Corporate Governance

SPEAK OUT POLICY

Whistleblowing Policy and Procedures

Version 2.0
September 2023

SENSITIVITY CLASSIFICATION: [Confidential]

Revision History

Revision Number	Revision Date	Nature of Revision	Approved By
0	August 10, 2010	Initial Release	Board of Directors
1	February 26, 2016	Implementing Rules and Regulations	Board of Directors
2	September 25, 2023	Speak Out Policy	Board of Directors

Approval Sheet

We have reviewed the contents of this document described as **Speak Out Policy** and hereby approve its implementation effective September 25, 2023**.**

Reviewed and endorsed by NOMINATION AND GOVERNANCE COMMITTEE:

Sgd
Mr. Pedro Emilio O. Roxas
Chairman

Approved by BOARD OF DIRECTORS:

Sgd
Mr. MANUEL V. PANGILINAN
Chairman

Prepared by:

Corporate Governance Office

Employee and Labor Relations

1. General Policy Statement

1.1 Manila Electric Company (MERALCO or the "Company") aims to maintain the highest ethical, moral, and legal standards in its business operations and interactions in keeping with good corporate governance principles of fairness, accountability, integrity, transparency and honesty. Necessarily, the Company expects its Directors, Officers, Employees, Consultants, Vendors and other Third-Party Business Partners as well as those of its subsidiaries to conduct themselves with integrity, impartiality and honesty and avoid any improper conduct or exhibit behavior that compromise the interest of the Company, shareholders, investors, customers and the public.

1.2 The Company also encourages all stakeholders to protect its best interest by raising any concern about any aspect of the Company's business operation or reporting observations of any malpractice, fraud, illegal or improper conduct by Directors, Officers, Employees, Consultants, Vendors and other Third-Party Business Partners of the Company and its subsidiaries.

1.3 The Company ensures that these Speak Out reports are investigated with in accordance with existing laws, rules and regulations and internal policies and procedures. The Company commits to keep the report and the identity of the reporter and key witnesses confidential as far as practicable. The Company likewise protects the reporter and key witnesses from any form of retaliation arising from the filing of the the report.

2. Scope

2.1 This Policy and Procedures shall cover reports involving Directors (each, an "Director" and collectively, the "Director"), Officers (each, an "Officer" and collectively, the "Officers") and Employees (each, an "Employee" and collectively, the "Employees") as well as Consultants, Vendors and other Third-Party Business Partners of the Company and to the extent specified in this Policy, of the Company subsidiaries, filed by any stakeholder regarding any improper conduct or behavior that may be considered as "Corporate Governance Concerns" as defined in this Policy.

2.2 To the extent applicable, this Policy and Procedures shall likewise cover Corporate Governance Concerns not otherwise submitted by a Reporter but was disclosed to, or discovered by, an organization while conducting audit, compliance assessment, investigation, process review, performance monitoring or other internal control activities or mechanisms adopted by said organization. For purposes of this Policy and

Procedures, these Corporate Governance Concerns shall be treated also as Speak Out Reports.

2.3 The following shall not be covered by this Policy and Procedures:

2.3.1 Individual employee grievances and complaints regarding terms and conditions of employment which shall be reviewed under the applicable personnel policies or collective bargaining agreement;

2.3.2 Violations of the Company's Code of Right Employee Conduct (COREC) or equivalent code or policy initiated by an Organizational Level head against a direct report by way of a disciplinary action which shall be subject to existing processes on disciplinary action.

3. Definition of Terms

3.1. **Assisting Investigating Unit (AIU)** — organization or office with specific expertise or authority on cases reported, responsible for conducting investigation and providing initial recommendations on the appropriate sanctions and penalties;

3.2. **Company** — when referred to in this Policy and Procedures, pertains to the Manila Electric Company (MERALCO);

3.3. **Consultants** – includes professional consultants, advisors, firms, partnerships, counsels, or such other professional entities or individuals rendering professional or specialized expert services to the Company as well as advisors of the Company who may be appointed by the Board of Directors or management.

3.4. **Corporate Governance Concerns** — collective term for acts or omissions that constitute improper conduct or behavior that can be made subject of a Speak Out Report or Investigation. CG Concerns include, but are not limited to the following:

3.4.1. Violation of the Corporate Governance Rules

3.4.2. Financial Malfeasance or Fraud, Questionable Accounting Matters, Questionable Auditing Matters, including any malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters;

3.4.3. Breach of legal or regulatory requirements;

3.4.4. Improper conduct or unethical behavior likely to be prejudicial to the Company or its subsidiaries;

3.5. **Corporate Governance Rules (CG Rules)**[i] — the Company's or subsidiaries' Manual on Corporate Governance, Code of Business Conduct and Ethics, Conflict of Interest Policy, Vendor's Code of Business Conduct and Ethics, other corporate governance policies, Code on Right Employee Conduct (COREC), other internal policies and applicable laws, rules, and regulations relating to corporate governance, as may be issued from time to time by the Company, its subsidiaries, or any governmental or regulatory body;

3.6. **Officer** — employees with the rank of Vice-President and up as stated in the Company's By-Laws or those of its subsidiaries**;**

3.7. **Organization**— segments of the Company or those of its subsidiaries in charge of delivering a specific function and having a definite place in an organizational chart as defined by Organization Level (OL) and operating under the purview of an Organization Level Head;

3.8. **Organization Level ("OL") Head** – head of a particular organization level. Organization Level refers to defined reporting relationships based on organization charts and a position's distance from President and/or CEO as follows (Meralco Guidelines on the Definition and Use of Organization Levels and Job Grades or equivalent guidelines in the subsidiaries):

ORG LEVELS	ORGANIZATION / EMPLOYEE
Org Level 1	All Direct report organizations of the President and/or CEO
Org Level 2	All Direct report organizations of the Level 1s
Org Level 3	All Direct report organizations of the Level 2s
Org Level 4	All Direct report organizations of the Level 3s

3.9. **Questionable Accounting Matters**[ii] — any violation of generally accepted accounting principles and standards applicable to the Company or those of its subsidiaries.

3.10. **Questionable Auditing Matters**[iii] — any violation or override of the Company's internal controls or those of its subsidiaries;

3.11. **Respondents** — Directors, Officers, Employees, Consultants, Vendors or other Third-Party Business Partners against whom the Speak Out Report was filed, either in their individual capacity or in conspiracy with other Respondents;

3.12. **Retaliation** — an act of reprisal, discrimination, harassment, intimidation, or adverse personnel action taken against a Reporter and/or their respective witnesses by reason of the Speak Out Report;

3.13. **Subsidiary** – an entity that is identified as such in the Company's latest audited financial statements. Unless otherwise provided in this Policy, the term shall refer to the subsidiaries of MERALCO.

3.14. **Third-Party Business Partners –** individuals, entities, organizations and/or their representatives, including MERALCO subsidiaries or affiliates, that have existing and/or intended business dealings with the Company or its subsidiaries. This shall include but not limited to prospective or existing suppliers, contractors, buyers, government agencies, content providers, media, agencies, dealers, customers, or all other business partners who are or may be similarly situated;

3.15. **Reporter**— referring to any person who files a Speak Out Report.

3.16. **Speak Out Reporting** —statement filed by any person who, in good faith, believes that the Company or any of its Directors, Officers, Employees, Consultants, Vendors or Business Representatives or those of its subsidiaries, either individually or in conspiracy with others, has engaged, is engaging, or will be engaging, in an improper course of illegal or unethical conduct or behavior that may constitute Corporate Governance Concerns. Such a statement may be signed by the Reporter or filed anonymously;

3.17. **Speak Out Report ("Report")** — disclosure or filing made by a Reporter in accordance with Policy and Procedures. This also covers Corporate Governance Concerns not otherwise submitted by a Reporter but was disclosed to, or discovered by, an organization while conducting audit, compliance assessment, investigation, process review, performance monitoring or other internal control activities or mechanisms adopted by said organization.

3.18. **Witness** — a person other than the Reporter who can attest to the veracity of the alleged Corporate Governance Concerns**.**

4. Definition of Terms

4.1 Reporting

4.1.1 Directors, Officers, Employees of the Company are obliged to report any act or omission that may constitute Corporate Governance Concerns. The report shall be addressed to the Corporate Governance Office (CGO) and to the Reporter's immediate OL Head, unless reporting to OL Head is not feasible by reason of complicity, conflict of interest, or other reasonable grounds.

4.1.2 Consultants, Vendors, and other Third-Party Business Partners are also required to report any such Corporate Governance Concerns to CGO and to the organization managing their contract or transactions.

4.1.3 Reporters are encouraged to file their Reports using the Speak Out Report Form**.** However, Reports filed using other forms shall be received, evaluated, and resolved in the same manner and to the same extent as those filed using the standard Form. The Reporter may file a report to the CGO through the different media/ communication channels.

4.1.4 Reports must be made in good faith. Any information or allegation must be substantially true and must not be intended primarily and solely for one's personal gain. When a report is done in good faith and later on is found unmeritorious, no adverse action will be taken against the Reporter.

4.1.5 A Reporter who has been proved to have maliciously made a Speak Out Report or filed the same with knowledge that it is false shall be penalized accordingly. When the Reporter is found to have been involved in the violation, he/she shall likewise be subject to administrative investigation and no immunity shall be accorded to him/her.

4.1.6 The identity of the Reporter and his/her contact information should, as much as possible, be disclosed to the appropriate authorities or concerned offices who will investigate and handle the report. This will aid in clarifying or securing additional information that may be required. This will also be used in providing updates to the Reporter on the development or status of the report. Nonetheless, anonymous reports shall be acted upon in the same manner and with the same assiduousness as those with identified Reporter.

4.1.7 Reporter is encouraged to provide a Witness/es who are willing to cooperate and participate in the investigation or proceedings pertaining to the Report.

4.2 Receipt and Disposition of Reports

4.2.1 All Reports, even if made anonymously, shall be received, considered, and evaluated.

4.2.2 Once received, CGO shall perform an initial assessment of the Report to determine if the Report involves a Corporate Governance Concern.

4.2.3 If the Report does not involve a Corporate Governance Concern, CGO shall endorse the same to the responsible Organization in the Company for appropriate handling.

4.2.4 If the Report involves a Corporate Governance Concern, CGO shall initiate the conduct of a preliminary investigation to ascertain whether there is probable cause to proceed with formal investigation or that reasonable ground to engender a well-founded belief that a Corporate Governance Concern has been, is being, or will be, committed and that the Respondent is probably guilty thereof. For this purpose, CGO shall consider the following criteria:

- 4.2.1 The nature of the Report;
- 4.2.2 The seriousness of the issues raised;
- 4.2.3 The extent to which the allegation can be confirmed or corroborated by attributable sources; and
- 4.2.4 The magnitude of the possible impact of the issues to the Company's interest.

4.2.5 CGO may refer the Report to any of the following Assisting Investigating Unit (AIU) for the conduct of preliminary investigation, including the gathering and preservation of evidence, in coordination with the Respondent's immediate OL Head:

Assisting Investigation Unit (AIU)	Type of Violation
Employee and Labor Relations Office	Offenses covered under the Code of Ethics or COREC which do not constitute Financial Fraud or Questionable Accounting or Auditing practice.
Internal Audit	Financial Fraud, Questionable Accounting Practice
Audit Committee/ Board of Directors	Questionable Practices of the Chief Audit Executive/Internal Audit
President and/or CEO (or designated representative)	Any Violation committed by an Officer of the Company
Chairman of the Board (or designated representative)	Any Violation committed by a Director

4.2.6 OL1 Organizations may opt to establish special investigating committees or organizations to handle specific cases of Corporate Governance Concerns committed within their organizations.

4.2.6.1 Speak Out Reports directly filed with these committees/ organizations shall be endorsed to CGO immediately upon receipt for its determination of probable cause in accordance with the procedures laid down in this Policy.

4.2.6.2 These special investigating committees or organizations shall provide support and assistance in the collection and preservation of evidence, conduct of preliminary investigation as AIU, and determination and imposition of penalty, if warranted.

4.2.6.3 If CGO, on its own or through the appropriate special investigating organization or committee/AIU, finds probable cause to proceed with a formal investigation, CGO or such investigating organization or committee shall issue a Preliminary Investigation Report and endorse the same to the Immediate OL Head and the AIU for the conduct of formal investigation.

4.2.7 CGO may also be deputized by the Board of Directors to investigate, within the prescribed period, reports involving a director or advisor of the Board of Directors, and submit its findings to the Board.

4.2.8 The Immediate OL Head and AIU conducting the formal investigation shall complete the investigation and issue the corresponding Final Investigation Report within sixty (60) working days from receipt thereof.

4.2.9 In the event however that a longer period is needed to resolve a case due to its complexity, the concerned organization shall notify CGO in writing citing the justification for the extension not later than three days before the expiration of the 60-day period within which to resolve the report.

4.2.10 All organizations, i.e., CGO, AIU, OL Head, special investigating organization or committee, are required to act expeditiously on the reports referred to them and accordingly conduct immediate investigation of the report, impose appropriate penalties/sanctions once proven, and provide feedback to the Reporter, if known. The Reporter shall be provided with feedback within thirty (30) working days.

4.3 Formal Investigation

4.3.1 With the assistance of the appropriate Assisting Investigation Unit (AIU), the immediate OL Head of the Respondent shall initiate the necessary administrative disciplinary action and gather the appropriate supporting documents/pieces of evidence to facilitate the investigation.

4.3.2 The immediate OL Head shall exercise judgment in determining the appropriate office to seek further assistance aside from those AIU listed above.

4.3.3 The immediate OL Head of Respondent with the assistance of the AIU shall inform the Respondent in writing of charges imputed to him and to require him to answer such charges.

4.3.4 The immediate OL Head ensure that in case the Respondent resigns pending the completion of the investigation or final resolution of the case against him, he shall inform the Respondent that the resignation shall be without prejudice to the results of the investigation or the final resolution of the case, and that any benefits due him, if any, shall be withheld pending final resolution of the case.

4.3.5 If the violation is related to a breach in financial internal controls, the Internal Audit shall, prior to formal investigation, immediately inform the President and/or CEO and/or Chief Finance Officer of the alleged violation. The said Officer, in turn, should carefully discern, considering materiality and/or severity, if the matter has to be elevated for action by, or merely transmitted as information to, the relevant Board Committee or its Chairman.

4.3.6 If the Speak Out Report involves an alleged infraction punishable under COREC committed by an employee, the formal investigation shall be conducted by Labor Relations in coordination with the Respondent's immediate OL Head, except in cases where a law, regulation, or internal policy requires that the investigation be conducted by, or under the authority of, another organization, committee, office, or officer.

4.3.7 If the Speak Out Report involves an alleged infraction punishable under COREC and the respondent is an officer, the formal investigation shall be conducted by the Management Disciplinary Committee (MDC), assisted by Labor Relations and the Respondent's immediate OL Head.The MDC shall be composed of the Head of Human Resources, Head of Legal, and the Respondent's OL1 Head.

4.3.8 In cases involving officers of the Company or its subsidiaries or considering the magnitude of the possible impact of the issues to the Company's interest regardless of the rank or position the parties involved, the President and/or CEO may, in his/her sound discretion, convene the Management Disciplinary Committee or designate a Company official to conduct a full investigation. The President and/or CEO, in addition to the internal investigation, may allow such designated body or official to engage the services of external auditors or lawyers, or any other external investigating body." This Investigating Committee shall also handle reports upon the consent or instruction of the Board of Directors where the respondents are directors and officers.

4.3.9 The AIU shall recommend to the immediate OL Head for his/her approval the appropriate disciplinary action/penalty to be meted out to the Respondent. This is without prejudice to other criminal and civil remedies that the Company may opt to pursue.

4.3.10 If the penalty to be imposed is below dismissal, the decision, including the penalty to be imposed, shall be subject to review by the next level head with the concurrence of the Area and Group Head. If the penalty is dismissal, the recommended penalty shall require the concurrence of the MDC.

4.3.11 In case of officers, any penalty to be imposed shall require the concurrence of the Board of Directors.

4.3.12 The immediate OL Head shall inform the Respondent in writing of the results of the investigation and/or disposition of the Report filed against him/her and implement the appropriate disciplinary action.

4.3.13 The immediate OL shall report to AIU his/her decision and/or the imposition of the disciplinary action on Respondent in accordance with Code on Right Employee Conduct (COREC) or other disciplinary rules prescribed by the Company.

4.3.14 The AIU shall, then, report to the CGO the final action, disposition, and/or recommendation made on the reports.

4.4 Report Monitoring

4.4.1 CGO shall act as administrator of all Speak Out Reports. It shall ensure that receipt and processing procedures are available to properly guide their personnel. These should include how reports are received, processed, and resolved until its closure or turn-over to another office. It should also include the assignment of unique number for each report received to facilitate tracking and monitoring.

4.4.2 CGO shall monitor and maintain records of the receipt, disposition and resolution of all reports and ensure the appropriate monthly reporting thereof to the Board.

4.4.3 CGO shall report to the Board through the appropriate Committee any progress in compliance with the handling of reports, following the prescribed form.

4.5 **Confidentiality of Identities and Information**

4.5.1 The concerned offices shall ensure the confidentiality of the identities of the Reporter, the witnesses and the information disclosed, except under any of the following:

4.5.1.1 the Reporter waives his/her right to confidentiality, or

4.5.1.2 identification is required by law or when essential to an investigation.

In either case, the Company shall inform the Reporter or the witnesses of the need to reveal their identities and/or information.

4.5.2 Unauthorized disclosure of data or information by any Officer or Employee will be penalized based on the COREC or other disciplinary rules prescribed by the Company.

4.6 **Appeals / Request for Reconsideration**

4.6.1 Any party desiring to appeal from a decision rendered herein may file a motion for reconsideration within ten (10) calendar days from receipt thereof. Should the motion be denied, an appeal may be filed with the Office of the President and/or CEO within ten (10) calendar days from receipt of the order denying the motion. Appellants must be ready to present additional evidence that would validate the merits of such an appeal

4.6.2 Appeals from decisions concerning a member of the Board, the President and/or CEO, the Chief Finance Officer, or the Compliance Officer must be filed directly with the Board of Directors through its Chairman.

4.6.3 The appeal must be resolved within thirty (30) working days from receipt thereof.

5. Protection from Retaliation

5.1 The Company shall provide appropriate protection from retaliation. Retaliation is prohibited and will be dealt with in accordance with the pertinent Company policies, rules and applicable laws. It shall be considered a serious misconduct if perpetrated by an Officer or Employee.

5.2 In the event of retaliation, the Reporter or witness shall report to CGO circumstances showing the retaliatory acts committed by filling out the Retaliation Protection Report Form.

5.3 AUI may be requested by CGO to verify the allegations in the Retaliation Protection Report Form. Protection from retaliation may be granted only upon endorsement of CGO. These Reports shall be processed expeditiously.

5.4 In case of an unauthorized disclosure of the identity of the Reporter or witness, appropriate disciplinary action shall be enforced on the responsible employee in accordance with COREC or other disciplinary rules prescribed by the Company.

6. Roles and Responsibilities

6.1 **Corporate Governance Office (CGO)**

6.1.1 Conduct a preliminary review of reports filed in accordance with this Policy and Procedures to ascertain if it constitutes a Corporate Governance Concern. If the Report does not pertain to Corporate Governance Concern, then endorse the same to the proper office of the Company (e.g. customer billing complaints to be endorsed to the appropriate business center). If the report constitutes Corporate Governance Concern, conduct a preliminary investigation of the case with the assistance of Assisting Investigating Unit (AIU).

6.1.2 In the event that there is a probable cause to believe that the Corporate Governance Concern has been committed and the Respondent is probably guilty thereof, issue a Preliminary Investigation Report and endorse the same to the Immediate OL Head of the Respondent and the AIU for the conduct of formal investigation.

6.1.3 When deputized by the Board, investigate within the prescribed period reports involving a director or advisor of the Meralco Board of Directors, and submit its findings to the Board.

6.1.4 Monitor and maintain records of the receipt, disposition and resolution of all Reports and ensure the appropriate periodic reporting thereof to the Board through the Nomination and Governance Committee or the Audit Committee in the case of Questionable Practices by the Chief Audit Executive/Internal Audit.

6.1.5 Communicate with the Reporter from receipt of the report until the resolution of the same, by taking into consideration the processing time required for acknowledgment, feedback and resolution of reports.

6.1.6 Recommend appropriate improvements to this Policy and Procedures.

6.2 Assisting Investigation Unit (AIU)

6.2.1 Facilitate and complete within the prescribed period the preliminary and/or formal investigation of Reports.

6.2.2 Regularly inform the CGO of the actions taken on the Reports and the basis thereof.

6.2.3 Recommend the appropriate disciplinary action to be meted out to the Respondent, without prejudice to other criminal and civil remedies that the Company may opt to pursue.

6.2.4 Report to the CGO the final action/disposition/recommendation made on the reports.

6.3 Directors, Officers, Employees, Consultants, Vendors and other Third-Party Business Partners and witness

6.3.1 Report in good faith any suspected Corporate Governance Concern.

6.3.2 Provide truthful information and cooperate fully with the AIU whenever the investigation involves employees or units within their area of responsibility.

6.3.3 Cooperate in the investigation, including making available for examination all necessary records and information.

6.4 Immediate Organizational Level Head of Respondent

6.4.1 Inform the Respondent in writing of the particular act constituting the offense or infraction imputed to him, require him to answer such charges and afford him the opportunity to be heard and to defend himself, in accordance with Company policy.

6.4.2 Inform the Respondent in writing of the results of the investigation and/or disposition of the Report filed against him.

6.4.3 Implement the appropriate disciplinary action.

6.4.4 Report to the AIU his/her decision and/or the imposition of the disciplinary action on Respondent in accordance with Company policy.

6.4.5 Ensure that in case the Respondent resigns pending the completion of the investigation or final resolution of the case against him, he/she shall inform the Respondent that the resignation shall be without prejudice to the results of the investigation or the final resolution of the case, and that any benefits due him, if any, shall be withheld pending final resolution of the case.

7. Communication and Training Process

7.1 CGO, with the assistance of Human Resources, Directors, Officers and Organization Heads in charge of managing relations with different stakeholders are tasked to ensure the thorough dissemination of this Policy and Procedures to all Directors, Officers Employees, Consultants, Vendors and other Third-Party Business Partners, and to likewise enjoin compliance in the process.

7.2 CGO shall ensure that the following reporting channels are open and properly managed:

7.2.1 Letter correspondence addressed to:
Corporate Governance Office (CGO)
GF Lopez Building, Ortigas Avenue, Brgy. Ugong, Pasig City

7.2.2 Telephone/Fax:
CGO Hotlines
Local calls — BRYT (2798)
Outside call — 1622-BRYT (1622-2798)
Fax No. 632-8943

7.2.3 SMS Cellphone Number: (63) 9209484787
Email — cgo.staff@meralco.com.ph

7.3 Human Resources-Learning and Development shall assist CGO in conducting appropriate training and provide learning development tools to ensure understanding of the Policies and Procedures by employees.

8. Penalties

8.1 Any Director, Officer, or Employee who fails to comply with this Policy, shall be subjected to applicable penalties and sanctions as stated in the Company’s code of conduct.

8.2 Any Third-Party Business Partner who fails to comply with this Policy, shall, upon due process, be subjected to applicable penalties or sanctions in accordance with the terms of the contract or engagement.

9. Alteration

This Policy shall not be supplemented, amended, altered or varied unless such supplemental, amendment, alteration or variation shall have been approved by a resolution of the Board of Directors of the Company.

10. Effectivity

This Policy shall take effect immediately upon its approval by the Board of Directors.

[i] Examples of violation of CG Rules

- Granting a supplier undue favors
- Collusion with a supplier to ensure award of a contract
- Unauthorized disclosure of confidential information
- Knowingly destroying company files which are the subject of government investigation
- Failure to disclose related party transactions
- Solicitations of money or gifts from contractors of the Company
- Violation of Conflict of Interest Policy

[ii] Examples of Questionable Accounting Matters

- Significant overstatement or understatement of account balances
- Non-recording of transactions in a complete or timely manner
- Gross violation of generally accepted accounting principle(s)
- Misclassification of accounts
- Inaccurate or non-disclosure of significant information relevant to proper interpretation of the financial statements
- Lack of underlying transactions to support accounting entries
- Lack of proper documents to support accounting entries

[iii] Examples of Questionable Auditng Matters

- Misappropriation of funds
- Misuse or abuse of Company assets and facilities
- Circumvention of or disregard of audit policies