 2021 Sustainability Report and referenced information does not properly describe the non-financial performance of identified material topics based on the GRI Standards, SASB Standards and TCFD Guidance. Without affecting our assurance opinion, we also provide the following observations:

AA1000 Accountability Principles Standard (2018)

Inclusivity
People should have a say in the decisions that impact them.

The Report has brought out key stakeholders (e.g. Customers, Communities, Employees, Investors & Shareholders, Government and Regulators, Suppliers & Contractors, etc.) whom Meralco has engaged with, to enhance their sustainability performance. The Report also describes the engagement modes such as high-level dialogues, town hall meetings, and various feedback channels to enrich Board and management-level decisions with stakeholder feedback to identify the key concerns that are pertinent to them and subsequently address it through relevant disclosures in the report. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Inclusivity.

Materiality
Decision makers should identify and be clear about the sustainability topics that matter.

The Report brings out Meralco's process for identification of the Company's material matters through stakeholder engagement. Meralco conducts a yearly evaluation of Environment, Social and Governance (ESG) issues involving key stakeholders from the group's business units, to review, discuss, and validate (1) global, national, and industry sustainability contexts affecting Meralco, (2) ESG reporting standards and local reporting requirements, and (3) key sustainability risks and opportunities. The revised set of material ESG issues were integrated into the group's sustainability agenda, under the pillars of Power, Planet, People and Prosperity. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness
Organisations should act transparently on material sustainability topics and their related impacts.

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues which have arisen during the reporting period through disclosures on Governance, Business Review, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices. The report also describes the initiatives taken in 2021 to improve its customer service, including Customer 360, Meralco's Call Centre Hotline and a revamp of the Meralco Bill. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Impact
Organisations should monitor, measure, and be accountable for how their actions affect their broader ecosystems.

The Report brings out how Meralco identifies the direct and indirect impacts related to its identified material topics and action plans to mitigate adverse impacts on stakeholders. Further, Meralco's measures, evaluates and monitors impacts through appropriate performance metrics demonstrating outcomes and outputs of its value creation processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

Specific Evaluation of the Information on Sustainability Performance
We consider the methodology and process for gathering information developed by Meralco for its non- financial / sustainability performance reporting to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the reported sustainability activities and goals achieved for the reporting period.

Reliability
The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the methodology and approach related to qualitative and quantitative disclosures considering the principle of Reliability. The majority of data and information verified through assessments with the Company's Headquarters and sampled sites were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors were communicated and subsequently corrections made in the reported disclosures. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Additional principles as per DNV VeriSustain

Completeness
How much of all the information that has been identified as material to the organization and its stakeholders is reported.

The Report brings out the Company's sustainability or nonfinancial disclosures during the reporting year related to its material ESG topics using appropriate GRI topic-specific Standards including the management approach, details of monitoring systems and performance indicators, and chosen SASB disclosures, for its identified boundary of operations in the Philippines. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality
The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the various sustainability issues, challenges, stakeholder concerns, and performance in a fairly neutral tone, in terms of content and presentation, applying adequate consideration to not unduly influence stakeholders' opinions made based on the reported disclosures. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by Meralco to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of Meralco's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[#], which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

The procedures performed in a Type 2 Moderate level of assurance engagement as per AA1000AS v3 vary in nature and timing and are shorter in extent than for a high level of assurance engagement. Consequently, the level of assurance obtained in a Moderate assurance engagement is substantially lower than the assurance that would have been obtained if a high assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct[2] during the assurance engagement and maintain independence where required by relevant ethical requirements including the AA1000AS v3 Code of Practice.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

DNV has provided assurance to MPIC (the Parent Company of Meralco). In our opinion, this does not create a conflict of interest in the assurance engagement of Meralco. DNV did not provide any services to Meralco in 2021 that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

For and on behalf of DNV AS Philippine Branch, Manila, The Philippines

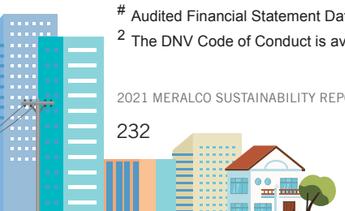
Thamizharasi Kaliaperumal Lead Verifier Sustainability Services DNV Business Assurance India Private Limited.	Percy Lakdawalla Regional Manager – APAC Supply Chain and Product Assurance DNV Business Assurance Singapore Pte. Ltd.	N Sathishkumar Assurance Reviewer Head, Sustainability Services DNV Business Assurance Singapore Pte. Ltd.

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[#] Audited Financial Statement Dated 28 February 2022.

[2] The DNV Code of Conduct is available on request from www.dnv.com



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The 2021 Reports can be viewed and downloaded on the Meralco website, www.meralco.com.ph.

2021 Reports

Meralco Annual Report
Meralco Sustainability Report
One Meralco Foundation Annual Report

The Meralco 2021 Sustainability Report is printed on FSC certified, Green-e certified, carbon neutral plus paper to ensure alignment with sustainability goals.