



PART A. RIGHTS OF SHAREHOLDERS

Question	Source	Reference
A.1 BASIC SHAREHOLDER RIGHTS		
A.1.1 Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by annual general meeting (AGM) for final dividends?	Consolidated Changes in Annual Corporate Governance Report for 2013 (2013 ACGR J.1.c (page 151)) Company Website/About Us/Investor Relations/Stockholders Meeting, Stock Price and Dividend Payouts	<p>The Company follows the general practice in the country in the declaration and payment of dividends to its shareholders:</p> <ul style="list-style-type: none"> • The Declaration Date is the day that the corporation's Board of Directors announces its approval of a dividend payment. The Board will also announce the Record Date and the Payment Date of the dividend. • The Record Date is the date after which new buyers of the shares will not qualify to receive dividend payments. • The Payment Date is the date that the dividends are actually paid in the form of checks or credited to shareholders' investment accounts. <p>The Company pays its dividend within <u>30 days from the Record Date</u>.</p> <p>For 2013, the following are the dividends declared and paid to shareholders, 2013 ACGR, (J.1. (c)), page 151. http://www.eralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf</p>
A.2 RIGHT TO PARTICIPATE IN DECISIONS CONCERNING FUNDAMENTAL CORPORATE CHANGES		
Do shareholders have the right to participate in:		
A.2.1 Amendments to the company's constitution?	Revised Manual of Corporate Governance – page 25 2014 AGM Minutes (page 13)	<p>YES. The Company strictly complies with the provision of its Revised Manual of Corporate Governance that guarantees the participation of its shareholders in the event of any amendments of its constitution. http://www.eralco.com.ph/pdf/CGscorecard/2012_CGCARD/CG_Manual_page_25.pdf</p> <p>In the 2014 AGM, in compliance with the SEC Memorandum Circular No. 6, Series of 2014 requiring the specific address of the principal office of the Company to be stated in the Articles of Incorporation, the shareholders, through their votes representing 2/3 of the Company's outstanding capital stock, approved the amendment of Section 3 of the Company's Article of Incorporation.</p> <p>Copy of the 2014 AGM Minutes is posted in the Company website, page 13 http://www.eralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf</p>
A.2.2 The authorization of additional shares?	Revised Manual of	YES. The Company strictly complies with the provisions of its Revised Manual of



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	Corporate Governance (Section 2.0 – Pre-emptive Rights, page 23)	Corporate Governance that guarantees the participation of its shareholders in the authorization of additional company shares: (http://www.meralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2011.pdf) In 2013, no such transaction requires the exercise of this shareholders' right.
A.2.3 The transfer of all or substantially all assets, which in effect results in the sale of the company?	Revised Manual of Corporate Governance (Section 6.0 – Appraisal Rights, page 25)	YES. The Company strictly complies with the provisions of its Revised Manual of Corporate Governance that guarantees the participation of its shareholders in the transfer of all or substantially all assets, which in effect results in the sale of the Company. In 2013, no such transaction requires the exercise of this shareholders' right. (http://www.meralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2011.pdf)
A.3. RIGHT TO PARTICIPATE EFFECTIVELY IN AND VOTE IN GENERAL SHAREHOLDER MEETINGS AND SHOULD BE INFORMED OF THE RULES, INCLUDING VOTING PROCEDURES THAT GOVERN GENERAL SHAREHOLDER MEETINGS		
A.3.1 Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	2013 AGM Minutes (page 13)	YES. Changes in the remuneration of the Company Directors are approved and ratified by the shareholders. In 2013, the shareholders approved an additional compensation for the Board in recognition of the invaluable services rendered to the Company, achieving record highs in financial performance over the past four years. (http://www.meralco.com.ph/pdf/corporategovernance/AGM_2013_v1_Mins.pdf)



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<p>A.3.2 Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?</p>	<p>2014 AGM Minutes (page 2)</p> <p>Company Website- Call for Nominations and Agenda Items</p> <p>2013 ACGR (J.2., page 160)</p>	<p>YES. The Company provides non-controlling and/or minority shareholders the right to nominate candidates for board of directors/commissioners.</p> <p>In preparation for the 2014 AGM, we posted in our Company website a notice of “Call for Nominations” last January 30, 2014, to encourage all shareholders, specially minority shareholders, to send their propose agenda items and submit nominations to the Board with a deadline of March 10, 2014.</p>  <p>http://www.meralco.com.ph/company-index.html</p> <p>Non-controlling and minority shareholders can also participate in the election of the nominated candidates during the AGM through his Proxy. The Proxy form, which is attached to the Notice of AGM or downloadable in the Company website, also serves as a ballot for the shareholders to personally elect his chosen nominated Directors. Sample of the Proxy form can be accessed in the Notice of 2014 AGM (http://www.meralco.com.ph/pdf/disclosures/2014.04/04212014_DEFINITIVE INFO STATEMENT.pdf)</p> <p>The above information are also reported in the following:</p> <ul style="list-style-type: none"> • 2013 ACGR, (J.2., pages 160 to 161) (http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf) • 2014 AGM Minutes, page 2, (http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf)
<p>A.3.3 Does the company allow shareholders</p>	<p>2014 AGM Minutes</p>	<p>YES. The Company’s class of outstanding shares entitles the holder to one vote for one</p>



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to elect directors/commissioners individually?	<p>(page3) Notice of 2014 AGM and Definitive Information Statement</p> <p>2014 AGM Minutes, (pages 14 to 16)</p>	<p>share. For the election of directors, stockholders are allowed to elect directors individually or to cumulate their votes. Election of directors shall be by plurality of votes.</p> <p>Detailed profiles of the nominated Directors which passed the screening process of the Nomination and Governance Committee were sent to each shareholders 41 days prior to the AGM, together with the Notice of AGM Meeting and the Definitive Information Statement, Item 9 , which are both published in the Company website. http://www.eralco.com.ph/pdf/corporategovernance/2014_Notice_Agenda.pdf</p> <p>The 2014 AGM Minutes, pages 14 to 16, recorded the Directors elected by the shareholders individually and the number of votes garnered by each Director. http://www.eralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf</p>
A.3.4 Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	<p>Notice of 2014 AGM and Definitive Information Statement</p> <p>2014 AGM Minutes (page3)</p> <p>2013 ACGR (J.d.6, pages 154-156)</p>	<p>YES. All shareholders are given advanced information on the voting and vote tabulation procedures to be adopted during the AGM. The detailed procedures are described in the Definitive Information Statement –“Voting Procedure” distributed to all shareholders 41 days prior to AGM.</p> <p>After the AGM meeting is set to order, the Corporate Secretary read the ground rules and voting procedure to be observed during the meeting to ensure the conduct of fair, orderly, and efficient proceedings. This was recorded in the 2014 AGM Minutes page 3. (http://www.eralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf)</p> <p>The disclosure on the declaration of the voting and vote tabulation procedures before the start of the meeting were likewise reported in the 2013 ACGR, J.1.(f).(i) on pages 154-156. (http://www.eralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf)</p>
A.3.5 Do the minutes of the most recent AGM record that there was an opportunity allowing for shareholders to ask questions or raise issues?	<p>2014 AGM Minutes (page 11 and 12)</p> <p>2013 ACGR (J.1.(d).4, pages 152-</p>	<p>YES. The 2014 AGM Minutes recorded in pages 11 and 12 the opportunity given to shareholders to ask questions or raise issues. At the start of the AGM, the Corporate Secretary explained the rules for the orderly handling of questions and provided equal chance to all shareholders present in the AGM to ask questions. The 2014 AGM Minutes was also uploaded in the Company website.</p>



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	153)	<p>(http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf)</p> <p>The opportunity for shareholders to ask questions or raise issues were also reported in the 2013 ACGR Updates, J.1. (d).4) pages 152-153. http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf</p>
A.3.6 Do the minutes of the most recent AGM record questions and answers?	<p>2014 AGM Minutes (page 11 and 12)</p> <p>2013 ACGR (J.1.(d).4, pages 152-153)</p>	<p>YES. The questions and issues raised by the shareholders in the most recent AGM, 2014 AGM, were recorded in the 2014 AGM Minutes, pages 11 and 12, which was also posted in the Company website. http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf</p> <p>The above information was likewise recorded in the 2013 ACGR Updates, (2013 ACGR J.1.(d).4, pages 152-153) http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf</p>
A.3.7 Does the disclosure of the outcome of the most recent AGM include resolution(s)?	<p>2014 AGM Minutes</p> <p>2014 AGM Voting Results per Resolution</p> <p>2013 ACGR (J.1.(d).5, pages 153-154)</p>	<p>YES. The disclosed results of the 2014 AGM Minutes include the resolution and the number of votes of the shareholders for each of the issues to be resolved or voted upon. The 2014 AGM Minutes, together with the 2014 AGM Voting Results per resolution were also posted in the Company website, the day after the AGM, for the information of the shareholders.</p> <ul style="list-style-type: none"> • 2014 AGM Minutes http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf • 2014 AGM Voting Results per Resolution http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Resolutions_Voting_Results.pdf <p>The disclosed results of the most recent AGM, including the resolutions are also reported in the 2013 ACGR J.1.(d).5 on pages 153-154. http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf</p>
A.3.8 Does the company disclose the voting results including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	<p>2014 AGM Voting Results per Resolution</p> <p>2013 ACGR (J.1.(d).5, pages 153-154)</p>	<p>YES. The Company disclosed the Voting Results not later than the following day after the AGM, with the detailed votes per issue for resolution showing the total number of votes including approving, dissenting and abstaining votes.</p> <p>For the 2014 AGM held May 27, 2014, the Voting Results were posted in the Company website the following day, May 28, 2014. http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Resolutions_Voting_Resu</p>



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		lts.pdf Voting results, including approving, dissenting and abstaining votes were likewise reported in the 2013 ACGR, J.1.(d).5 on pages 153-154. , which are both posted in the Company website. http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf
A.3.9 Does the company disclose the list of board members who attended the most recent AGM?	2014 AGM Minutes (page 1) 2013 ACGR (J.1.(d).6b(i), pages 154-155)	YES. Before the start of the 2014 Annual Stockholders' Meeting, the Chairman of the Company, Mr. Manuel V. Pangilinan introduced the members of the Board of Directors who were present. YES. The Company's Chairman of the Board, Mr. Manuel V. Pangilinan, attended and presided over the 2014 AGM Meeting. YES. The Company's President/CEO, Mr. Oscar S. Reyes, attended the 2013 AGM Meeting.
A.3.10 Did the chairman of the board of directors/commissioners attend the most recent AGM?		
A.3.11 Did the CEO/Managing Director/President attend the most recent AGM?		
A.3.12 Did the chairman of the Audit Committee attend the most recent AGM?	2014 AGM Minutes (page 1) 2013 ACGR(J.1.(d).6b(i), pages 154-155)	YES. The Chairman of the Audit and Risk Management Committee, Retired Chief Justice Artemio V. Panganiban, attended the 2014 AGM as disclosed on the 2014 AGM Minutes, page 1 http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf Details related to the attendance of the Board of Directors in the 2014 AGM (questions A.3.9-A.3.12) are reported in the following: <ul style="list-style-type: none"> • 2014 AGM Minutes (page 1) http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf • 2013 ACGR (ACGR J.1.(d).6b(i), pages 154-155) http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf



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A.3.13 Did the company organise their most recent AGM in an easy to reach location?	2014 AGM Minutes (page 1) Notice of 2014 AGM (page 1)	<p>YES. The Company's 2014 AGM was held at the Meralco Theater, located at its main office in Lopez Building, Meralco Center, Ortigas Avenue, Pasig City, which is an easy to reach location and accessible to all means of public transportation.</p> <p>The AGM location was also reflected in the following:</p> <ul style="list-style-type: none">• 2014 AGM Minutes (page 1) http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf• Notice of 2014 AGM, page 1, issued to all shareholders. http://www.meralco.com.ph/pdf/corporategovernance/2014_Notice_Agenda.pdf
A.3.14 Does the company allow for voting in absentia?	Notice of 2014 AGM (Annex A – page 3)	<p>YES. The Company's allows voting in absentia. A Proxy Form reflected the agenda/issues requiring votes of the shareholders. The shareholder can have the following options in accomplishing the proxy form:</p> <ol style="list-style-type: none">1. Indicate his votes in each of the agenda items/issues for voting before sending his proxy to the Stockholders Affairs Office , or2. Let the Proxy vote for the agenda/issues raised. <p>http://www.meralco.com.ph/pdf/CGscorecard/2013_CGCARD/DIS_Proxy.pdf</p>



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A.3.15 Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	2014 AGM Minutes (page 1) Notice of 2014 AGM (page 17) 2013 ACGR (J.1.d.i pages 153-154)	<p>YES. Issues to be resolved by the shareholders are resolved through voting by poll. Ballots given to the shareholders during registration already reflect the issues to be voted upon. Ballot boxes are placed at the registration area where stockholders may drop their accomplished ballots. All votes received are tabulated by the Office of the Corporate Secretary and results thereof are validated by an independent third party. As each item in the agenda is taken up, the Corporate Secretary will report on the votes received and tabulated as of about 9:00 a.m.</p> <p>The voting by poll procedures is explained in the following:</p> <ul style="list-style-type: none"> • Notice of 2014 AGM (page 17) issued to all shareholders prior to the AGM. (http://www.meralco.com.ph/pdf/corporategovernance/2014_Notice_Agenda.pdf) • At the start of the AGM by the Corporate Secretary, Atty. Simeon Ken R. Ferrer, which was recorded in the 2014 AGM Minutes, pages 2-3. • Reported in the 2013 ACGR Updates pages 153-154. <p>The voting by poll procedures is likewise supported by an Electronic system, Stockholders Management System, for a more accurate and faster way of validating, tabulating and counting of votes. Specifications of the system used for the AGM are reflected in the 2013 ACGR, J.1(b). System Used to Approve Corporate page 150 - http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf</p>
A.3.16 Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	2014 AGM Minutes (page 3) 2013 ACGR, (J.1.d.ii, page 156)	<p>YES. The Company appointed an independent auditing firm, Reyes Tacandong & Co., to supervise the canvassing of votes of the shareholders during the AGM. This was recorded in the 2014 AGM Minutes, page 3, which was also posted in the company website. (http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf)</p> <p>The appointment of the independent party was likewise reported in the 2013 ACGR Update, page 156. (http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf)</p>



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A.3.17 Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM for all resolutions?	<p>2014 AGM Voting Results per Resolution</p> <p>2013 ACGR, (J.1.d.6 pages 153-154)</p>	<p>YES. The Company disclosed to the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE) and Philippine Dealing and Exchange Corporation (PDEX) the results within the same day of the AGM.</p> <p>The voting results of the most recent AGM (2014 AGM) held on May 27, 2014 was disclosed to the aforementioned regulatory agencies and posted in the Company website, the next working day, May 28, 2014.</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Resolutions_Voting_Results.pdf</p> <p>The voting results of the 2014 AGM were likewise reported on pages 153-154 of the 2013 ACGR Updates. http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf</p>
A.3.18 Does the company provide at least 21 days' notice for all resolutions?	<p>Notice of 2014 AGM Agenda Details and Rationale (pages 1 and 2)</p> <p>SEC 20-(Notice of 2014 AGM and DIS) April 16, 2014</p> <p>2013 ACGR, (J.1.d.3 page 152)</p>	<p>YES. The Company sends detailed agenda and explanation of the issues for resolutions earlier than the prescribed 21 days' notice period.</p> <p>For the 2014 AGM, the Company sent the Notice of AGM with detailed agenda and explanation of the issues for resolution last April 16, 2014, 41 days prior to the May 27, 2014 AGM. http://www.meralco.com.ph/pdf/corporategovernance/2014_Notice_Agenda.pdf</p> <p>The Notice of 2014 AGM was likewise:</p> <ul style="list-style-type: none"> • Posted on the same day, April 16, 2014, in the Company Website http://www.meralco.com.ph/company/page-about-disclosure-pse.html • Reported in the 2013 ACGR Updates, J.1.d.3, page 152. http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf
A.3.19 Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	<p>Notice of 2014 AGM (pages 2 and 3)</p>	<p>YES. The Notice of 2014 AGM issued to all shareholders last April 16, 2014 provided the rationale for each agenda item requiring shareholders' approval/ratification. Copy of the Notice of 2014 AGM was also posted in the Company website. http://www.meralco.com.ph/pdf/CGscorecard/2013_CGCARD/DIS_Notice_of_Meeting.pdf</p>



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A.4 Markets for corporate control should be allowed to function in an efficient and transparent manner.		
A.4.1 In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?	Revised Manual of Corporate Governance – Section 6.0 Appraisal Right, page 25. 2013 ACGR, (K.3 page 162)	<p>YES. The Company's Board of Directors will ensure that an independent party will be appointed to evaluate the fairness of the transaction price in the event of mergers, acquisitions and/or takeover before it will be presented to the shareholders for approval. This approval of the shareholders for these types of transactions is mandated by the Company's Revised Manual of Corporate Governance – Section 6.0 Appraisal Right, page 25. http://www.eralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2011.pdf</p> <p>However, no such transaction happened to date requiring fulfillment of this policy.</p>
A.5 The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.		
A.5.1 Does the Company publicly disclose policy/practice to encourage shareholders including institutional shareholders to attend the general meetings or engagement with the Company?	Revised Manual of Corporate Governance – Section 7.0 Notice of 2014 AGM – Agenda Details and Rationale (page 3). 2013 Annual Report/Corporate Governance Section/Annual General Meeting page 45 2013 ACGR, (I.1.(a) pages 144-145,160,160)	<p>YES. The Company disclosed its commitment to encourage all its shareholders, including institutional shareholders, to personally attend the meeting as evidenced in its Revised Manual of Corporate Governance – Section 7.0 Right to Transparent and Fair Conduct of Stockholders meeting, pages 25 and 26, which is also posted in the Company website. http://www.eralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2011.pdf</p> <p>In case the shareholder cannot personally attend, the Company still gives an opportunity to the shareholder to exercise his right to vote and participate in the resolution of the issues by indicating his vote on the Proxy form attached to the Notice of AGM – Agenda Details and Rationale (page 3), issued to all shareholders prior to the AGM. The Proxy form already includes the items for resolution for him to check his vote. The Proxy form can also be downloaded in the Company website. http://www.eralco.com.ph/pdf/corporategovernance/2014_Notice_Agenda.pdf</p> <p>The above commitment is likewise reported and disclosed in the 2013 ACGR, I.1.(a), pages 144-145 and 160 (J.2). http://www.eralco.com.ph/pdf/CGscorecard/ACGR_2013_Update.pdf</p>