



Question	Source	Reference
E.1 Board Duties and Responsibilities		
Clearly defined board responsibilities and corporate governance policies		
E.1.1. Does the company disclose its corporate governance policy / board charter?	2014 Annual Corporate Governance Report, B.1, pages 70-79 Company Website/Corporate Governance 2014 Annual Report/Corporate Governance (page 47)	<p>YES. The corporate governance policies and Board Charters of the Company are disclosed in the following:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.1.(a). Composition of the Board (page 6, 8 and 9) http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • Board and Board Committees' Charters - Company Website – Corporate Governance Section-Corporate Governance in Meralco: http://www.meralco.com.ph/corporate-governance/corporate-governance-in-meralco http://corporate-downloadables-articles-of-incorporation-and-by-laws.s3.amazonaws.com/ca9ce0792d86616b2b298defcec9871f.pdf • 2014 Annual Report – Corporate Governance Section, Policies, page 47. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
E.1.2. Are the types of decisions requiring board of directors/commissioners' approval disclosed?	2014 Annual Corporate Governance Report, A.1, pages 5 and 6	<p>YES. The corporate governance policies and Board Charters of the Company are disclosed in the following:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.1.(a). Composition of the Board (pages 5 and 6) http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
E.1.3. Are the roles and responsibilities of the board of directors/commissioners clearly stated?	2014 Annual Corporate Governance Report, A.4, page 24	<p>YES. The corporate governance policies and Board Charters of the Company are disclosed in the following:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.1.(a). Composition of the Board (page 24) http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
Corporate Vision/Mission		
E.1.4. Does the company have a vision and mission statement?	2014 Annual Report/Corporate Governance (page 50) Company Website/About US	<p>YES. The Company's Vision and Mission statements are reflected in the 2014 Annual Report, Corporate Governance Section, page 50, as follows:</p> <p>Vision – To be a world-class company and the service provider of choice.</p> <p>Mission – To provide our customers the best value in energy, products and services http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf</p> <p>Meralco's Mission and Vision statements are likewise posted in the About Us – Mission, Vision, Values and Principles Section of the Company Website. http://www.meralco.com.ph/about-us/meralcos-mission-vision-values-and-principles</p>



PART E: RESPONSIBILITIES OF THE BOARD

Question	Source	Reference
E.1.5. Has the board review the vision and mission/strategy in the last financial year?	2014 Annual Corporate Governance Report, A.1.(a), page 9 2014 Annual Report/ Corporate Governance page 51)	<p>YES. The Board conducted a review of the Company Vision and Mission in 2014, which is included in their 2014 major accomplishment disclosed in the following:</p> <ul style="list-style-type: none"> 2014 Annual Corporate Governance Report, A.1.(a), page 9 http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf 2014 Annual Report, Corporate Governance Section – Board major accomplishment in 2014, page 51. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
E.1.6. Does the board of directors monitor/ oversee the implementation of the corporate strategy?	2014 Annual Corporate Governance Report, A.1.(a), page 9 2014 Annual Report/ Corporate Governance page 51)	<p>YES. The Board is primarily responsible for the governance of the Company. It oversees the implementation of the corporate strategy and establishes the Company's vision and mission statements, strategic objectives, policies and procedures that shall guide its corporate activities. This Board responsibility is disclosed in the following:</p> <ul style="list-style-type: none"> 2014 Annual Corporate Governance Report, A.1.(a), page 9 http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf 2014 Annual Report, Corporate Governance Section – Board major accomplishment in 2014, page 51. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
E.2 Board structure		
Code of Ethics or Conduct		
E.2.1. Are the details of the code of ethics or conduct disclosed?	2014 Annual Corporate Governance Report, B.1, pages 70-80 2014 Annual Report/Code of Ethics Company Website/Corporate Governance Section/Revised Code of Ethics	<p>YES. The details of the Company's Code of Business Conduct and Ethics is disclosed in the following:</p> <ul style="list-style-type: none"> 2014 Annual Corporate Governance Report, B. CODE OF BUSINESS CONDUCT & ETHICS - 1) POLICIES, pages 70-80 http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf Company Website/2014 Annual Report/ Corporate Governance – The Company's Code of Ethics and Conflict of Interest Policy, page 46. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf Company Website/Corporate Governance Section/Code of Business Conduct and Ethics http://www.meralco.com.ph/corporate-governance/code-of-business-conduct-and-ethics



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Question	Source	Reference
E.2.2. Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	<p>2014 Annual Corporate Governance Report, B.2, page 82</p> <p>Company Website/Code of Business Conduct and Ethics</p> <p>2014 Annual Report/Code of Ethics page 46</p>	<p>YES. All Directors, Officers and Employees of the Company are required to comply with the Code of Ethics and commit in writing and on-line to comply with it annually, not later than January 31 of each year. This commitment is reported and disclosed in the</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, B. CODE OF BUSINESS CONDUCT & ETHICS – 2) Dissemination of Code, page 82. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • Company Website/Code of Business Conduct and Ethics http://www.meralco.com.ph/corporate-governance/code-of-business-conduct-and-ethics • 2014 Annual Report, Corporate Governance Section –page 46. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf <p>Failure to comply with the COE, COI and other CG policies is immediately dealt with under the Company's internal rules and regulations.</p>
E.2.3. Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?	<p>2014 Annual Corporate Governance Report, B.3, page 82</p> <p>Company Website/Code of Business Conduct and Ethics</p> <p>2014 Annual Report/Code of Ethics page 46</p>	<p>YES. The process of implementing and monitoring compliance with the Code of Ethics is disclosed in the following:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, B. CODE OF BUSINESS CONDUCT & ETHICS – 3) Compliance with Code, page 82. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • Company Website/Code of Business Conduct and Ethics - x. Implementation and Monitoring (page 11) http://www.meralco.com.ph/corporate-governance/code-of-business-conduct-and-ethics • 2014 Annual Report, Corporate Governance Section –page 46. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
Board Structure & Composition		
E.2.4. Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	<p>2014 Annual Corporate Governance Report, A.1.(a), pages 4-5</p>	<p>NO. The Company's Board comprises of 2 Independent Directors, 2 Executive Directors and 7 Non-Executive Directors. This is disclosed in the 2014 Annual Corporate Governance Report, A.1.(a), pages 4-5. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf</p>



Question	Source	Reference
E.2.5. Are the independent directors/ commissioners independent of management and major/substantial shareholders?	<p>2014 Annual Corporate Governance Report, A.4, pages 24-27</p> <p>Revised Manual of Corporate Governance (July 2014) – Page 3</p>	<p>YES. The Company's Independent Directors, are independent of management and are nominated by a minority stockholder and elected by the shareholders during the AGM. They are individuals who do not maintain close ties with the management and expected to ensure potential conflict of interests between managers and shareholders are avoided or prevented. They are likewise expected to be able to provide independent judgment and outside experience and objectivity, not subordinated to operational considerations, on all issues which come before the Board. Please refer to 2014 Annual Corporate Governance Report, A.4, pages 24-27 (http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf) for details. The Company is also governed by the criteria prescribed by the SEC in screening the nominated Independent Directors. An individual (a) exercise independent judgment and with no close relationship, either by blood (within the third degree of consanguinity) or marriage, with significant stockholders, the CEO or any member of our Company's top management team; and (b) have not served the Company as an officer or significant service provider (including the Company's external auditor), unless two (2) years have elapsed since the termination of that service. Details of the selection process for Independent Directors are disclosed in the following:</p> <ul style="list-style-type: none"> • Manual of Corporate Governance – 1. Board Governance – Section 2. Independent Directors, page 3. http://www.meralco.com.ph/corporate-governance/corporate-governance-in-meralco
E.2.6. Does the company have a term limit of nine years or less for its independent directors/commissioners?	<p>2014 Annual Corporate Governance Report, A.4, pages 28</p>	<p>NO. The Company's By-Laws states that the Board of Directors shall serve within the limits at the time provided by law, as may from time to time be determined or elected by stockholders of the corporation entitled to do so, at a regular or special meeting of such stockholders, at which a quorum shall be present. Please refer to the disclosures in 2014 Annual Corporate Governance Report, A.4, pages 28. - http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf</p>
E.2.7. Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	<p>2014 Annual Corporate Governance Report, A.4, pages 28</p>	<p>NO. The Company has not yet set a limit, although the Company's Revised Manual of Corporate Governance (Part I. Board Governance, Section 3.0 Multiple Board Seats) provides that the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company. Please refer to the disclosures in 2014 Annual Corporate Governance Report, A.4, pages 28. - http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf</p>



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Question	Source	Reference
E.2.8. Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	2014 Annual Corporate Governance Report, A.1.(b), pages 10, 11 and 12	YES. The Directorship in other listed companies outside of the group are disclosed in 2014 Annual Corporate Governance Report, A.1.(b), Directorship in other companies, pages 10, 11 and 12 . http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
Nominating Committee		
E.2.9. Does the company have a Nominating Committee (NC)?	2014 Annual Corporate Governance Report, E.1 and E.2.(c), pages 113, 114, 115, and 122 Company Website/Corporate Governance/Board Committees/Nomination and Governance Committee 2014 Annual Report - Corporate Governance Section	YES. The Company has a Nomination and Governance (Nom&Gov) Committee.
E.2.10. Does the Nominating Committee comprise of a majority of independent directors/commissioners?		NO. As of December 31, 2014, the Nom&Gov has 4 Non-Executive and 1 Independent Director as its Chairperson.
E.2.11. Is the chairman of the Nominating Committee an independent director/commissioner?		YES. The Chairman of the Nom&Gov Committee, Mr. Pedro E. Roxas, is an Independent Director.
E.2.12. Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?		YES. The Company disclosed its Nomination and Governance Charter , which contains its governance structure and terms of reference in its 2014 Annual Corporate Governance Report, 2014 Annual Report, and Company Website.
E.2.13. Did the Nominating Committee meet at least twice during the year?		YES. The Nom&Gov Committee had four (4) meetings in 2014, in accordance with the prescribed number of meetings in its Charter:
E.2.14. Is the attendance of members at Nominating Committee meetings disclosed?		YES. The attendance of the Nom&Gov Committee members are disclosed in the Company's 2014 Annual Corporate Governance Report, 2014 Annual Report, and Company Website. Please refer to the following documents as reference to Question E.210 to E.2.15 <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, E.1, pages 113, 114, 115, and 122 http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • 2014 Annual Report - Corporate Governance Section – 2014 Board Committee Meeting Attendance, page 52. - http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf • Company Website/Corporate Governance/Board Committees/Nomination and Governance Committee Committee



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Question	Source	Reference
		http://www.meralco.com.ph/corporate-governance/board-committees http://corporate-downloadables-nomination-and-governance-committee.s3.amazonaws.com/30acb1e76d248b07eba349ad5210e0ef.pdf <ul style="list-style-type: none"> • Company Website, Corporate Governance Section – Meetings and Seminars http://www.meralco.com.ph/corporate-governance/meetings-and-seminars
Remuneration Committee/ Compensation Committee		
E.2.15. Does the company have a Remuneration Committee?	2014 Annual Corporate Governance Report, E.1 and E.2.(d) pages 116, 117 and 122 Company Website/Corporate Governance/Board Committees/Remuneration and Leadership Committee 2014 Annual Report - Corporate Governance Section	YES. The Company has a Remuneration and Leadership Development (Rem&LD) Committee.
E.2.16. Does the Remuneration Committee comprise of a majority of independent directors/commissioners?		NO. As of December 31, 2014, the Rem&LD Committee has 4 Non-Executive and 1 Independent Director.
E.2.17. Is the chairman of the Remuneration Committee an independent director/commissioner?		NO. The Chairman of the Rem&LD Committee, Mr. Manuel V. Pangilinan is not an Independent Director but a Non-Executive Director.
E.2.18. Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?		YES. The Company disclosed its Rem&LD Committee Charter , which contains its governance structure and terms of reference in its 2014 Annual Corporate Governance Report, 2014 Annual Report, and Company Website.
E.2.19. Did the Remuneration Committee meet at least twice during the year?		YES. The Rem&LD Committee had four (4) meetings in 2014.
E.2.20. Is the attendance of members at Remuneration Committee meetings disclosed?		YES. The attendance of the Rem&LD Committee members are disclosed in the Company's 2014 Annual Corporate Governance Report, 2014 Annual Report and Company Website. Please refer to the following documents as reference to Question E.2.16 to E.2.21 <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, E. Board Committees – Remuneration and Leadership Committee, pages 116, 117 and 122. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • 2014 Annual Report - Corporate Governance Section – 2014 Board Committee Meeting Attendance, page 52. - http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf



PART E: RESPONSIBILITIES OF THE BOARD

Question	Source	Reference
		<ul style="list-style-type: none"> Company Website/Corporate Governance/Board Committees/Remuneration and Leadership Committee http://www.meralco.com.ph/corporate-governance/board-committees http://corporate-downloadables-remuneration-lidcom-charter.s3.amazonaws.com/RemunerationLDC.pdf Company Website, Corporate Governance Section – Meetings and Seminars http://www.meralco.com.ph/corporate-governance/meetings-and-seminars
Audit Committee		
E.2.21. Does the company have an Audit Committee?	2014 Annual Corporate Governance Report, E.1 and E.2.(b) pages 105, 106, 107, 108, 109 and 119 Company Website/Corporate Governance/Board Committees/Audit Committee 2014 Annual Report - Corporate Governance Section	<p>YES. The Company has an Audit Committee.</p> <p>NO. As of December 31, 2014, the Audit Committee has only 6 members, 3 Non-Executive, 2 Independent Directors and 1 non-Director.</p> <p>YES. The Chairman of the Audit Committee, Retired Chief Justice Artemio C. Panganiban is an Independent Director.</p> <p>YES. The Company disclosed its Audit Committee Charter , which contains its governance structure and terms of reference in its 2014 Annual Corporate Governance Report, 2014 Annual Report, and Company Website..</p> <p>YES. Detailed profiles of the members of Audit Committee are disclosed in the 2014 Annual Corporate Governance Report, pages 120 to 121, 2014 Annual Report – Board of Director, pages 65 to 67 and the Company Website – About Us Section – Board of Directors.</p> <p>YES. The Company disclosed in its 2014 Annual Corporate Governance Report, pages 120 and 121, that all members of the Committee have professional qualifications and have adequate background in business, finance, law, management and accounting. One of its non-Director member, Ms. Annabelle M. Chua, is a Certified Public Accountant.</p> <p>YES. The Audit Committee had nine (9) meetings in 2014.</p>
E.2.22. Does the Audit Committee comprise entirely of non-executive directors/ commissioners with a majority of independent directors/commissioners?		
E.2.23. Is the chairman of the Audit Committee an independent director/commissioner?		
E.2.24. Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?		
E.2.25. Does the Annual Report disclose the profile or qualifications of the Audit Committee members?		
E.2.26. Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?		
E.2.27. Did the Audit Committee meet at least four times during the year?		



PART E: RESPONSIBILITIES OF THE BOARD

Question	Source	Reference
E.2.28. Is the attendance of members at Audit Committee meetings disclosed?		<p>YES. The attendance of the Audit Committee members are disclosed in the Company's 2014 Annual Corporate Governance Report, 2014 Annual Report and Company Website.</p>
E.2.29. Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?		<p>YES. Included in the primary responsibility of the Audit Committee the recommendation on the appointment or replacement of the External Auditor based on the results of their review of their performance.</p> <p>Please refer to the following documents as reference to Question E.2.22 to E.2.30</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, E.1 and E.2.(b) pages 105, 106, 107, 108, 109 and 119 http://www.eralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • Company Website, About Us – Board of Directors http://www.eralco.com.ph/about-us/board-of-directors • 2014 Annual Report - Corporate Governance Section – 2014 Board Committee Meeting Attendance, page 52. - http://www.eralco.com.ph/files/view/2014_Annual_Report.pdf • Company Website/Corporate Governance/Board Committees/Audit Committee http://www.eralco.com.ph/corporate-governance/board-committees http://corporate-downloadables-audit-and-risk-management-charter.s3.amazonaws.com/32608e627843e521a69eeaeab8878b32.pdf • Company Website, Corporate Governance Section – Meetings and Seminars http://www.eralco.com.ph/corporate-governance/meetings-and-seminars
E.3 Board Processes		
E.3.1 Are the board of directors meeting scheduled before the start of financial year?		<p>YES. The Board scheduled its meetings at the start of financial year and review and update the schedule immediately upon their appointment after the Annual General Meeting.</p>
E.3.2 Does the board of directors/commissioners meet at least six times during the year?	2014 Annual Corporate Governance Report, C.1 pages 91, 92 and 93	<p>YES. The Board met 13 times in 2014.</p>
E.3.3 Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?		<p>NO. Not all Directors have above 75% attendance to the 2014 Board meeting as disclosed in the 2014 Annual Corporate Governance Report. <i>Messrs. Ramon S. Ang (0%) and Estelito P. Mendoza (33%) resigned effective March 31, 2014 while Messr. Napoleon L. Nazareno (70%) were elected on March 31, 2014.</i></p>



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Question	Source	Reference
		The above information are disclosed in the 2014 Annual Corporate Governance Report, C.1 pages 92 and 93. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
E.3.4 Does the company require a minimum quorum of at least 2/3 for board decisions?	2014 Annual Corporate Governance Report, C.3 page 93	NO. The minimum quorum adopted by the Board, which is in accordance with the Philippine Corporation Code and the Company's Amended By Laws, is majority of 11 Directors of the Board(50% +1), or at least 6 Directors. Based on the 2014 Board Meeting attendance records, more than two-thirds of the BOD were present at every meeting. This is disclosed in the 2014 Annual Corporate Governance Report, C.3 page 93). Board Meetings and Attendance – minimum quorum requirement. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
E.3.5 Did the non-executive directors/ commissioners of the company meet separately at least once during the year without any executives present?	2014 Annual Corporate Governance Report, C.3 page 93 2014 Annual Report - Corporate Governance Section	YES. In 2014, the Company's non-executive directors met 14 times without the presence of the executive director, Mr. Oscar S. Reyes. Among the items discussed in these meetings were the operations and financial reports presented by Management, corporate governance policies and reports of compliance to such, reports of the external auditors and performance assessment of the President/CEO. This is disclosed in the following: <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, C.3 page 93.- Board Meeting and Attendance - Separate Meeting of Non-Executive Directors. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • 2014 Annual Report – Corporate Governance Section- page 55. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
Access to information		
E.3.6 Are board papers for board of directors/ commissioners meetings provided to the board at least five business days in advance of the board meeting?	2014 Annual Corporate Governance Report, C.4 page 94	YES. Materials and related supporting documents to be used in the meetings of the board and board committees are given at least five (5) business days in advance, to give sufficient time for the directors to read and understand them. This is disclosed in the 2014 Annual Corporate Governance Report, C.4 page 94 4. ACCESS TO INFORMATION. http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
E.3.7. Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	2014 Annual Corporate Governance Report, C.4. (c) page 94	YES. The Corporate Secretary is tasked to provide adequate and reasonable assistance to the BOD and its members thereby playing a significant role in supporting the BOD in the discharge of its functions. Duties and responsibilities of the Corporate Secretary are disclosed in the following:



Question	Source	Reference
		<ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, C.4. Access to Information, Page 94. • 2014 Annual Report – Corporate Governance Section- page 57. • Manual of Corporate Governance - Section 12.0 The Corporate Secretary and Assistant Corporate Secretary, page15. • http://corporate-downloadables-articles-of-incorporation-and-by-laws.s3.amazonaws.com/ca9ce0792d86616b2b298defcec9871f.pdf
E.3.8. Is the company secretary trained in legal, accountancy or company secretarial practices?	<p>2014 Annual Corporate Governance Report, C.4. (d) pages 94 and 95</p> <p>2014 Annual Report - Corporate Officers and Advisor</p>	<p>YES. The Corporate Secretary, Atty. Simeon Ken Ferrer, who was reappointed as Corporate Secretary for 2014, meets the qualifications and skills required of the Company's Corporate Secretary, which includes an adequate legal, administrative, basic accountancy, company secretarial and interpersonal skills. Atty. Ferrer completed his Bachelor of Laws degree at the University of the Philippines, and a Corporate Secretary of several other companies. Please refer to the following documents for detailed information about the Corporate Secretary:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, C.4. (d) pages 94 and 95 http://www.mentalco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • 2014 Annual Report – Corporate Officers and Advisors- page 70. http://www.mentalco.com.ph/files/view/2014_Annual_Report.pdf
Board Appointments and Re-Election		
E.3.9. Does the company disclose the criteria used in selecting new directors/ commissioners?	2014 Annual Corporate Governance Report, C.4. (d) pages 94 and 95	<p>YES. The processes and criteria used in the selection, nomination and election of new Directors are disclosed in the following:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.4.. CHANGES IN THE BOARD OF DIRECTORS - (b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension, pages 28 to 51. • Manual of Corporate Governance – <ul style="list-style-type: none"> ○ Section 5.0 Qualifications of Directors, pages 7 and 8 ○ Section 6.0 Disqualification of a Director, pages 8 to 9 ○ Section 2.0 Independent Directors (qualifications), pages 3 to 5
E.3.10. Does the company disclose the process followed in appointing new directors/ commissioners?	<p>Manual of Corporate Governance</p> <p>Company By-laws/ Article II</p>	<ul style="list-style-type: none"> • http://www.mentalco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • Company By-laws – Article II. Board of Directors, Sections 1 to 3, pages 3 and 4.



Question	Source	Reference
E.3.11. Are all the directors/commissioners subject to re-election at least once every three years?	<u>Company By-laws/ Article II</u> <u>Notice of 2015 AGM</u> <u>2015 AGM Minutes</u>	<p>YES. The Company By-laws prescribed that its Board of Directors be elected by the stockholders at a regular (AGM) or special meeting at which a quorum shall be present. The Annual General Meeting is held on the last Tuesday of May every year wherein one of the <u>regular agenda</u> is the election of Directors for the ensuing year.</p> <p>Please refer to the <u>Notice of 2015 AGM</u> for the sample AGM agenda. http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings and the <u>2015 AGM Minutes</u> for the elected Directors in <u>2015</u>. http://www.meralco.com.ph/company-disclosures/minutes-of-all-general-or-special-stockholders-meetings</p>
Remuneration Matters		
3.12. Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	<u>2014 Annual Corporate Governance Report, D.1 and D.2 pages 94 to 102</u> <u>2014 Annual Report - Board Remuneration</u>	<p>YES. The remuneration policy, processes and structure of the Company Directors are disclosed in the <u>2014 Annual Corporate Governance Report, D.1 Remuneration Process, page 94 and D.2 Remuneration Policy and Structure, pages 99 to 102</u>. http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf</p> <p>The details of the remuneration of the Directors are also disclosed <u>2014 Annual Corporate Governance Report, D.3 Aggregate Remuneration , pages 102 and 103</u>. http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf</p>
E.3.13. Is there disclosure of the fee structure for non-executive directors/commissioners?		<p>A discussion on Board Remuneration is also shown in the <u>2014 Annual Report - Corporate Governance Report – Details of 2014 Board Remuneration, page 54</u>. http://www.meralco.com.ph/files/view/2014 Annual Report.pdf</p>
E.3.14. Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	<u>Company By-laws/ Section 7. Compensation</u> <u>2014 AGM Minutes</u>	<p>YES. The Company's By-laws, Section 7. Compensation - requires shareholders to approve any the remuneration (and changes) of all Directors, including executive directors. In 2014, an additional remuneration for the Directors was approved by the shareholder as noted in the <u>2014 AGM Minutes, page 14</u>. http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings</p> <p>Section 7, Article II of the Company's Amended By-laws http://www.meralco.com.ph/about-us/articles-of-incorporation-and-by-laws</p>
E.3.15. Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	<u>2014 Annual Corporate Governance Report, D.2</u>	<p>None in 2014. Although in 2014 the shareholders approved the granting of additional remuneration. The details of which are yet to be established and no</p>



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Question	Source	Reference
	<u>page 99 and D.3 pages 103 and 104</u>	payouts yet in 2014. Please refer to <u>2014 Annual Corporate Governance Report, D.2 page 99 and D.3 pages 103 and 104.</u> http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
Internal Audit		
E.3.16. Does the company have a separate internal audit function?	<u>2014 Annual Corporate Governance Report, G.2 pages 142 to 146</u> <u>2014 Annual Report/ Internal Audit</u>	YES. The Company has established an Internal Audit Office, reporting Internal Audit functionally reporting to the Audit & Risk Management Committee of the Board and administratively to the CEO. The structure and functions of the Internal Audit Office are disclosed in the following: <ul style="list-style-type: none"> • <u>2014 Annual Corporate Governance Report, G.2, Internal Audit, pages 142 to 146</u> http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr • <u>2014 Annual Report – Internal Audit- page 57.</u> http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr
E.3.17. Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	<u>2014 Annual Corporate Governance Report, G.2 page 142</u>	The Head of Internal Audit, Ms. Helen T. de Guzman, is an Executive of the Company. All personnel of the Internal Audit office are also regular employees of the Company. Occasionally, selected engagement are outsourced to others. Please refer to the Company disclosures on <u>2014 Annual Corporate Governance Report, G.2.(a) Role, Scope and Internal Audit Function, page 142.-</u> http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf
E.3.18. Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	<u>Company Website/Corporate Governance/Board Committees/Audit and Risk Management Committee Charter</u>	YES. The Audit and Risk Management Committee conducts an annual assessment of the performance of the Internal Audit Head as specified in its charter (<u>Duties and Responsibilities, 2.1, page 2</u>)- http://www.meralco.com.ph/corporate-governance/board-committees http://corporate-downloadables-audit-and-risk-management-charter.s3.amazonaws.com/32608e627843e521a69eeae8878b32.pdf
Risk Oversight		
E.3.19. Does the company disclose the internal control procedures/risk management systems it has in place?	<u>2014 Annual Corporate Governance Report, G.2.(f) page 144</u>	YES. The Company's Internal Control procedures and risk management policy, processes and systems are properly disclosed in the following documents: <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, G.2.(f) page 144 http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf



Question	Source	Reference
	<p>2014 Annual Corporate Governance Report, F.1 page 131</p> <p>Company Website</p> <ul style="list-style-type: none"> Enterprise Risk Management Meralco Enterprise Risk Management Policy 	<ul style="list-style-type: none"> 2014 Annual Corporate Governance Report, F.1 page 131 http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf Company Website – Corporate Governance Section/Risk Management. http://www.meralco.com.ph/company/page-about-corp-governance-riskmanagement.html Company Website – Meralco Enterprise Risk Management Policy http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise Risk Management Policy.pdf http://corporate-downloadables-articles-of-incorporation-and-by-laws.s3.amazonaws.com/129a4de0e7092451f9f33935d15d0ebe.pdf
E.3.20. Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	<p>2014 Annual Corporate Governance Report, G.1.(b) page 141-142</p> <p>2014 Annual Report/ Audit Committee, page 55</p>	<p>YES. The Company's 2014 Annual Report disclosed that the Board of Directors through the Audit and Risk Management Committee reviewed the Company's operational, financial, compliance and risk management processes and controls and found as stated in the</p> <ul style="list-style-type: none"> 2014 Annual Corporate Governance Report, G.1.(b) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM, pages 141 and 142 http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf 2014 Annual Report/ Audit Committee, page 55 http://www.meralco.com.ph/files/view/2014 Annual Report.pdf
E.3.21. Does the company disclose how key risks are managed?	<p>2014 Annual Corporate Governance Report, F.3 page 134-140</p>	<p>YES. The risks identified during the Risk Assessment process and the corresponding activities, programs and responsible organizations responsible managing these risks are disclosed in the 2014 Annual Corporate Governance Report, F.3. Control System Set-up, page 134 to 140. http://www.meralco.com.ph/files/view/2014 ACGR 041315 Updated.pdf</p>
E.3.22. Does the Annual Report contain a statement from the board of directors/ commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	<p>2014 Annual Corporate Governance Report, F.3 page 131</p> <p>2014 Annual Corporate Governance Report, G.1.(b) page 141-142</p>	<p>YES. The Company's 2014 Annual Report disclosed that the Board of Directors through the Audit and Risk Management Committee reviewed the Company's operational, financial, compliance and risk management processes and controls and found as stated in the</p> <ul style="list-style-type: none"> 2014 Annual Corporate Governance Report, F.1 STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM, pages 131 http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr



PART E: RESPONSIBILITIES OF THE BOARD

Question	Source	Reference
	2014 Annual Report/ Audit Committee, page 55	<ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, G.1.(b)STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM, pages 141 and 142 http://www.meralco.com.ph/files/view/2014_ACGR_041315_Updated.pdf • 2014 Annual Report/ Audit Committee, page 55 http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
E.4 People on the Board		
Board Chairman		
E.4.1. Do different persons assume the roles of chairman and CEO?	2014 Annual Corporate Governance Report, A.2 page 24	<p>YES. The Company's Chairman is Mr. Manuel V. Pangilinan and the President/CEO is Mr. Oscar S. Reyes as disclosed in the following documents:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.2. – Chairman and CEO, page 24 http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr
E.4.2. Is the chairman an independent director/commissioner?	2014 Annual Corporate Governance Report, A.1 page 4	<p>NO. The Company Chairman is not an Independent Director but an Non-Executive Director as disclosed in the 2014 Annual Corporate Governance Report, A.1 (a) Composition of the Board, pages 4 and 5. - http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr</p>
E.4.3. Is any of the directors a former CEO of the company in the past two years?	2014 Annual Report/ Board of Directors, page 64	<p>NO. The Company Chairman, Mr. Manuel V. Pangilinan was the President and CEO from July 1, 2010 until May 28, 2012 only. This was disclosed in our 2014 Annual Report/ Board of Directors, page 64. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf</p>
E.4.4. Are the role and responsibilities of the chairman disclosed?	2014 Annual Corporate Governance Report, A.2.(b) pages 14 -17 Company Website – Manual of Corporate Governance Company By-laws/ Article II	<p>YES. The roles and responsibilities of the Company chairman are disclosed in the following documents:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.2.(b) – Roles, Accountabilities and Deliverables http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr • Company Website – Manual of Corporate Governance 4.3 Chairman of the Board, page 6. http://www.meralco.com.ph/corporate-governance/corporate-governance-in-meralco http://corporate-downloadables-articles-of-incorporation-and-by-laws.s3.amazonaws.com/ca9ce0792d86616b2b298defcec9871f.pdf • Company By-laws – Article III. Board of Directors, Section 4(a), page 9.



Question	Source	Reference
http://www.meralco.com.ph/about-us/articles-of-incorporation-and-by-laws		
Skills and Competencies		
E.4.5. Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	<p>2014 Annual Corporate Governance Report, A.3 page 24</p> <p>2014 Annual Report/ Board of Directors, page 64</p>	<p>YES. One of the Non-Executive Director, Mr. Manuel M. Lopez, had previous working experience in electric utility business being the Company's Chairman and CEO (July 1, 2001 to June 30, 2010) and Chairman (July 1, 2010 to May 28, 2012). This is disclosed in the following documents:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS, page 24. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr • 2014 Annual Report/ Board of Directors, page 64. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
E.4.6. Does the company disclose a board of directors/commissioners diversity policy?	<p>2014 Annual Corporate Governance Report, A.3 page 24</p> <p>2014 Annual Report/ Board of Directors, page 51 to 52</p>	<p>YES. The Board, through the Nomination and Governance Committee (Nom&Gov), screens and shortlists qualified individuals nominated for election as Directors to ensure a mix of competent directors and officers. To encourage diversity, Board members are selected without regard to their gender, race, religion, or age. This is disclosed in the following documents:</p> <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS, page 24. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-report-acgr • 2014 Annual Report/ Corporate Governance, page 51 to 52. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
E.5 Board Performance		
Directors Development		
E.5.1. Does the company have orientation programmes for new directors/commissioners?	<p>Company Website/Corporate Governance/Meetings and Seminars – Orientation Program for New Directors</p>	<p>YES. The Company's Policy on Director's Orientation and Continuing Education, prescribed that orientation for new Directors shall be conducted prior to their first Board Meeting to ensure of their practical understanding of business in general, and of Meralco in particular. Contents of this program can be downloaded from the Company website</p> <ul style="list-style-type: none"> • Orientation Program for New Directors – http://www.meralco.com.ph/corporate-governance/meetings-and-seminars



PART E: RESPONSIBILITIES OF THE BOARD

Question	Source	Reference
	2014 Annual Corporate Governance Report, A.5 page 51-52	http://corporate-downloadables-orientation-program-for-new-directors.s3.amazonaws.com/b8fe9d50f21d0f6778dad90976778826.pdf As disclosed in the Company's website, an orientation program for new directors was conducted on January 13, 2014 for Messrs. James L. Go and Lance Y. Gokongwei, who were elected on December 16, 2013. Another orientation program was held on April 2, 2014 for Mr. John L. Gokongwei, Jr., who was elected on March 31, 2014. <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.5 page 51-52 Orientation and Education Program, pages 51 to 52. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-
E.5.2. Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Company Website/Corporate Governance/Meetings and Seminars – Continuing Education 2014 Annual Corporate Governance Report, A.5 page 65 - 67 2014 Annual Report/ Corporate Governance/ Orientation and continuing Education Program, page 52	YES. 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 (please refer to the Company Website- Corporate Governance/Continuing Education - http://www.meralco.com.ph/corporate-governance/meetings-and-seminars The Continuing Education attended by the Company Directors are disclosed in the following: <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.5, Continuing Education Program for Directors, pages 65 to 67. • 2014 Annual Report/ Corporate Governance, page 52. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
CEO/Executive Management Appointments and Performance		
E.5.3. Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/ President and key management?	2014 Annual Corporate Governance Report, A.2 pages 23 - 24 2014 Annual Report/ Corporate Governance/ page 49	YES. The Company' Board and the Board Remuneration and Leadership Development Committee are responsible for overall guidance and direction on succession planning and leadership development of the President/CEO and Senior Management. Please refer to the following disclosures on the succession planning details: <ul style="list-style-type: none"> • 2014 Annual Corporate Governance Report, A.2, Chairman and CEO, pages 23 to 24. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-



PART E: RESPONSIBILITIES OF THE BOARD

Question	Source	Reference
		<ul style="list-style-type: none">• 2014 Annual Report/ Corporate Governance, page 49. http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf
E.5.4. Does the board of directors/ commissioners conduct an annual performance assessment of the CEO/ Managing Director /President?	2014 Annual Corporate Governance Report, M. Board, Director, Committee and CEO appraisal pages 205 - 206 Company Website/About Us/Board of Directors – Board Performance	<p>YES. The Board annually conducts an assessment of the President/CEO performance to determine the effectiveness in discharging his duties and areas that he needs to improve, if any.</p> <p>The Board conducted an assessment of the 2014 performance President and CEO on February 23, 2015. The processes and criteria used are presented on the table below.</p> <ul style="list-style-type: none">• 2014 Annual Corporate Governance Report, M. Board, Director, Committee and CEO appraisal pages 205 - 206. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-About Us/Board of Directors• CEO Performance Assessment instrument is posted in the Company website- http://www.meralco.com.ph/about-us/board-of-directors
Board Appraisal		
E.5.5. Is an annual performance assessment conducted of the board of directors/ commissioners?	2014 Annual Corporate Governance Report, M. Board, Director, Committee and CEO appraisal pages 205 - 206 Company Website/About Us/Board of Directors – Board Performance	<p>YES. The Board conducts an annual self-assessment of their performance collectively (as a Board). In 2014, the Board conducted an assessment of their 2014 performance on February 23, 2015. The process, criteria and instrument used are disclosed in the following:</p> <p>Details of the Board Performance Assessment process and criteria:</p> <ul style="list-style-type: none">• 2014 Annual Corporate Governance Report, M. Board, Director, Committee and CEO appraisal pages 205 - 206. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-About Us/Board of Directors• About Us/Board of Directors http://www.meralco.com.ph/about-us/board-of-directors• Copy of the Assessment Instrument posted in the Company Website Corporate Governance - Compliance and Performance - http://www.meralco.com.ph/company/page-about-corp-governance-compliance.html
E.5.6. Does the company disclose the process followed in conducting the board assessment?		
E.5.7. Does the company disclose the criteria used in the board assessment?		
Director Appraisal		
E.5.8. Is an annual performance assessment conducted of individual director/ commissioner?	2014 Annual Corporate Governance Report, M. Board, Director,	<p>YES. The Directors’ conduct an annual self-assessment of their performance as member of the Board. In 2014, the Board conducted an assessment of their 2014</p>



PART E: RESPONSIBILITIES OF THE BOARD

Question	Source	Reference
E.5.9. Does the company disclose the process followed in conducting the director/ commissioner assessment?	Committee and CEO appraisal pages 205 - 206 Company Website/About Us/Board of Directors – Board Performance	performance on February 23, 2015. The process, criteria and instrument used are disclosed in the following: Details of the Board Performance Assessment process and criteria: <ul style="list-style-type: none">2014 Annual Corporate Governance Report, M. Board, Director, Committee and CEO appraisal pages 205 - 206. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-Copy of the Assessment Instrument posted in the Company Website http://www.meralco.com.ph/about-us/board-of-directors
E.5.10. Does the company disclose the criteria used in the director/commissioner assessment?		
Committee Appraisal		
E.5.11. Is an annual performance assessment conducted of the board of directors/ commissioners committees?	2014 Annual Corporate Governance Report, M. Board, Director, Committee and CEO appraisal pages 205 - 206 Company Website/About Us/Board of Directors – Board Performance	YES. The Board conducts an annual assessment of performance of the different Committees and each Committee members are also conducting self-assessment of their performance in discharging their functions as member In 2014, the Board conducted an assessment of their 2014 performance on February 23, 2015. The process, criteria and instrument used are disclosed in the following: Details of the Board Performance Assessment process and criteria: <ul style="list-style-type: none">2014 Annual Corporate Governance Report, M. Board, Director, Committee and CEO appraisal pages 205 - 206. http://www.meralco.com.ph/corporate-governance/annual-corporate-governance-Copy of the Assessment Instrument posted in the Company Website http://www.meralco.com.ph/about-us/board-of-directors