I. Policy Statement

Gift-giving is part of the Filipino culture of doing business to enhance good business relationships. However, when done in bad faith or in violation of law, corporate gift-giving may expose the Company to serious reputational risk and regulatory penalties and its directors, officers, employees and consultants to resulting legal liabilities.

Accordingly, corporate gift-giving to public and private individuals or entities is prohibited when it constitutes bribery or corruption as defined herein.

Nonetheless, corporate gift-giving is allowed if made for legitimate purpose, is respectful of the gifts policy of the receiver and is in strict compliance with the procedures herein set forth.

II. Objective

The purpose of this Policy is to set out clear limitations and guidelines in the gift-giving activities of the Company, its directors, officers, employees and consultants so as to prevent the commission of bribery and corruption.

III. Scope and Applicability

This Policy applies to directors, officers, employees and consultants of the Company and covers corporate gifts given government offices, officials and employees and private third parties and their respective directors, officers, employees or consultants. Personal gifts given by virtue of kinship or relationship are not covered by this policy.

For the purpose of this Policy, a gift may refer to may be a right or thing of value, like cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel and benefits.

IV. Guidelines

A. Under this Policy, bribery and corruption is committed by offering or receiving an undue reward by, or to, any government office, officer or employee or to any director, officer or employee of a private entity with which the Company has potential or existing business transaction, designed to influence him/her in the exercise of his/her duty, or to induce him/her to act contrary to law or to accepted standards of fairness, integrity and honesty, or to secure any improper business advantage.

B. Acts defined under applicable laws[1] as bribery or corruption are likewise covered by this Policy.

C. The offering or giving of gifts, including cash or cash equivalents, is permitted under the Company's Corporate Social Responsibility (CSR) programs, provided that the same be

[1] **Applicable laws** – the provisions of Code of Conduct and Ethical Standards for Public Officials and Employees (Republic Act No. 6713); the Anti-Graft and Corrupt Practices Act (Republic Act No. 3019, as amended); Revised Penal Code (Act No. 3815, as amended; Foreign Corrupt Practices Act, and other laws, whether local or foreign, dealing with the offer, solicitation and/or acceptance of gifts, including their implementing rules and regulations.

undertaken by or under the control of One Meralco Foundation (OMF) and subject to the applicable policies and work procedures manual.

D. The offering or giving of gifts, not otherwise intended for the Company's Corporate Social Responsibility programs, is permitted in certain instances, subject to the following conditions:

i. The gift must not exceed the nominal value and must not be in cash or cash equivalents, unless otherwise previously authorized by the President or his authorized representative.

ii. Only unsolicited gifts or tokens of nominal or insignificant value offered or given as a mere ordinary token of gratitude or friendship according to local customs or usage in accordance with the Anti-Graft and Corrupt Practices Act (Republic Act No. 3019) and the Code of Conduct and Ethical Standards for Public Officials and Employees (Republic Act No. 6713) may be offered or given to government offices, officials or employees, subject to the government-prescribed limits on the amount of such gifts or tokens of nominal or insignificant value.

iii. The offering or giving of gifts must respect the policies on gifts of the receiver.

V. Implementing Rules and Regulations

A. REGULATION OF PERMISSIBLE GIFT-GIVING

i. **CORPORATE GIVEAWAYS:**
Corporate giveaways intended for revenue-generation, marketing or promotional events, and other events sponsored by the Company, as well as those intended for special occasions such as Christmas gifts to be given by the Company, its directors, officers, employees and consultants must conform to this policy and other applicable Company policies and procedures and as far as practicable, must bear the name and/or logo of the Company.

ii. **NON-CSR GIFTS:**
Other forms of gifts not intended for Corporate Social Responsibility (CSR) Programs or as corporate giveaways must be supported by prior approval by the BRU head or the next superior level who shall ensure compliance with this Policy including disclosure in the Online Gift Registry.

B. TRAINING/DISSEMINATION

This Policy shall be communicated to all directors, officers and employees.

VI. Responsibilities

A. **Nomination and Governance Committee** shall review and endorse this policy for the approval of the Board.

B. The **Organization Heads and Superiors** are tasked to monitor, ensure compliance to, and enforcement of this policy within their area of jurisdiction.

C. **All Directors, Officers, Consultants and Employees** of the Company shall abide by the provisions of this policy and must report any observed violations of the same to their respective superior.

D. **Corporate Audits** shall audit the compliance of directors, officers and employees of the company to this policy and recommend appropriate measures to further improve the policy.

E. The **Corporate Governance Office (CGO)** shall monitor the implementation and compliance of organizations, and recommends appropriate improvements to this policy.

VII. Consequences of Violations

Any director, officer or employee who fails to comply with this Policy shall be subject to applicable penalties and sanctions under the Company's Code of Right Employee Conduct (COREC).

Any consultant who fails to comply with this Policy shall be subject to applicable penalties and sanctions as may be stated in his/her corresponding contract.

VIII. MERALCO SUBSIDIARIES AND AFFILIATES: The subsidiaries and affiliates of the Company are enjoined to adopt a similar policy in their respective organizations to ensure compliance with Applicable Laws.

IX. Effectivity:

This Policy shall take effect on February 26, 2018.

All existing policies, systems, practices, and related implementing guidelines not consistent with this Policy shall be deemed superseded. Any other section or provision of the same not affected thereby shall remain valid and effective.

Endorsed by:

On behalf of the Nomination and Governance Committee:

MR. PEDRO E. ROXAS
Chairperson, Nomination and Governance Committee

Approved by:

On behalf of the MERALCO Board

MR. MANUEL V. PANGILINAN
Chairman of the Board