



PART B. EQUITABLE TREATMENT OF SHAREHOLDERS

Question	Source	Reference
B.1 Shares and Voting Rights		
B.1.1 Do the company's ordinary or common shares have one vote for one share?	Notice of 2015 AGM and Definitive Information Statement page 7	YES. Each shareholder holding a common share is entitled to one share, one vote as seen on the Company's Definitive Information Statement. This principle is also explained by the Corporate Secretary during Annual General Meeting of Shareholders (AGM), as presented on the 2014 AGM Minutes (http://corporate-downloadables-highlights-and-minutes-of-agm-2014.s3.amazonaws.com/3057abca5e863b3ac1b496359018d9dc.pdf)
B.1.2 Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	Notice of 2015 AGM and Definitive Information Statement page 7	YES. The Company publicizes the voting rights attached to its shares through the Company's Definitive Information Statement (page 7)
B.2 Notice of AGM		
B.2.1 Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	Notice of 2015 AGM and Definitive Information Statement page 3	YES. Each resolution in the most recent AGM deals with only one item, as stated on the 2014 AGM Minutes This information is also available on the third page of the Notice of 2015 AGM and Definitive Information Statement
B.2.2 Is the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	Notice of 2015 AGM and Definitive Information Statement	YES. The Company's notice of the 2015 AGM uses the English language only.
Does the notice of AGM/circulars have the following details:		



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B.2.3 Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	Notice of 2015 AGM and Definitive Information Statement page 11 Annual Report page 50	YES. The Company's Notice of the 2015 AGM includes the profiles of directors (age, academic qualification, date of first appointment, experience, and directorships in other listed companies) who are seeking election/re-election, specifically on pages 11-21.
B.2.4 Are the auditors seeking appointment/re-appointment clearly identified?	Notice of 2015 AGM and Definitive Information Statement	<p>The name of the Auditor seeking appointment/re-appointment were clearly stated in the Notice of 2015 AGM → AGENDA DETAILS AND RATIONALE</p> <p><i>"9. Appointment of External Auditors – Meralco's external auditors for 2015-2016, tasked with the preparation of the annual audited financial statements, will be appointed by the Stockholders. This is upon favorable recommendation by the Company's Audit Committee. Below is the text of the proposed resolution:</i></p> <p><i>"RESOLVED, that SGV & Company, Certified Public Accountants, be, as they hereby are, appointed external auditors of the Company for the year 2015-2016."</i></p> <p>http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings</p> <p>Additional details of the External Auditor were reflected in the Definitive IS attached to the Notice of 2015 AGM.</p> <p>Independent Public Accountants -> page 27</p>



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		<p><u>Independent Public Accountants</u></p> <p>The independent public accountants of MERALCO is the accounting firm, SyCip Gorres Velayo & Co. (SGV). The audit of the consolidated financial statements of MERALCO and subsidiaries was led and certified by the engagement partner, Mr. Martin C. Guantes. Mr. Guantes issued a statement confirming the independence of SGV with respect to the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines adopted by the Philippine Board of Accountancy.</p> <p>The terms of engagement, scope of services and fees of the external auditor were reviewed and approved by the Audit and Risk Management Committee. The Audit and Risk Management Committee is composed of six members and chaired by independent director, retired Chief Justice Artemio V. Panganiban. The other members of the committee are independent director Pedro E. Roxas, directors Jose Ma. K. Lim, James L. Go and Lance Y. Gokongwei and a non-director, Anabelle L. Chua.</p> <p>The representatives of SGV will be present during the annual meeting and will be given an opportunity to make a statement or respond to questions, if necessary.</p>
B.2.5 Has an explanation of the dividend policy been provided?	Notice of 2015 AGM and Definitive Information Statement page 106	<p>YES. The Company's notice of the 2015 AGM and Definitive Information Statement provides an explanation of the dividend policy on page 106.</p> <p>The Company strictly implements its dividend policy, approved by the Board of Directors, in 2010, which prescribes the regular payment of dividends equivalent to fifty percent (50%) of consolidated core net income, which may be supplemented by a special dividend determined on a "look-back" basis.</p>
B.2.6 Is the amount payable for final dividends disclosed?	Notice of 2015 AGM and Definitive Information Statement	<p>YES. A table is available on the 74th page of the Company's Notice of 2015 AGM and Definitive Information Statement that summarizes the cash dividends declared both in 2014 and 2013</p>



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B.2.7 Were the proxy documents made easily available?	Notice of 2015 AGM and Definitive Information Statement page 5 Company Website/ Company Disclosures/ Notice of Annual or Special Stockholders Meetings	<p>YES. The proxy documents were made easily available and attached to the Company's notice of the 2015 AGM (page 5)</p> <p>The website also contains proxy Forms for viewing and download through links below:</p> <p>Proxy Form (Individual)</p> <p>Proxy Form (Corporate)</p> <p>Proxy Form (PCD Participant)</p> <p>Consent Form (Beneficial Owner)</p>
B.3 Insider trading and abusive self-dealing should be prohibited.		
B.3.1 Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	Annual Report page 46	<p>YES. The Company's 2014 Annual Report discloses the Insider Trading Policy, which prohibits directors, officers and employees, to benefit from knowledge which is not generally available to the market.</p> <p>The Insider Trading Policy restricts the trading of shares by Company executives, officers and employees with direct access to unpublished information relating to the Company's financial and operating results through observance of a blackout period (10 trading days before and 2 trading days after the release or announcement of the Company's quarterly and annual financial and operating results), when trading in Company shares is strictly prohibited.</p>



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Question	Source	Reference
		In 2014, there has been no case of insider trading involving directors or officers of the Company
B.3.2 Are the directors / commissioners required to report their dealings in company shares within 3 business days?	Annual Report page 46 Consolidated Changes in Annual Corporate Governance (ACGR B.1.b page 72) Company Website/ Corporate Governance/ Company Policies	YES. The Company's Consolidated Changes in Annual Corporate Governance (ACGR B.1.b page 72) , 2014 Annual Report and Website state that the Company's policies on Insider Trading and Conflict of Interest require all its directors and officers to disclose to the SEC, PSE and Philippine Dealing & Exchange Corporation (PDEX) the details of any dealings, acquisition, disposal, or change in their beneficial ownership of the Company shares, within two business days after the transaction
B.4 Related party transactions by directors and key executives.		
B.4.1 Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	Annual Report page 46	YES. The Company's 2014 Annual Report and Website state that the Company's Conflict of Interest Policy requires all its directors and officers to disclose promptly any personal interest in transactions involving the Company or other conflicts of interest situations.
B.4.2 Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether	Annual Report page 47 Consolidated Changes in Annual Corporate	YES. The Company's Consolidated Changes in Annual Corporate Governance (ACGR B.4.(i) page 89) ,



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they are in the best interests of the company and shareholders?	Governance (ACGR B.4.(i) page 89)	2014 Annual Report and Website state that the Related Party Transactions Policy requires its Audit and Risk Management Committee, where there are two independent directors, to review material/significant RPTs to determine whether they are in the best interests of the Company and the shareholders
B.4.3 Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	Annual Report page 46 Company Website/ Company Policies	YES. The Company's 2014 Annual Report and Website state that the Company's Conflict of Interest Policy requires all its directors and officers to abstain and/or inhibit themselves from participating in discussions on a particular agenda when they are conflicted
B.4.4 Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	Annual Report page 47 Company Website/ Company Policies	YES. The Company's 2014 Annual Report and Website state in the Company's Related Party Transactions Policy that the Company does not grant loans or any special financial assistance to its directors.
B.5 Protecting minority shareholders from abusive actions		
B.5.1 Were there any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies?	Annual Report page 47	YES. The Company's 2014 Annual Report and Website state that in 2014, no RPTs may be classified as financial assistance to any entity other than the Company's wholly-owned subsidiary companies
B.5.2 Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length	Annual Report page 47	YES. The Company's 2014 Annual Report and Website disclose that RPTs are fair and conducted at arms' length terms.