



MERALCO 2014-2015 ASEAN Corporate Governance Scorecard – Self Assessment

BONUS

Question	Source	Reference
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A	Rights of shareholders	
A.1	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.	
A.1.1(B)	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	<p>Company website/Company Disclosures/Notice of Annual Stockholders meeting</p> <p>YES. Stockholders who cannot attend the meeting or vote in person can send a signed proxy form authorizing another person to attend and vote in the meeting. Meralco must receive the proxy form not later than twenty (20) days before the scheduled meeting.</p> <p>http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings http://corporate-downloadables-notice-of-agm-and-detailed-agenda.s3.amazonaws.com/1428629667.e010c72c17e6041dd747039ab714e3cf.pdf</p>
B	Equitable treatment of shareholders	
B.1	Notice of AGM	
B.1.1(B)	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	<p>Company website/Company Disclosures/SEC Filings</p> <p>YES. The company released its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, on April 1, 2015, 54 days before the May 26 scheduled date of the meeting.</p> <p>http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings http://corporate-downloadables-notice-of-agm-and-detailed-agenda.s3.amazonaws.com/1428629667.e010c72c17e6041dd747039ab714e3cf.pdf</p>
B.2	Insider trading and abusive self-dealing should be prohibited.	
B.2.1(B)	Does the company have a policy requiring directors / Commissioners and key officers to notify the Board or its delegate at least one day before they deal in the company shares?	<p>Company website/Corporate Governance/Companies Policies</p> <p>YES. Policy on Blackout Period/Restriction on Trading of Shares regulates trading of shares by Company executives, officers and employees with direct access to unpublished information relating to the Company's financial and operating results, in the interest of CG and transparency. This policy took effect on July 16, 2010.</p> <p>http://www.meralco.com.ph/corporate-governance/companys-policies</p>
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected	



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C.1.1 (B)	Does the company practice integrated report on its annual reports?	Company website/Annual Report	<p>YES. The company practices integrated report on its annual reports.</p> <p>http://www.onemeralcofoundation.org/uploads/files/2014_One_Meralco_Foundation_Annual_Report.pdf</p> <p>http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf</p>
D	Disclosure and transparency		
D.1	Quality of Annual Report		
D.1.1(B)	Are the audited annual financial report /statement released within 60 days from the financial year end?	<p>Company Website/Company Disclosures/SEC Filings</p> <p>Company Website/Investors Relations/Quarterly Reports</p>	<p>YES. The Audited Annual Financial Report of the Company is disclosed to the SEC, PSE and PDEX and released through Analysts/Media briefing within 60 days from the financial year end.</p> <p>For the 2014 Audited Annual Report – the Company disclosed it to the SEC, PSE and Analysts and Media last February 23, 2015, 54 days after the financial year end.</p> <ul style="list-style-type: none"> • PSE/SEC Disclosure http://www.meralco.com.ph/company-disclosures/sec-filings. Disclosure content - http://corporate-downloadables-sec-filings.s3.amazonaws.com/1429238409.30f3af1a8eb06d8b6d0910abaca538c4.pdf • Analyst/Media Briefing - http://www.meralco.com.ph/investor-relations/quarterly-reports • Presentation Materials - http://corporate-downloadables-quarterly-reports-2014.s3.amazonaws.com/1429163671.610dfe9c2f51eeb6584300224963e031.pdf <p>All of the above information were posted within the same day in the Company website.</p>



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Question	Source	Reference
D.1.2 (B)	Does the company disclose details of remuneration of the CEO?	<p>Company website/Annual Report</p> <p>YES. The company discloses remuneration of the CEO. Page 54 of the 2014 Annual Report.</p> <p>http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf</p>
E	Responsibilities of the Board	
E.2	Nominating Committee	
E.2.2(B)	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions??	<p>Company website/Annual Report</p> <p>YES. The Nom&Gov undertakes the process of identifying the quality of directors aligned with the company's strategic directions. It reviews and recommends to the Board for the appointment of Directors and members to the Board Committees. The process involves identifying, reviewing and recommending potential candidates to the Board for consideration. Pages 53-54 of the 2014 Annual report.</p> <p>The Nom&Gov undertakes the process of identifying the quality of directors aligned with the company's strategic directions. It reviews and recommends to the Board for the appointment of Directors and members to the Board Committees. The process involves identifying, reviewing and recommending potential candidates to the Board for consideration.</p> <p>Nom&Gov has put in place a formal and transparent process for the appointment of new Directors to the Board. Stakeholders who have identified suitable candidates submit the Nomination and Acceptance Letters, Full Business Interest Disclosure Forms and Curriculum Vitae of such candidates to Nom&Gov for discussion and review on or before the deadline set by the Nom&Gov.</p> <p>These candidates are sourced from the business network of Board members and from</p>



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		<p>professional search firms such as the Institute of Corporate Directors (ICD) to search for candidates to the Board of Directors. One of the Company's directors, who is also the President & CEO, Mr. Oscar S. Reyes is a Fellow of the ICD. The Company's Corporate Secretary, Atty. Simeon Ken R. Ferrer is also an ICD Fellow. These candidates would be skilled in core competencies such as strategic planning, business expertise, and industry knowledge.</p> <p>The shareholders will then elect the directors during the Annual General Meeting of Shareholders (AGM) held every last Tuesday of May.</p> <p>Upon appointment, the Company sends out a formal letter setting out the Director's roles and responsibilities and the new Director will then attend various briefings with Management.</p> <p>http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf</p>
E.3	Board Appointments and Re-Election	
E.3.1(B)	<p><i>Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners?</i></p>	<p>YES. The company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners such as the Institute of Corporate Directors (ICD) to search for candidates to the Board of Directors. One of the Company's directors, who is also the President & CEO, Mr. Oscar S. Reyes is a Fellow of the ICD. The Company's Corporate Secretary, Atty. Simeon Ken R. Ferrer is also an ICD Fellow. These candidates would be skilled in core competencies such as strategic planning, business expertise, and industry knowledge.</p> <p>The shareholders will then elect the directors during the Annual General Meeting of Shareholders (AGM) held every last Tuesday of May.</p> <p>Upon appointment, the Company sends out a formal letter setting out the Director's roles and responsibilities and the new Director will then attend various briefings with</p>

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		<p>Management.</p> <p>Page 54 of the 2014 Annual Report.</p> <p>http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf</p>
E.5	Board Performance	
E.5.1(B)	Does the company have a separate level Risk Committee?	<p>Company website/Corporate Governance/Board Committees</p> <p>Company website/Annual Report</p> <p>YES. The company has a separate level Risk Committee which consists of 2 independent directors to assist the Board in its oversight role on the risk management process.</p> <p>Pages 53 and 55 of the 2014 Annual Report</p> <p>http://www.meralco.com.ph/corporate-governance/board-committees</p> <p>http://www.meralco.com.ph/files/view/2014_Annual_Report.pdf</p>