

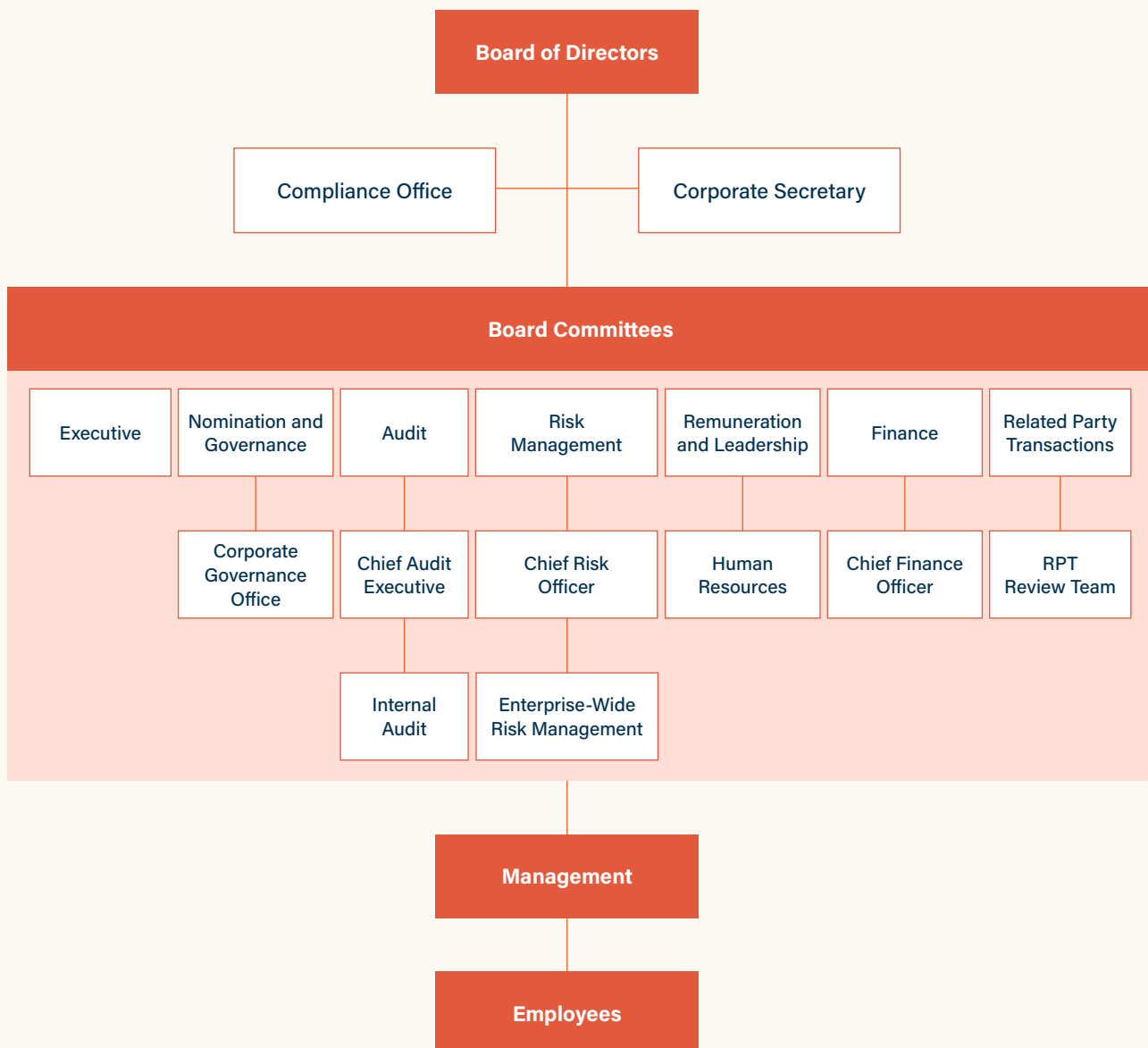
# Fostering Sustainability through Good Corporate Governance



## Fostering Sustainability through Good Corporate Governance

Meralco ("the Company") recognizes corporate governance as an integral part of its sustainability framework. Through good corporate governance, the Company achieves its long-term strategic goals and objectives while ensuring that it fully commits to its social, organizational, and environmental responsibilities.

Guided by the principles of Fairness, Accountability, Integrity, Transparency, and Honesty (FAITH), the Company's governance structure plays a critical role in championing sustainability across the enterprise through policies and practices that enhance board and corporate performance, sustain operational growth, encourage stakeholder engagement, ensure disclosure and transparency, address risks, establish effective controls and protect shareholder rights.



The Company faithfully and consistently complies with the corporate governance code, rules, and regulations promulgated and enforced by the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), Philippine Dealing & Exchange Corp. (PDEX), and other relevant regulatory bodies.

In line with this, the Company maintains its firm commitment to develop policies and programs in accordance with best corporate governance practices aligned with the recommendations under the SEC's 2017 Code of Corporate Governance for Publicly-Listed Companies, the Integrated Annual Corporate Governance Scorecard, and the ASEAN Corporate Governance Scorecard.

| Governance Policies and Practices                                                  | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Policy against Bribery and Corruption</b>                                       | The Company's Anti-Bribery and Corruption Policy formalizes its stand against corrupt practices and emphasizes the prohibition against corporate gift-giving to public and private individuals or entities that constitutes bribery or corruption.                                                                                                                                                                                                                                                                                                                                                            |
| <b>Lead Independent Director</b>                                                   | To reinforce board independence, the Board of Directors (Board) appointed Independent Director, Ret. Chief Justice Artemio V. Panganiban, as Lead Independent Director.                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Alternative Dispute Resolution Mechanism</b>                                    | In resolving intra-corporate disputes between the Company and its stockholders, the Company may resort to alternative modes of dispute resolution as may be agreed upon with the adverse party, such as but not limited to arbitration, mediation, conciliation, early neutral evaluation and mini-trial.                                                                                                                                                                                                                                                                                                     |
| <b>Board Charter</b>                                                               | The Board Charter sets its purposes, authority, duties, responsibilities, structure, and procedures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Guidelines on Board Meetings through Teleconferencing and Videoconferencing</b> | The Board Charter includes the provision for guidelines on Board meetings through teleconferencing and videoconferencing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Related Party Transactions Policy</b>                                           | The Related Party Transactions Policy was amended to include thresholds of Related Party Transactions (RPT) for disclosure and approval of the RPT committee, the treatment of de minimis transactions and those that are recurring or infrequently occurring and the required approval by non-related party shareholders on certain RPTs. The Policy likewise provides guidelines on the review, approval, and reporting of material RPTs which amount to ten percent (10%) of the Company's total assets in accordance with SEC Rules on Material Related Party Transactions for Publicly-Listed Companies. |
| <b>Acceptance of Directorship in another Company</b>                               | Directors are required to notify the Company's Board before accepting a directorship in another company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Board Assessment Supported by External Facilitator</b>                          | Good Governance Advocates and Practitioners of the Philippines (GGAPP) was engaged by Meralco as an external facilitator to assess the effectiveness of board evaluation process. GGAPP is an association of good governance advocates and practitioners from various publicly listed companies, the public sector, and other organizations who have come together to promote and assist in the development of good governance in the country.                                                                                                                                                                |
| <b>Sustainability Reporting</b>                                                    | The Company has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social, and governance (EESG) issues of its business, which underpin sustainability and adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.                                                                                                                                                                                                                                                          |
| <b>Periodic Meetings of Non-executive Directors</b>                                | The non-executive directors shall have separate periodic meetings with the external auditor and respective heads of internal audit, compliance and risk functions, without any executive director(s) present to ensure that the proper checks and balance are in place within the corporation. The meetings should be chaired by the lead independent director or an independent director.                                                                                                                                                                                                                    |

As a testament to its commitment towards good corporate governance and responsible management practices, Meralco was awarded with Four Golden Arrows at the ASEAN Corporate Governance Scorecard (ACGS) Recognition Ceremony of 2019 held on June 11, 2019 at the Conrad Manila, Pasay City.

## A. Board Governance

The Board of Directors is responsible for defining and updating the Company's vision, mission, overall strategic directions, corporate objectives, long-term goals, and core values. It oversees and monitors the implementation of the Company's business objectives and strategy, and ensures that obligations to shareholders and to all stakeholders are understood and fulfilled.

The Board is mandated to enhance shareholder value by fostering the long-term success of the Company and sustaining its competitiveness and profitability in a manner consistent with the Company's vision, mission, and corporate objectives.

The Board promulgated the Company's Revised Manual of Corporate Governance (MCG) which mandates the Board to formulate and to annually review the Company's vision and mission statement, strategic objectives, key policies, and the mechanism for performance assessment of the Board and Management, principally the President and Chief Executive Officer (CEO).

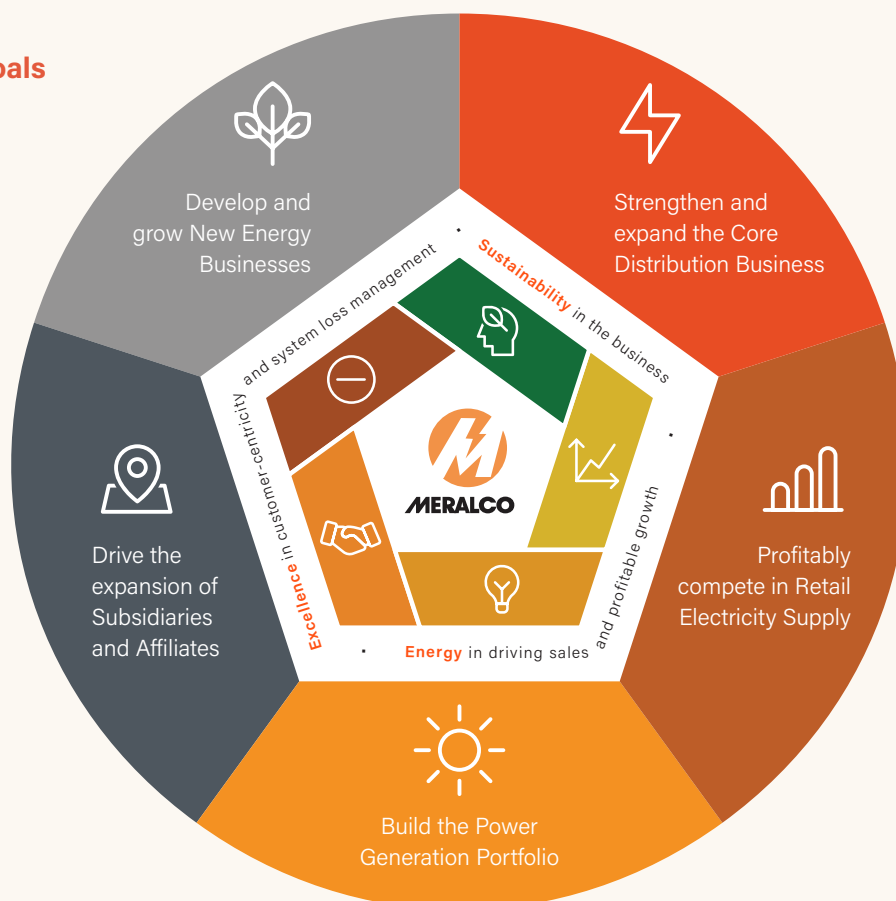
The Board, in its regular meeting held on January 28, 2019 as part of the Board's assessment of the Company's performance in the past year, reviewed

and confirmed the vision, mission, and corporate strategic objectives of the Company. In the same meeting, the Board also reviewed the Company's material controls (including operational, financial and compliance controls) and risk management systems and confirmed the Company's full compliance with the code of corporate governance.

Notably, the MCG provides the framework of good governance and ethical business practices that the Company's directors, officers, and employees are expected to observe and adhere to in dealing with various stakeholders. Management in turn, ensures that the operations of the Company are aligned with the MCG.

The MCG conforms to regulations set forth by the SEC, the PSE, PDEx, and other relevant regulatory bodies and is reviewed annually to ensure that it is up to date with local and international best practices, and in keeping with the Company's strategic direction. The MCG was revised on April 24, 2017 to align with the recommendations under SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the "Code of Corporate Governance for Publicly Listed Companies (PLCs)."

### One Meralco's Strategy and Goals



### **Vision**

To be a world-class company and the service provider of choice

### **Mission**

To provide our customers the best value in energy , products and services

### **Corporate Values**

- Integrity and Transparency
- Malasakit
- Makabayan
- Performance
- Accountability
- Customer Service
- Teamwork

## **A.1 Composition**

In accordance with the provisions of the Securities Regulation Code (SRC), the Company ensures that it has a diverse Board consisting of eleven (11) directors, majority of whom are non-executive directors while two (2) are Independent Directors (ID), namely, Ret. Chief Justice Artemio V. Panganiban and Mr. Pedro E. Roxas.

The Nomination and Governance Committee (Nom&Gov) reviews the nomination, selection, and composition of the Board pursuant to the Nomination and Election Policy. Additionally, it affirms that its members have a proper mix of qualifications, background, experience, independence, and skills needed to effectually perform its responsibilities in accordance with the Board Diversity Policy. The Policy promotes diversity to encourage critical discussion and foster a balanced decision in the attainment of the Company's strategic objectives and sustainable development. The Policy likewise provides for measurable objectives for implementing its board diversity and for reporting on progress in achieving its objectives.

The Nom&Gov ensures that independent decision-making is encouraged, and that no individual director dominates decision-making. The non-executive directors actively participate in discussions at the Board and Board Committee levels, as well as with Management.

## **A.2 Independent Directors**

On April 1, 2019, the Nom&Gov assessed the profiles of the directors and found that the independent, non-executive directors are indeed independent of the Company, its related corporations, its management or substantial shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment. The Nom&Gov had reviewed the multiple board representations held presently by the directors and assessed that they are reasonable and do not hinder in any way the performance of their duties to the Company.

The Board designated Ret. Chief Justice Panganiban as a lead independent director to perform the following functions:

- a. To serve an intermediary between the Chairman and the other directors when necessary;
- b. To convene and chair meetings of the non-executive directors; and
- c. To contribute to the performance evaluation of the Chairman, as required.

### A.3 Chairman of the Board

The Chairman of the Board, Mr. Manuel V. Pangilinan, serves to represent the interests of all shareholders and stakeholders, and to oversee the performance of the Board and its directors. He champions exemplary ethical governance principles with the Board and to the Company.

Together with President and CEO, Atty. Ray C. Espinosa, the Corporate Secretary, Atty. Simeon Ken R. Ferrer and the Compliance Officer, Atty. William S. Pamintuan, the Chairman sets clear agenda before each Board meeting. He provides opportunities for all directors to actively participate, addresses governance-related issues that non-executive, independent directors may raise, and ensures that the Board exercises strong oversight over the Company and its Management such that the

prospect of any corporate risk or threat is adequately and effectively addressed. His roles and responsibilities are specified in the MCG, which is accessible at the Company's website.

### A.4 Meetings and Major Accomplishments

The Board of Directors reviews and approves major projects, policy decisions, annual budgets, major investment funding, and major restructuring of core businesses on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.

The Board jointly plans meeting dates at the start of the calendar year, meets regularly once a month, and holds special meetings as may be required.

| 2019 ASM and Board Meeting Attendance |                           |                              |                                   |
|---------------------------------------|---------------------------|------------------------------|-----------------------------------|
| Director                              | Designation               | Annual Stockholders' Meeting | Board and Organizational Meetings |
| Manuel V. Pangilinan                  | Chairman                  | Present                      | 13/13                             |
| Lance Y. Gokongwei                    | Director                  | Present                      | 13/13                             |
| Ray C. Espinosa <sup>1</sup>          | Director                  | Present                      | 13/13                             |
| James L. Go                           | Director                  | Present                      | 13/13                             |
| John L. Gokongwei Jr. <sup>2</sup>    | Director                  | Present                      | 11/11                             |
| Jose Ma. K. Lim                       | Director                  | Present                      | 12/13                             |
| Elpidio L. Ibañez                     | Director                  | Present                      | 13/13                             |
| Anabelle L. Chua                      | Director                  | Present                      | 13/13                             |
| Artemio V. Panganiban <sup>3</sup>    | Lead Independent Director | Present                      | 13/13                             |
| Pedro E. Roxas                        | Independent Director      | Present                      | 11/13                             |
| Oscar S. Reyes <sup>4</sup>           | Director                  | Present                      | 6/6                               |
| Victorico P. Vargas <sup>5</sup>      | Director                  | -                            | 7/7                               |
| Frederick D. Go <sup>2</sup>          | Director                  | -                            | 2/2                               |

<sup>1</sup> President and CEO (as of May 28, 2019)

<sup>2</sup> On the passing of Mr. John L. Gokongwei, Jr., Mr. Frederick D. Go was appointed as replacement

<sup>3</sup> Lead Independent Director

<sup>4</sup> End of term as director in May 28, 2019

<sup>5</sup> Elected during 2019 ASM

In 2019, the Board's major accomplishments include the following:

#### Major Projects/Policy Decisions

- Evaluation of compliance with the SEC Revised Code of Corporate Governance for PLCs
- Approval of the 2018 Integrated Annual Corporate Governance Report (I-ACGR)
- Review and approval of the Revised RPT Policy,
- Revised Nomination and Governance Committee Charter, and Revised Audit Committee Charter
- Conduct of the 2019 ASM, including appointment of inspectors and canvassers for the ASM ballots
- Screening of nominees to the Board
- Approval of 2020 schedule of Board meetings

- Review and approval of the election of replacement director
- Review and approval of the appointment of the Deputy CEO, President and CEO, Chief Sustainability Officer (CSO), and Chief Information Security Officer (CISO)
- Review and approval of the Board committee composition
- Evaluation of compliance to Energy Regulatory Commission (ERC) requirements
- Review of the Retail Competition and Open Access (RCOA) Rules
- Review and approval of business separation and unbundling plan reports
- Review and approval of public-private partnerships
- Approval of construction, development, and commissioning of substation assets
- Review and approval of power generation projects, Interim Power Supply Agreements (IPSAs) and Power Supply Agreements (PSAs), technical services agreements, pole relocation projects, and other local and international business initiatives
- Approval of Audited Financial Statements (AFS)
- Evaluation of incumbent external auditor and nomination of external auditor for 2019
- Approval of report of external auditor covering the Company's AFS
- Approval of dividend declaration
- Review and approval of material RPTs
- Enterprise performance evaluation and assessment
- Performance assessment of the Board, Board Committee, and President and CEO
- Review and approval of executive promotions, rightsizing policy and succession planning
- Review and approval of employee performance management plan

#### **Business Plan and Annual Budgets**

- Review and approval of the 2020 budget and the 2020-2024 business plan
- Approval of budget realignment for certain services
- Monitoring of Investment Committee report
- Review and approval of corporate strategic objectives
- Monitoring of the implementation of corporate strategies
- Review of forecast of subsidiaries' projects

#### **Major Investment Funding**

- Infusion of equity to subsidiaries, affiliates and joint ventures.
- Renewal of credit lines, credit facilities, and bonds

In 2019, the Company's non-executive directors met nine (9) times without the presence of an executive director. The agenda in these meetings were the Management's reports, corporate governance directions, reports of the internal and external auditor, and the performance assessment of the President and CEO.

### **A.5 Corporate Secretary and Compliance Officer**

All Board members have direct and independent access to the Corporate Secretary, the Compliance Officer and Management.

The Corporate Secretary, Atty. Simeon Ken R. Ferrer, under the direction of the Chairman, is responsible for ensuring that good information flows within the Board and Board Committees and between Management and non-executive directors. He also facilitates the orientation and assists with the professional development of directors as required by regulators. He met all the qualifications and skills required for his position.

The Board is likewise assisted by Company's Compliance Officer and Senior Vice President, Atty. William S. Pamintuan, who has the duties to monitor, review, evaluate and ensure the compliance by the corporation, its officers and directors with the relevant laws, rules and regulations and all governance issuances of regulatory agencies and report violations thereof to the Board and recommend the imposition of appropriate disciplinary action.

The qualifications, duties and responsibilities of the Corporate Secretary and Compliance Officer are stated in the MCG and Board Charter. In accordance with the MCG, they regularly attend trainings on corporate governance.

### **A.6 Board Committees**

The Board has formed various Board Committees, namely the Executive Committee (ExCom), Audit Committee (AuditCom), Risk Management Committee (RMC), Nom&Gov, Remuneration and Leadership Development Committee (RLDC), Finance Committee (FinCom), and Related Party Transactions Committee (RPTCom). The Board has delegated specific responsibilities to each of these Committees. These Committees had been formed and are guided by their respective committee charters.

| 2019 Board Committee Meeting Attendance |        |          |     |        |         |      |       |
|-----------------------------------------|--------|----------|-----|--------|---------|------|-------|
|                                         | FinCom | AuditCom | RMC | RPTCom | Nom&Gov | RLDC | ExCom |
| Manuel V. Pangilinan <sup>1</sup>       | n/a    | n/a      | n/a | n/a    | n/a     | 6/6  | 2/2   |
| Lance Y. Gokongwei <sup>2</sup>         | 1/1    | 5/7      | 1/2 | 2/2    | 4/5     | 6/6  | 2/2   |
| Ray C. Espinosa <sup>3</sup>            | 5/5    | n/a      | n/a | n/a    | n/a     | n/a  | n/a   |
| James L. Go                             | 12/12  | 7/7      | 2/2 | 2/2    | 5/5     | n/a  | 2/2   |
| John L. Gokongwei Jr. <sup>2</sup>      | 10/10  | n/a      | n/a | n/a    | n/a     | n/a  | n/a   |
| Jose Ma. K. Lim <sup>4</sup>            | n/a    | 6/7      | 2/2 | 0/2    | 3/5     | 4/4  | 1/2   |
| Elpidio L. Ibañez                       | 12/12  | n/a      | n/a | n/a    | n/a     | n/a  | n/a   |
| Anabelle L. Chua <sup>5</sup>           | 12/12  | 7/7      | 2/2 | 2/2    | 5/5     | n/a  | n/a   |
| Artemio V. Panganiban <sup>6</sup>      | n/a    | 7/7      | 2/2 | 2/2    | n/a     | n/a  | 2/2   |
| Pedro E. Roxas <sup>7</sup>             | 10/12  | 5/7      | 2/2 | 2/2    | 5/5     | 5/6  | n/a   |
| Oscar S. Reyes                          | n/a    | n/a      | n/a | n/a    | n/a     | n/a  | n/a   |
| Victorico P. Vargas <sup>8</sup>        | 7/7    | n/a      | n/a | n/a    | n/a     | 2/2  | n/a   |

<sup>1</sup> Chairman, ExCom and RLDC

<sup>2</sup> On the passing of Mr. John Gokongwei, Jr., Mr. Lance Y. Gokongwei was appointed as member of the FinCom to replace him

<sup>3</sup> Chairman, FinCom (until May 28, 2019 ASM/Organizational Meeting); President and CEO (as of May 28, 2019)

<sup>4</sup> Chairman, RMC

<sup>5</sup> Chairman, FinCom (starting May 28, 2019 ASM/Organizational Meeting)

<sup>6</sup> Chairman, AuditCom, Lead Independent Director

<sup>7</sup> Chairman, Nom&Gov; Chairman RPTCom; Independent Director

<sup>8</sup> Elected during 2019 ASM

The functions, authority and responsibilities of each Board committee and their accomplishments are as follows:

### A. Executive Committee (ExCom)

is composed of five (5) directors, one (1) of whom is an independent director. The ExCom may act, by majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated to it under the By-Laws, or upon a majority vote of the Board, subject to the limitations provided by the Corporation Code.

### B. Remuneration and Leadership Development Committee (RLDC)

is composed of four (4) directors, one (1) of whom is an independent director. The duties and responsibilities of the RLDC as defined in its charter include assistance to the Board in the development of the Company's overall performance management, compensation, retirement, and leadership development policies and programs based on the Company-approved philosophy and budget.

The RLDC held six (6) meetings in 2019 and accomplished the following:

- Approval of candidates for rank conferment to President and CEO, Deputy CEO, Senior Vice President, First Vice President, Vice President, and President and CEO of Clark Electric Distribution Corporation
- Review of performance evaluation plan results
- Review of merit increase programs
- Review of annual incentive plan
- Review and endorsement of the 2019-2021 collective bargaining agreement negotiations with the rank and file union
- Presentation and review of proposed succession planning programs

The RLDC recommends to the Board, for the approval of the shareholders, a framework of remuneration for Directors and Management, including the President and CEO.

| Details of 2019 Board Remuneration (in PhP) |                                                  |                                                      |                   |
|---------------------------------------------|--------------------------------------------------|------------------------------------------------------|-------------------|
|                                             | Remuneration for Board Meetings Attended in 2019 | Remuneration for Committee Meetings Attended in 2019 | TOTAL             |
| <b>Executive Director</b>                   |                                                  |                                                      |                   |
| Ray C. Espinosa                             | 1,680,000                                        | 120,000                                              | <b>1,800,000</b>  |
| Oscar S. Reyes                              | 700,000                                          | -                                                    | <b>700,000</b>    |
| <b>Non-executive Director</b>               |                                                  |                                                      |                   |
| Manuel V. Pangilinan                        | 1,680,000                                        | 168,000                                              | <b>1,848,000</b>  |
| Lance Y. Gokongwei                          | 1,680,000                                        | 432,000                                              | <b>2,112,000</b>  |
| James L. Go                                 | 1,680,000                                        | 648,000                                              | <b>2,328,000</b>  |
| John L. Gokongwei, Jr.                      | 1,400,000                                        | 240,000                                              | <b>1,640,000</b>  |
| Jose Ma. K. Lim                             | 1,540,000                                        | 312,000                                              | <b>1,852,000</b>  |
| Elpidio L. Ibañez                           | 1,680,000                                        | 288,000                                              | <b>1,968,000</b>  |
| Anabelle L. Chua                            | 1,680,000                                        | 624,000                                              | <b>2,304,000</b>  |
| Victorico P. Vargas                         | 980,000                                          | 216,000                                              | <b>1,196,000</b>  |
| Frederick D. Go                             | 280,000                                          | -                                                    | <b>280,000</b>    |
| <b>Independent Director</b>                 |                                                  |                                                      |                   |
| Pedro E. Roxas                              | 1,680,000                                        | 288,000                                              | <b>1,968,000</b>  |
| Artemio V. Panganiban                       | 1,400,000                                        | 648,000                                              | <b>2,048,000</b>  |
| <b>Total Independent Directors</b>          | <b>3,080,000</b>                                 | <b>936,000</b>                                       | <b>4,016,000</b>  |
| <b>GRAND TOTAL</b>                          | <b>18,060,000</b>                                | <b>3,984,000</b>                                     | <b>22,044,000</b> |

For the President and Management, the framework takes into account all aspects of executive remuneration including salaries, allowances, bonuses, and benefits in kind. The framework is benchmarked against pay and employment conditions within the industry and it links rewards to corporate and individual performance.

The Company's directors receive per diem fees for their attendance to Board and Board Committee meetings. Each director is entitled to a per diem allowance of PhP140,000 for every board meeting attended and PhP24,000 for every committee meeting.

#### Remuneration of Key Management and Employees

The Company adopts a remuneration policy comprised of fixed and variable components in the form of base salary and variable bonus linked to the Company's and the individual's performance. Compensation packages and revisions of key Management's remuneration are subject to the review and approval of the RLDC.

The top five (5) key officers of the Company have received an aggregate remuneration of PhP308 million. For more information on the aggregate total

remuneration paid to all key officers, please refer to the discussion entitled Compensation of Key Management Personnel in the Notes to Consolidated Financial Statements.

#### Advisers/Consultants to Remuneration and Leadership Development Committee

Meralco engaged a human resources consultancy firm to assist in the areas of employee engagement, and compensation and benefits management.

#### C. Nomination and Governance Committee (Nom&Gov)

The Nom&Gov is composed of five (5) directors with an independent director as chairman. The duties and responsibilities of Nom & Gov as reflected in its charter include screening qualified nominees for election as directors, assessing the independence of directors, introducing improvements on Board organization and procedures, setting-up of mechanisms for performance evaluation of the Board and Management, and providing programs for continuing education of the Board.

The Nom&Gov undertakes the process of identifying the qualification of new directors aligned with the Company's strategic directions. It reviews and recommends to the Board the appointment of members to the Board Committees. The process involves identifying, reviewing, and recommending potential candidates to the Board for consideration.

The Nom&Gov has put in place a formal and transparent process for the nomination of new Directors to the Board. Stakeholders who have identified suitable candidates submit the Nomination and Acceptance Letters, Full Business Interest Disclosure (FBID) Forms and curriculum vitae of such candidates to Nom&Gov for discussion and review on or before the deadline set by the Nom&Gov.

These candidates are sourced from the business network of Board members and from professional search firms such as the Institute of Corporate Directors (ICD), or from shareholders. The Company's Corporate Secretary, Atty. Simeon Ken R. Ferrer, is an ICD Fellow. These candidates should be skilled in core competencies such as strategic planning, business expertise, and industry knowledge.

The shareholders elect the directors during the Annual Stockholders' Meeting (ASM) held every last Tuesday of May.

The Company sends out a formal letter setting the responsibilities of the duly elected director. The new director will then attend an onboarding program facilitated by the Corporate Governance Office (CGO).

The Nom&Gov held five (5) meetings in 2019 and performed the following:

- Reviewed the results of Board, Board Committees, and President and CEO performance assessment
- Assessed Meralco's public ownership report
- Screened the nominees to the Board
- Reviewed the Board committee composition
- Assessed Meralco's Revised ASEAN Corporate Governance Scorecard (ACGS)
- Reviewed and endorsed Meralco's Integrated Annual Corporate Governance Report (I-ACGR) for 2018
- Reviewed and approved the Revised Related Party Transactions Policy
- Discussed the implementation of electronic voting in absentia for the 2020 ASM
- Reviewed the engagement of an external facilitator to assess Board effectiveness

- Facilitated the annual CG enhancement and continuing education programs
- Conducted the onboarding orientation for the new director, Mr. Victorico P. Vargas

#### **D. Audit Committee (AuditCom)**

The AuditCom consists of two (2) independent directors, and four (4) non-executive directors, one of whom, Ms. Annabelle L. Chua, has over twenty (20) years of experience in the areas of accounting, corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. for ten (10) years. The AuditCom is chaired by the lead independent director.

The AuditCom had seven (7) meetings in 2019 with the following accomplishments:

##### **Internal Control**

- Obtained management's assurance on the adequacy and effectiveness of the Company's internal control system and noted Management's Control Policy
- Evaluated the effectiveness of the internal control system of the Company
- Prepared a briefing for Sustainability reporting

##### **Financial Reporting**

- Reviewed the unaudited Consolidated Quarterly Financial Statements and the Audited Consolidated Annual Financial Statements of the Company
- Endorsed for Board approval the Audited Consolidated Financial Statements of the Company

##### **Audit Process**

- Assessed the independence, performance, and effectiveness of the External Auditor, SGV & Co. CPAs (SGV) taking into consideration their credibility, competence, ability to understand complex related party transactions, and the adequacy of their quality control procedures. Based on this assessment, SGV was re-nominated by AuditCom to the Board as the External Auditor of the Company with the assurance that the lead audit partner complies with Rule 68 of the Securities Regulation Code on rotation of External Auditor.
- Held executive sessions with the External Auditor without the presence of Management.
- Reviewed and approved the audit plan, scope of work and proposed fees of SGV for audit and non-audit services.

- Reviewed and approved the annual Internal Audit Plan including subsequent changes to the Audit Plan.
- Discussed and dissected the results of audits reported by the chief audit executive in her quarterly reports to the Committee.
- Monitored Management's appropriate corrective actions to the audit recommendations of Internal Audit and the external auditor.
- Assessed Internal Audit's performance for the preceding year.
- Assessed the performance of the Subsidiaries' Audit committees
- Updated the Internal Audit Charter

#### **Compliance**

- Reviewed and assessed Management's processes of monitoring compliance with laws and regulations through Internal Audit.
- Reviewed and assessed subsidiaries' and associate companies' processes of monitoring compliance with laws and regulations
- Obtained updates on the status of compliance as well as the remaining challenges confronting the Company, as they relate to the requirements of the ERC, the SEC and other regulators concerned with environment and safety, labor, and others.

#### **E. Risk Management Committee (RMC)**

The RMC consists of two (2) independent directors and four (4) non-executive directors. It assists the Board in its oversight role on the risk management process. The following activities were accomplished by RMC:

- Reviewed Management's top business risks and discussed on going risk treatments
- Considered Management's short to medium-term plans to Enterprise Risk Management (ERM) integration in the annual strategic planning activities to institutionalize risk management functions at the subsidiaries and to develop a risk reporting dashboard that will facilitate reporting and monitoring of top risks and mitigation plans
- Reviewed the effectiveness and certified the adequacy of the Company's risk management system

The Board of Directors, through the RMC, institutes a framework of prudent and effective controls which enables risks to be identified, assessed, and managed accordingly.

#### **F. Finance Committee (FinCom)**

The FinCom is composed of six (6) directors, one (1) of whom is an independent director, with the Chief Finance Officer (CFO) as ex-officio member. It reviews the financial operations of the Company and matters regarding major purchase contracts, and acquisition and/or divestment of investments, businesses or ventures.

In its 12 meetings in 2019, its major accomplishments were:

- Review and approval of all service and supply contracts in excess of PhP50 million
- Review of Unaudited Quarterly Consolidated Financial Statements and Audited Annual Consolidated Financial Statements
- Treasury updates
- Declaration of interim and final cash dividend
- Renewal of credit lines and bonds
- Review and approval of cash optimization strategy
- Review and approval of PSAs and any changes or issues regarding their execution
- Review and approval of the annual budget and medium-term business plan and forecast
- Review of Meralco's directors and officers' insurance policy
- Review additional capital calls, surety bonds, capital infusions for subsidiaries
- Review of special payment agreements
- Review of equity calls
- Review of investments
- Review and endorsement of the renewal of Wholesale Electricity Spot Market surety bond for the retail electricity supply transactions

#### **G. Related Party Transactions Committee (RPTCom)**

The RPTCom consists of six (6) directors, two (2) of whom are independent directors. It assists the Board in reviewing material/significant RPTs to determine whether they are in the best interest of the Company and shareholders, and ensure that all RPTs of the Company are conducted in fair and at arms' length terms. The following activities were accomplished by the RPTCom in 2019:

- Reviewed and endorsed the Revised RPT Policy and Guidelines
- Reviewed and endorsed material and significant RPTs for the Board's approval.

## A.7 Orientation and Continuing Education Programs

The Board of Directors ensures that the Company complies with all relevant laws, regulations, and endeavor to adopt best business practices. Towards this end, the Board keeps abreast with the latest developments in the corporate governance regulatory landscape and implements a policy on orientation and continuing training for all directors and key officers, including an annual CG training with SEC-Accredited providers, in accordance with the Board Charter and the MCG.

The Company has a policy that encourages directors to attend annual continuing training programs. In fulfillment of such policy and the requirements of the Company's MCG, the ERC Resolution No. 1, Series of 2004, and the SEC Memo Circular No. 20, Series of 2013, the Directors, together with the Senior Management, attended the 14th Annual Corporate Governance Enhancement Session (ACGES) on September 26, 2019, entitled "5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and Cyber Security: Protecting Critical Business Infrastructure." The ACGES covers four (4) hours of governance training and was accredited by the SEC.

| 2019 Attendance to Corporate Governance Training and Continuing Education Programs                                                                                                            |                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director                                                                                                                                                                                      | Program                                                                                                                                                                                                                                   | Resource Person/ Name of Training Institution                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Manuel V. Pangilinan</b><br><b>Ray C. Espinosa</b><br><b>Anabelle L. Chua</b><br><b>Elpidio L. Ibañez</b><br><b>Victorico P. Vargas</b><br><b>Ret. Chief Justice Artemio V. Panganiban</b> | MVP Group 14th Annual Corporate Governance Enhancement Session: 5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and Cyber Security: Protecting Critical Business Infrastructure | <b>Ms. Claudia Hyunah Park</b><br>VP of Product Planning Group Networks Business Division, Samsung Electronics Co., Ltd.<br><br><b>Mr. Byungsik Kim</b><br>VP of Next Generation Technology, KT Network Group<br><br><b>Mr. Rob Partridge</b><br>Head of Commercial Development for Offensive Security and Head of Outreach, BT<br><br><b>Mr. Craig A. Gonzales</b><br>Head of Ethical Hacking Operations, BT |
| <b>Lance Y. Gokongwei</b>                                                                                                                                                                     | Corporate Governance Training on "The Future of Work"                                                                                                                                                                                     | <b>Mr. Ranjay Gulati</b><br>Harvard Business School                                                                                                                                                                                                                                                                                                                                                           |
| <b>Jose Ma. K. Lim</b>                                                                                                                                                                        | Distinguished Corporate Governance Speaker Series: Integrating Sustainability and Innovation in Corporate Strategy                                                                                                                        | <b>Mr. Matthew McKinnon</b><br>AROHA<br><br><b>Ms. Sara Ahmed</b><br>Institute for Energy Economics and Financial Analysis                                                                                                                                                                                                                                                                                    |
| <b>James L. Go</b><br><b>John L. Gokongwei, Jr.</b>                                                                                                                                           | SEC Granted Messrs. John L. Gokongwei, Jr. and James L. Go a permanent exemption from the corporate governance training requirement in its en banc meeting on November 10, 2015.                                                          |                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Pedro E. Roxas</b>                                                                                                                                                                         | MVP Group 14th Annual Corporate Governance Enhancement Session: 5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and Cyber Security: Protecting Critical Business Infrastructure | <b>Ms. Claudia Hyunah Park</b><br>VP of Product Planning Group Networks Business Division, Samsung Electronics Co., Ltd.<br><br><b>Mr. Byungsik Kim</b><br>VP of Next Generation Technology, KT Network Group<br><br><b>Mr. Rob Partridge</b><br>Head of Commercial Development for Offensive Security and Head of Outreach, BT<br><br><b>Mr. Craig A. Gonzales</b><br>Head of Ethical Hacking Operations, BT |
|                                                                                                                                                                                               | Distinguished Corporate Governance Speaker Series                                                                                                                                                                                         | <b>Ms. Deborah Latimer</b><br>Deloitte Australia<br><br><b>Professor Michael Hilb, PhD</b><br>DBP Holding                                                                                                                                                                                                                                                                                                     |

## A.8 Board, Committee and CEO Performance Assessment

The Board annually conducts a self-assessment of its performance individually, collectively, and as members of the different Board Committees. The self-assessment results are key factors in the enhancement of directors' performance and effectiveness in the discharge of their duties.

The Board conducted the performance assessment on February 26, 2019, through employment of the following assessment forms, with the following processes and criteria:

1. **Board Self-Assessment** - each director assessed the board performance individually and as a whole based on the following categories:
  - a) Board structure and qualifications
  - b) Board duties and responsibilities
  - c) Duties and responsibilities as an individual director
2. **General Board Committee Performance Assessment** - each director assessed the overall performance of the following committees, based on the provisions of the Board Committee Charters.
3. **Board Committee Self-Assessment** - each committee member assessed his committee's performance vis-à-vis the respective charters and SEC's Guidelines for the Assessment of the Performance of Audit Committee of Companies Listed on the Exchange.
4. **President and CEO Performance Assessment** - each director assessed the President & CEO's leadership, working relations with the Board, communication and working relations with Management.

On the assessment forms, the Board gives its opinions and suggestions or identifies special issues of interest about its performance or different aspects of the Company's operation.

| Performance Indicators                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial                                                                                                                                                                                                                                                                | Non-Financial                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Measures reflecting the state of the Company to the shareholders such as financial results and financial position, cash and cash equivalents, debt and stockholders' equity, revenues, consolidated core net income, reported net income, EBITDA, dividend payouts, etc. | <ul style="list-style-type: none"> <li>• Customer Satisfaction Index (CSI)</li> <li>• Customers served and Sales per employee ratios</li> <li>• S-Factor Indicators               <ul style="list-style-type: none"> <li>- System Average Interruption Frequency Index (SAIFI)</li> <li>- System Average Interruption Duration Index (SAIDI)</li> <li>- Customer Average Interruption Duration Index (CAIDI)</li> <li>- Probability of Voltage Level (PV)</li> <li>- Time to Process Applications (TPA)</li> <li>- Time to Connect Premises (TCP)</li> <li>- Call Center Performance (CCP)</li> <li>- System Loss (SL)</li> </ul> </li> <li>• Guaranteed Service Level (GSL) Metrics</li> </ul> |

The Corporate Governance Office (CGO) sends these assessment forms to every director, collects the completed forms, prepares a summary report and submits it to the Nomination and Governance Committee and the Board as an agenda item for acknowledgment and discussion.

## B. Rights of Shareholders

The Company recognizes the rights of all shareholders as provided in the Corporation Code of the Philippines, other pertinent laws, rules, and regulations, the Company's Articles of Incorporation, Amended By-Laws and MCG.

### B.1 Right to Dividends

#### Dividend Policy

The Company's dividend policy, as approved by the Board on February 22, 2010, and ratified by the shareholders during the May 25, 2010 ASM, calls for the payment of regular cash dividends equivalent to 50% of the audited CCNI for the year with a "look-back" basis, which allows the Company to pay special dividends beyond 50% of the CCNI for the year, subject to the availability of cash and unrestricted retained earnings in accordance with the guidelines of the SEC.

Following are the cash dividends declared by the Board on common shares for 2019:

| Declaration Date  | Record Date     | Payable Date       | Rate per Share |
|-------------------|-----------------|--------------------|----------------|
| February 26, 2019 | March 22, 2019  | April 15, 2019     | PhP 10.594     |
| July 29, 2019     | August 20, 2019 | September 20, 2019 | PhP 5.464      |

## B.2 Right to Participate in Decisions

The Company upholds the rights of all shareholders, including the minority shareholders, to participate in:

- Changes or amendments to the Company's Articles of Incorporation or By-laws
- Authorization for issuance of additional shares
- Authorization of extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company
- Approval of remuneration or increase in remuneration of directors
- Voting by proxy

## B.3 Right to Vote and Participate Effectively Disclosure and Release of Notice to Annual Stockholders' Meeting (ASM)

To provide shareholders enough time to examine the Company's information, the ASM Notice was posted on the Company's website on January 28, 2019. The Definitive Information Statement (DIS) was distributed to the shareholders starting April 12, 2019, 46 days prior to the ASM date of May 28, 2019. Similar to all Company notices and circulars, the ASM Notice is written and published in English.

### ASM

It is the Company's policy to encourage shareholders, including institutional and minority shareholders, to attend and actively participate in the ASM. The 2019 ASM was held on Tuesday, May 28, 2019, at 10:00 AM at the Meralco Theater, Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City.

The Company facilitates participation of shareholders who cannot attend the meeting in person by enclosing proxy forms in the ASM Notice where they can indicate their votes on matters that are taken up during the ASM. Shareholders can download the proxy forms together with details on how to appoint a proxy from the Company's website.

The Company granted all shareholders, including minority shareholders, the right to nominate directors and propose or inquire on agenda items. The "Call for Nominations" was posted on the Company's website on January 28, 2019 for submission of proposed agenda and nomination of qualified candidates on or before March 8, 2019. The agenda and nominees were approved by the Board during its meeting on January 28, 2019 and April 1, 2019, respectively.

### Voting Procedures

A three (3)-hour registration period was allotted before the start of the ASM. The Corporate Secretary reported a quorum with the attendance of shareholders who own or hold a total of 975,485,636 shares or approximately 86.55% of the total issued and outstanding shares of the Company. An electronic system facilitated the registration and vote tabulation to ensure accuracy and reliability of information. CGO likewise introduced Stockholders Electronic Registration and Voting Express (SERVE), a digital facility to expedite the registration and voting by stockholders present during the ASM.

The Corporate Secretary explained the vote tabulation procedures to the shareholders and stated that all shareholders were entitled to one vote for one share. Votes were tallied and tabulated by the Office of the Corporate Secretary. Representatives from Reyes Tacandong & Co., an independent third party, validated the voting results for each agenda item.

The Company allowed shareholders to freely express their views and raise their questions during the ASM.

The Chairman of the Board, Chairman of the AuditCom, Chairman of the RLDC, Chairman of the Nom&Gov, Chairman of the Finance Committee, the Board, President and CEO, Deputy CEO, Chief Finance Officer (CFO), Corporate Secretary, other officers of the Company, and its external auditor attended the ASM to present the performance results of the Company and respond to any question from the shareholders relevant thereto. The appropriate meeting procedures and guidelines were followed before, during, and after the ASM.

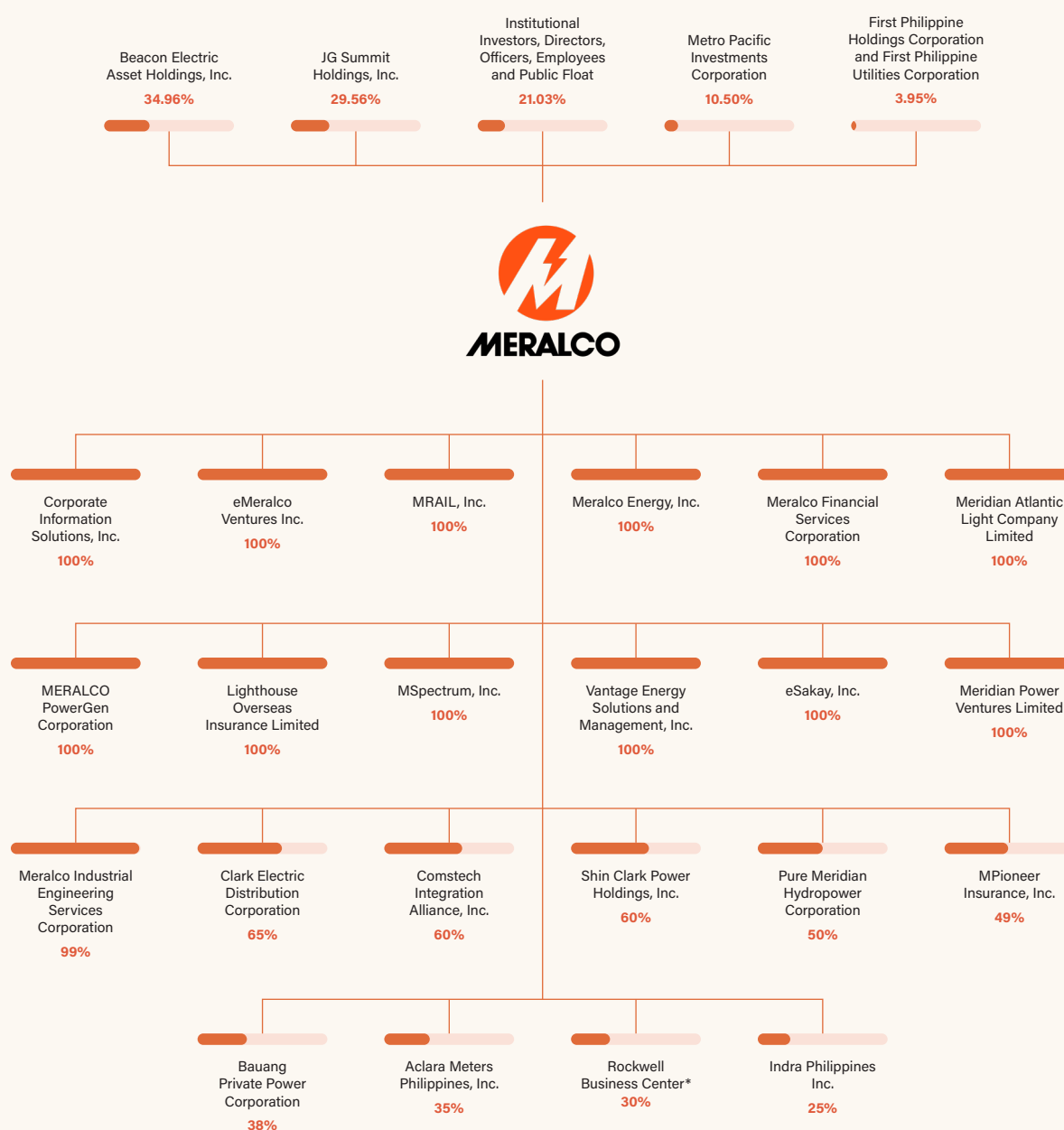
The Company posted the resolutions approved during the ASM on its website the following day so that non-attending shareholders may be immediately informed.

## B.4 Right to Approve Mergers and Acquisition

In the event of mergers and acquisitions requiring shareholders' approval, the Company appoints an independent party to evaluate the merits of the transaction as well as the fairness of the transaction price.

## B.5 Institutional Investors

The Company recognizes the exercise of ownership rights by all shareholders, including institutional investors. The Company does not have any shareholder owning more than 50% of its total outstanding shares.



\*Unincorporated Joint Venture

The complete list of the Public Ownership Report of Meralco as of December 31, 2019 was disclosed to the SEC, PSE, and PDEX on January 10, 2020, where approximately 78.98% of the Company shares are held by principal and strategic shareholders, and the remaining 21.02% shareholdings are held by directors, officers, employees, the government, other corporations, and other individuals. The Company has a straightforward structure of alliance among its affiliates, and joint ventures. There is no pyramid shareholding structure within Meralco. Details of holding companies, subsidiaries, and other related companies are disclosed in the map showing relationships among the Companies within Meralco.

## C. Equitable Treatment of Shareholders

### C.1 Shares and Voting Rights

The Company has only one (1) classification of shares (common shares), with each share entitled to one (1) vote.

### C.2 Notice of Annual Stockholders' Meeting (ASM) and Definitive Information Statement (DIS)

The Notice of ASM and DIS contain, among others, the resolutions to be considered by the shareholders for each agenda item during the ASM. There is no bundling of several items into one resolution. It also provides the following information:

- Profiles of each director seeking election/re-election—age, academic qualification, date of first appointment, experience, and directorships in other listed companies
- External auditor seeking appointment/re-appointment
- Dividend policy
- Amount of dividends declared and any dividends payable
- Readily available proxy statements

The Notice of ASM and DIS are available on the Company's website.

### C.3 Policy on Dealings in Company Shares of Stocks (Insider Trading/Blackout Period)

The Insider Trading Policy prohibits directors, officers, and employees from benefiting from information that is not generally available to the investing public through observance of a blackout period 10 trading days before and two (2) trading days after the release or announcement of the Company's material information or financial and operating results, during which trading in Company shares is prohibited.

The Company strictly enforces and monitors compliance with its policy on insider trading. Under the revised policy approved for implementation on December 1, 2014, directors and officers are required to disclose to the Compliance Officer the details of any

trading, dealing, acquisition, disposal, or change in their beneficial ownership of the Company (MER) shares, not later than one (1) trading day after the transaction.

### C.4 Related Party Transactions (RPTs) By Directors and Key Executives

The Policy defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered material, significant and *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The Policy also prescribes additional requirements for RPTs which constitute ten percent (10%) of the Company's assets.

The Company provides all the names of related parties, degree of relationship, nature, and value for each material/significant RPT. Details are found in Note 22 to the Consolidated Financial Statements.

In 2019, there was no case of insider trading or policy violations involving directors and officers of the Company and no RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies. The Company is fully compliant with the Code and policies on corporate governance.

### Conflict of Interest (COI) Policy

The COI Policy requires all directors, officers, and employees to annually disclose their interest in transactions and any other conflicts of interest affecting the Company through the Full Business Interest Disclosure (FBID) Forms for directors and officers, and the COI Form for employees. The Company requires directors and key Management personnel to abstain from and/or inhibit themselves from participating in discussions on a particular agenda when a conflict exists or may exist between their personal interest and that of the Company.

### C.5 Protecting Minority Shareholders From Abusive Actions

The Company's policies embody an utmost respect to the right of the minority shareholders while pursuing corporate interest. Salient provisions are:

- Timely, fair, and accurate disclosure of material information
- Review of existing, and development of new policies that will prevent the major shareholders from gaining undue advantage over and at the expense of minority shareholders
- RPTs are disclosed in Note 22 of the Consolidated Financial Statements
- Disinterested shareholders decide on all RPTs which require shareholders' approval

## D. Role of Stakeholders

### D.1 Respecting Rights of Stakeholders

The Company strictly observes the principles of fairness, accountability, integrity, transparency, and honesty (FAITH) in its obligations to, and dealings with, its various stakeholders. The Company values its stakeholders and protects their rights, as mandated by relevant laws and internal policies. Sanctions and penalties based on the provisions of the Company's Code of Right Employee Conduct (COREC) and other related policies are imposed upon violators.

#### Customers

The Company renders excellent service, fair treatment, and complete accurate information, to its customers. Towards this end, the Company standardizes policies and work processes related to customers in all business centers and publishes information on the services and rates affecting the customers and implements various programs to delight the customers, among others. Details of Meralco programs for its customers are found in page 26 of this Report.

#### Suppliers/Contractors

To ensure a mutually beneficial relationship with its suppliers and contractors, the Company prescribes clearly defined and transparent procurement and supplier selection process through the Suppliers' Business Conduct Policy and Vendor Accreditation Program. It ensures faithful compliance with all the terms and conditions of its procurement contracts.

#### Creditors

The Company faithfully complies with all loan agreements with creditors. It ensures timely payment of its loans and efficiently operates its business to assure creditors of the Company's sound financial standing and loan payment capabilities.

#### Environment and Community

As an advocate of sustainable development, the Company is committed to operate profitably within the bounds of its social and environmental responsibility.

More comprehensive reports on the Company's Sustainability and Corporate Social Responsibility (CSR) efforts are found in separate publications; specifically Meralco's Sustainability Report and One Meralco Foundation's 2019 Annual Report.

#### Employees

Meralco is committed to the development and welfare of its employees. The Company provides its employees with opportunities for learning and development, fair and competitive remuneration, and programs to promote health and safety. The Company devotes conscious effort to build a culture of excellence, knowledge sharing, personnel integrity, and development.

### D.2 Performance-Enhancing Mechanisms for Employees

#### Employee Development Programs

Training programs and other developmental interventions are implemented to enable employees to acquire the technical and leadership competencies to effectively perform their jobs for their professional growth. The Company uses globally-accepted training and development metrics relevant to value creation for business and society. Learning and development initiatives were delivered using the strategic framework of 70-20-10: 70% on-the-job learning, 20% from coaching and feedback and 10% formal training. In 2019, the average man-hours spent for training was 42 hours per person.

## Compensation Philosophy/Principles

The Company's performance management process measures employee performance on the basis of: 1) actual versus desired results; and 2) how results were delivered in light of corporate core values. The achievement of financial and non-financial indicators is reflected in performance planning and assessment, which drives the Company's merit and incentive pay programs.

The Company implements short-term and long-term incentive programs to attract, retain, and motivate its employees. The Company compensates employees based on Company, team, and individual performance to help achieve corporate goals and targets. The Company evaluates performance beyond short-term financial measures. It also provides for short-term incentives through variable pay, such as annual performance-based bonuses and variable incentive plan, to reward individual and team performance that contribute to the achievement of corporate goals and objectives.

Long-term incentives include additional compensation conditioned on Meralco's achievement of a specified level of Consolidated Core Net Income (CCNI) approved by the Board and determined on an aggregate basis for a three (3)-year period as well as executives' attainment of a specified performance rating.

## Succession Planning of President and CEO and Senior Management

The Company's Board and RLDC are responsible for overall guidance and direction on succession planning and leadership development of the President and Chief Executive Officer (CEO) and senior management. The RLDC, working closely with the head of Human Resources (HR), drives the strategy for succession planning, leadership development, and talent management. The HR head develops and implements the processes and the tools to ensure robust pools of succession candidates for the President and CEO, senior management, middle management, and first line management.

The Talent Management and Succession Planning Programs of the Company are discussed in Page 32 of this Report.

## Code of Business Conduct and Ethics

The Company's Code of Business Conduct and Ethics (Code of Ethics) prescribes the ethical values and behavioral standards, which all directors, officers, and employees of the Company are required to observe in the performance of their respective duties and responsibilities. Copies of the Code of Ethics are disseminated to all officers and employees.

The Company, through the CGO, monitors the implementation of, and compliance to, the Code of Ethics. All directors, Senior Management, and employees are required to annually submit duly accomplished Full Business Interest Disclosure (FBID) Forms and Conflict of Interest (COI) Forms. They are also required to disclose gifts they received from third parties. An online HR Express Corporate Governance Facility is made available to all employees for the Corporate Governance (CG) disclosures and commitment required from them. Failure to comply with CG disclosures is sanctioned accordingly.

The Management Control Policy prescribes Management's responsibility to ensure a system of checks and balances and emphasizes the importance of internal control processes as an integral part of the Company's governance system and risk management.

Effective management control is necessary to ensure that behavior and decisions of people in the organization are consistent with the Company's objectives and strategies.

## Anti-corruption Programs and Procedures

The Anti-Bribery and Corruption Policy prohibits corporate gift giving to private and public entities that constitutes bribery or corruption. Specific instances of said corrupt practices are given to better guide directors, officers and employees.

The Company's Internal Audit reviews the compliance of directors, officers, and employees to the Code of Ethics and other corporate governance related policies, including the required Company disclosures. The result of the internal audit review is reported to the Audit Committee (AuditCom).

Consistent with this, the Code of Ethics requires directors, officers, and employees to observe professionalism, integrity, and good faith in transactions with and obligations to the Company's

customers, suppliers, business partners, regulators, creditors, competitors, and employees and to avoid the commission of any act that may be construed as direct or indirect bribery and corruption, as defined by law, of government officials to facilitate any transaction or gain any perceived or actual favor or advantage.

Furthermore, the Policy on Solicitation and Acceptance of Gifts prohibits the acceptance of gifts offered and given by suppliers, contractors, and other third parties to prevent all directors, officers, and employees from putting themselves in situations that could affect the fair, objective, and effective performance of their duties and responsibilities. The Amended Suppliers Business Conduct, on the other hand, requires vendors to comply, at all times, with all applicable anti-bribery and corruption laws and not to offer, accept, promise, pay, permit, or authorize bribes and kickbacks, which include giving of gifts to the Company's directors, officers or employees or other means to obtain an undue or improper advantage.

The foregoing policies are available to all stakeholders through the Company's website ([www.meralco.com.ph](http://www.meralco.com.ph)).

### D.3 Effective Redress for Violation of Stakeholders' Rights and Means of Communication of Illegal or Unethical Practices By Employees

The e-Report Mo (Whistleblowing Policy) encourages the reporting of any violation of corporate governance rules or policies, questionable accounting or auditing matters, and other malfeasance committed by the Company's directors, officers, and employees.

Employees, suppliers, customers and other stakeholders can download, through the Company website, a whistleblower report form and submit the same via email or regular mail to the CGO through the contact information provided herein.

The Company provides appropriate protection against retaliation to an employee/stakeholder who reports illegal/unethical behavior. In the event of retaliation, the reporting person or witness may file a report to the CGO by filling out a Retaliation Protection Report Form.

In 2019, the Company received certain reports of alleged violations and illegal/unethical behavior. These reports were investigated and accordingly

resolved based on the evidence provided and in accordance with the procedures defined in the whistleblowing policy.

#### Corporate Governance Office

Manila Electric Company (Meralco)  
8th Floor, Lopez Building  
Ortigas Avenue, Barangay Ugong  
Pasig City, Philippines 1605

TEL (+632) 1622 2798

MOBILE (+63) 9088661670

EMAIL [cgo.staff@meralco.com.ph](mailto:cgo.staff@meralco.com.ph)

## E. Disclosure and Transparency

### E.1. Transparent Ownership Structure

The following stockholders directly own more than 5% of the Company's (MER) shares as at December 31, 2019.

| Name of Shareholder and Beneficial Owner | Total Shares       | % to Total Share |
|------------------------------------------|--------------------|------------------|
| Beacon Electric Asset Holdings, Inc.     | 394,059,235        | 34.96%           |
| JG Summit Holdings, Inc.                 | 333,189,397        | 29.56%           |
| Metro Pacific Investments Corporation    | 118,364,807        | 10.50%           |
| <b>TOTAL</b>                             | <b>845,613,439</b> | <b>75.02%</b>    |

### E.2 Enterprise Risk Management

The Board ensures that the Company has in place a sound enterprise risk management (ERM) framework. Through its RMC, the Board oversees the ERM framework, identifies and assesses top risks, and reviews the effectiveness of risk mitigation strategies and treatment plans developed by Management as the Company continues to transform its risk management from compliance-driven to value-creation by further integration of risk management into the culture of the Company. The following are the key enterprise risks of the Company: Regulatory and Compliance Risks, Strategic and Corporate Risks, Financial Risks, and Operational Risks.

## E.4 Economic, Environmental, Social, and Governance Information

The Company is committed to the cause of protecting the environment and mitigating the adverse impact of climate change and strictly monitors its business activities and operations to ensure sustainable development and safeguard the quality of life of society, communities, and the environment in the areas where it operates. The Company's policies and practices on the management of economic, environmental, social, and governance (EESG) issues underpinning sustainability are discussed in a separate publication, the Meralco Sustainability Report, which was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option.

## E.5 Directors' and Officers' Dealings in Company Shares

| SHAREHOLDINGS OF DIRECTORS AND KEY OFFICERS AS AT DECEMBER 31, 2019 |             |       |       |              |                 |                   |              |                   |
|---------------------------------------------------------------------|-------------|-------|-------|--------------|-----------------|-------------------|--------------|-------------------|
| Name                                                                | Jan 1, 2019 | Buy   | Sell  | Dec 31, 2019 | Direct Holdings | Indirect Holdings | Total Shares | % to Total Shares |
| <b>Directors</b>                                                    |             |       |       |              |                 |                   |              |                   |
| 1. Manuel V. Pangilinan                                             | 40,000      | -     | -     | 40,000       | 40,000          | -                 | 40,000       | 0.00%             |
| 2. Oscar S. Reyes <sup>1</sup>                                      | 268         | -     | -     | -            | -               | -                 | -            | 0.00%             |
| 3. Anabelle L. Chua                                                 | 10,060      | 5,000 | 4,000 | 11,060       | 11,060          | -                 | 11,060       | 0.00%             |
| 4. Ray C. Espinosa                                                  | 41,000      | 5,000 | -     | 46,000       | 46,000          | -                 | 46,000       | 0.00%             |
| 5. James L. Go                                                      | 5,110       | 5,000 | -     | 10,110       | 10,110          | -                 | 10,110       | 0.00%             |
| 6. John L. Gokongwei, Jr. <sup>2</sup>                              | 20,810      | 5,000 | -     | -            | -               | -                 | -            | -                 |
| 7. Frederick D. Go <sup>2</sup>                                     | -           | -     | -     | 30           | 30              | -                 | 30           | 0.00%             |
| 8. Victorico P. Vargas <sup>3</sup>                                 | -           | -     | -     | 1,000        | 1,000           | -                 | 1,000        | 0.00%             |
| 9. Lance Y. Gokongwei                                               | 10          | 5,000 | -     | 5,010        | 5,010           | -                 | 5,010        | 0.00%             |
| 10. Jose Ma. K. Lim                                                 | 40,010      | 5,000 | -     | 45,010       | 45,010          | -                 | 45,010       | 0.00%             |
| 11. Elpidio L. Ibañez                                               | 10,263      | 5,000 | -     | 15,263       | 15,263          | -                 | 15,263       | 0.00%             |
| 12. Artemio V. Panganiban                                           | 1           | -     | -     | 1            | 1               | -                 | 1            | 0.00%             |
| 13. Pedro E. Roxas                                                  | 1,000       | -     | -     | 1,000        | 1,000           | -                 | 1,000        | 0.00%             |
| <b>Officers</b>                                                     |             |       |       |              |                 |                   |              |                   |
| 14. Simeon Ken R. Ferrer                                            | 767         | -     | -     | 767          | 767             | -                 | 767          | 0.00%             |
| 15. Roberto R. Almazora                                             | 93,082      | -     | -     | 93,082       | 93,082          | -                 | 93,082       | 0.01%             |
| 16. Ronnie L. Aperoch                                               | 14          | -     | -     | 14           | 14              | -                 | 14           | 0.00%             |
| 17. William S. Pamintuan                                            | -           | -     | -     | -            | -               | -                 | -            | -                 |
| 18. Alfredo S. Panlilio <sup>4</sup>                                | 668         | -     | -     | -            | -               | -                 | -            | -                 |
| 19. Rogelio L. Singson                                              | -           | -     | -     | -            | -               | -                 | -            | -                 |
| 20. Angelito D. Bermudo <sup>5</sup>                                | -           | -     | -     | -            | -               | -                 | -            | -                 |
| 21. Betty C. Siy-Yap                                                | -           | -     | -     | -            | -               | -                 | -            | -                 |
| 22. Maria Luisa V. Alvendia <sup>6</sup>                            | -           | -     | -     | -            | -               | -                 | -            | -                 |
| 23. Edgardo V. Carasig                                              | -           | -     | -     | -            | -               | -                 | -            | -                 |
| 24. Ferdinand O. Geluz                                              | 12,877      | -     | -     | 12,877       | 12,877          | -                 | 12,877       | -                 |
| 25. Victor Emmanuel S. Genuino                                      | -           | -     | -     | -            | -               | -                 | -            | -                 |

continuation

| Name                                              | Jan 1, 2019    | Buy           | Sell         | Dec 31, 2019   | Direct Holdings | Indirect Holdings | Total Shares   | % to Total Shares |
|---------------------------------------------------|----------------|---------------|--------------|----------------|-----------------|-------------------|----------------|-------------------|
| 26. Melanie T. Oteyza                             | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 27. Jose Ronald V. Valles                         | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 28. Antonio M. Abuel, Jr.                         | 10,427         | -             | -            | 10,427         | 10,427          | -                 | 10,427         | -                 |
| 29. Ireneo B. Acuña                               | 18,355         | -             | -            | 18,355         | 18,355          | -                 | 18,355         | -                 |
| 30. Ferdinand C. Alejandro                        | 8,952          | -             | -            | 8,952          | 8,952           | -                 | 8,952          | 0.00%             |
| 31. Patrick Dave B. Bacani                        | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 32. Roque D. Bacani <sup>7</sup>                  | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 33. Bennette D. Bachoco                           | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 34. Joseph Allan C. Baltazar                      | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 35. Benjamin U. Cusi                              | 24,050         | -             | -            | 24,050         | 24,050          | -                 | 24,050         | 0.00%             |
| 36. Jenevi L. Dela Paz <sup>7</sup>               | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 37. Ma. Cecilia M. Domingo <sup>8</sup>           | 5              | 940           | -            | 945            | 945             | -                 | 945            | 0.00%             |
| 38. Lawrence S. Fernandez                         | 4,500          | -             | -            | 4,500          | 4,500           | -                 | 4,500          | 0.00%             |
| 39. Bernard H. Castro <sup>9</sup>                | 463            | -             | -            | -              | -               | -                 | -              | -                 |
| 40. Jose Mari P. Melendres                        | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 41. Maria Carmela T. Migrño <sup>10</sup>         | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 42. Charina P. Padua                              | 31,609         | 6,000         | -            | 37,609         | 37,609          | -                 | 37,609         | 0.00%             |
| 43. Nixon G. Hao <sup>11</sup>                    | 2,791          | -             | -            | -              | -               | -                 | -              | -                 |
| 44. Raymond B. Ravelo                             | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 45. Jose S. Reyes, Jr.                            | 8,727          | -             | -            | 8,727          | 8,727           | -                 | 8,727          | 0.00%             |
| 46. Froilan J. Savet                              | 8,435          | -             | -            | 8,435          | 8,435           | -                 | 8,435          | 0.00%             |
| 47. Jose Rainier A. Reyes <sup>12</sup>           | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 48. Jose Antonio T. Valdez                        | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 49. Manuel Lorenzo L. Tuason                      | 22,180         | -             | -            | 22,180         | 22,180          | -                 | 22,180         | 0.00%             |
| 50. Liza Rose G. Serrano-Diangson <sup>9</sup>    | 34,393         | -             | -            | -              | -               | -                 | -              | -                 |
| 51. Maria Zarah R. Villanueva-Castro <sup>8</sup> | -              | -             | -            | -              | -               | -                 | -              | -                 |
| 52. Ma. Cynthia C. Soluren                        | 11,575         | -             | -            | 11,575         | 11,575          | -                 | 11,575         | 0.00%             |
| <b>TOTAL</b>                                      | <b>462,402</b> | <b>41,940</b> | <b>4,000</b> | <b>436,979</b> | <b>436,979</b>  | <b>-</b>          | <b>436,979</b> | <b>0.04%</b>      |

<sup>1</sup> End of term as director in May 2019

<sup>2</sup> On the passing of Mr. John L. Gokongwei, Jr., Mr. Frederick D. Go was appointed as replacement

<sup>3</sup> Elected on May 28, 2019

<sup>4</sup> Resigned effective June 30, 2019

<sup>5</sup> Retired effective June 30, 2019

<sup>6</sup> Appointed First Vice President effective June 1, 2019

<sup>7</sup> Appointed Vice President effective June 1, 2019

<sup>8</sup> Appointed Vice President effective January 1, 2019

<sup>9</sup> Retired effective July 31, 2019

<sup>10</sup> Appointed Vice President effective November 1, 2019

<sup>11</sup> Retired effective May 28, 2019

<sup>12</sup> Resigned effective May 31, 2019

## E.6 Audit

### Internal Audit

Meralco Internal Audit adopts a risk-based audit approach in formulating the annual audit plan and strategy that align to the key strategies and risks across the Company's business and are reassessed quarterly to consider business changes and emerging risks. This plan is developed in coordination with the relevant business units and subsidiaries and reviewed and approved by the AuditCom. The assurance and control advisory reviews are aimed at assisting the Board through the AuditCom in promoting sound enterprise risk management, robust internal controls, and good corporate governance. Design and operating effectiveness of controls that govern the key business processes, systems and risk areas at the Distribution Utility and subsidiaries are evaluated particularly on financial reporting, operations, information technology systems reviews, cybersecurity, data privacy, sustainability, revenue assurance, legal and regulatory compliance, and subsidiary oversight.

Meralco communicates the results of audit engagements covering various units of the Company and its subsidiaries, including specific areas of concerns identified by Management to the AuditCom. The findings and any improvement opportunities are reviewed by AuditCom which then are reported to the Board for guidance and oversight. Significant concerns, which have been reported by Meralco Internal Audit and the implementation of responsive remedial measures by Management, are monitored by AuditCom and the Board. The AuditCom Report to the Board included the review of Meralco Group's system of internal controls (financial, operational, and compliance controls) and risk management systems which are found to be in place and functioning.

Meralco's Internal Audit is headed by the Chief Audit Executive and First Vice President, Ms. Melanie T. Oteyza, who reports functionally to the AuditCom and administratively to the President and CEO, as outlined in the Company's Internal Audit Charter. The appointment and removal of the internal auditor require the approval of the AuditCom.

All internal auditors are members of the Institute of Internal Auditors (IIA) and adopts the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework. The internal auditors are

comprised of highly certified professionals – Certified Public Accountants, Certified Internal Auditors, Certified Information Systems Auditors, Chartered Management Accountant, Registered Electrical Engineers, and others with Certification in Control Self-Assessment and Certification in Risk Management Assurance.

### External Audit

The Company's external auditor, SGV, was evaluated, nominated, and recommended for appointment including its audit fees by the AuditCom, and such recommendation was approved by the Board. The re- appointment of SGV was thereafter confirmed by the shareholders in the ASM held on May 28, 2019.

| CONSOLIDATED EXTERNAL AUDITOR'S FEES*<br>(in million PhP)                                                                   |            |             |
|-----------------------------------------------------------------------------------------------------------------------------|------------|-------------|
|                                                                                                                             | 2018       | 2019        |
| Financial Statements Audit                                                                                                  | 8.0        | 9.3         |
| Audit of financial statements in accordance with the requirements of the Business Separation and Unbundling Plan of the ERC | 0.5        | 0.7         |
| <b>TOTAL</b>                                                                                                                | <b>8.5</b> | <b>10.0</b> |

Note: The fees for non-audit services did not exceed those for audit services.

## E.7 Medium of Communication

### Quarterly Reports

The Company reports its quarterly and full year financial results through the SEC, PSE and PDEx to provide the shareholders, the investors, and the public a balanced and informed assessment of the Company's performance, position, and prospects.

Quarterly Reports: <http://www.meralco.com.ph/investor-relations/quarterly-reports>

Financial Results: <http://www.meralco.com.ph/investor-relations/financial-results>

Annual Reports: <http://www.meralco.com.ph/investor-relations/annual-reports>

### Investors' Briefings/Media Briefings

The officers of the Company, led by the Chairman and the President and CEO, with the CFO, Investor Relations Office and other officers, present information on performance results, business progress, industry trends, impact of external factors, and regulations to shareholders, analysts, investors, and media every quarter during the investors' briefing and teleconference, as well as the media briefing.

Presentation materials used in these meetings are posted on the Company's website to ensure comprehensive information dissemination to all stakeholders and investors, including those who were not able to participate in the briefings.

Schedule of Events: <http://www.meralco.com.ph/investor-relations/calendar-of-events>  
Press Releases: <http://www.meralco.com.ph/investor-relations/press-releases>

### Company Website

The Company website provides information on its products and services as well as the following corporate governance information:

| Section                                               | Link                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Operations                                   | <a href="http://biz.meralco.com.ph/">http://biz.meralco.com.ph/</a><br><a href="http://corporatepartners.meralco.com.ph/">http://corporatepartners.meralco.com.ph/</a><br><a href="http://www.meralco.com.ph/news">http://www.meralco.com.ph/news</a>                                      |
| Financial Statements/Reports                          | <a href="http://www.meralco.com.ph/investor-relations/financial-results">http://www.meralco.com.ph/investor-relations/financial-results</a><br><a href="http://www.meralco.com.ph/investor-relations/quarterly-reports">http://www.meralco.com.ph/investor-relations/quarterly-reports</a> |
| Materials provided in briefings to analysts and media | <a href="http://www.meralco.com.ph/investor-relations/press-releases">http://www.meralco.com.ph/investor-relations/press-releases</a>                                                                                                                                                      |
| Shareholding Structure                                | <a href="http://www.meralco.com.ph/about-us/meralco-shareholding-structure">http://www.meralco.com.ph/about-us/meralco-shareholding-structure</a>                                                                                                                                          |
| Group Corporate Structure                             | <a href="http://www.meralco.com.ph/about-us/organizational-structure">http://www.meralco.com.ph/about-us/organizational-structure</a>                                                                                                                                                      |
| Downloadable Annual Report                            | <a href="http://www.meralco.com.ph/investor-relations/annual-reports">http://www.meralco.com.ph/investor-relations/annual-reports</a>                                                                                                                                                      |
| Notice of ASM                                         | <a href="http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings">http://www.meralco.com.ph/company-disclosures/notice-of-annual-or-special-stockholders-meetings</a>                                                                              |
| Minutes of ASM                                        | <a href="http://www.meralco.com.ph/company-disclosures/minutes-of-all-general-or-special-stockholders-meetings">http://www.meralco.com.ph/company-disclosures/minutes-of-all-general-or-special-stockholders-meetings</a>                                                                  |
| Company's By-Laws and Articles of Incorporation       | <a href="http://www.meralco.com.ph/about-us/articles-of-incorporation-and-by-laws">http://www.meralco.com.ph/about-us/articles-of-incorporation-and-by-laws</a>                                                                                                                            |

## E.8 Timely Filing/Release of Annual/Quarterly Financial Reports

The Company's 2019 Audited Financial Statements were released on February 28, 2020, 59 days after financial year-end. The true and fair representation of the Annual Financial Reports was affirmed by the Board through the Chairman, President and CEO, and CFO of the Company on the Statement of Management's Responsibility section of this Annual Report. This can also be accessed on the Company website.

## E.9 Investor Relations

Meralco's Investor Relations Office regularly communicates relevant and timely information about the Company to both current and potential investors, to analysts, fund managers, potential business partners, and the general public.

Remembering  
**John Gokongwei Jr.**

You inspired us with your mission to tenaciously  
persevere in creating value for society;  
to inspire, enliven, and uplift lives for Filipinos.

We will continue to bear light  
and bring life to our customers.

**We will keep the lights on.**

Our heartfelt thanks, Mr. John.



# Board of Directors



## **Manuel V. Pangilinan, 73**

Chairman (since May 29, 2012)

President and CEO (July 1, 2010-May 29, 2012)

Director (since May 26, 2009)

Mr. Pangilinan is the Chairman, President and CEO of PLDT Incorporated, and the Chairman of Smart Communications, Inc. He is also Chairman of listed companies including Metro Pacific Investments Corporation\* and Philex Mining Corporation\*, and of non-listed companies including Beacon Electric Asset Holdings Inc., PLDT Communications and Energy Ventures Inc., Landco Pacific Corporation, Medical Doctors, Inc., Colinas Verdes Corporation, Davao Doctors Inc., Riverside Medical Center, Inc., Our Lady of Lourdes Hospital, Asian Hospital, Inc., Maynilad Water Services, Inc., Mediaquest, Inc., TV5 Network Inc., Manila North Tollways Corporation, and MERALCO PowerGen Corporation. He is also the Vice Chairman of Roxas Holdings Inc.\* Mr. Pangilinan graduated with a Bachelor of Arts degree in Economics, *cum laude* from the Ateneo de Manila University and a Masters in Business Administration from Wharton School of Finance and Commerce, University of Pennsylvania, where he was a Procter & Gamble Fellow.



## **Ray C. Espinosa, 63**

Director (since May 26, 2009)

President and CEO (since May 28, 2019)

Atty. Ray Espinosa is a member of the Board of Directors of PLDT Inc.\*, Metro Pacific Investments Corporation\*, Roxas Holdings, Inc.\*, and also an independent director of Lepanto Consolidated Mining Company (Lepanto)\* and Maybank Philippines, Inc. He is a director of Smart Communications, Inc., MERALCO PowerGen Corporation, TV5 Network, Inc., and Signal TV Inc. He is the Chairman of the Philstar Daily, Inc. and BusinessWorld Publishing Corporation, Chairman of the Audit Committee of Lepanto and Chairman of the Risk Management Committee of Maybank Philippines. He is a Senior Advisor to the President and CEO of PLDT Inc. He is also a trustee of the Beneficial Trust Fund of PLDT. Mr. Espinosa joined First Pacific in June 2013 as Associate Director. Mr. Espinosa has a Master of Laws degree from the University of Michigan Law School and is a member of the Integrated Bar of the Philippines. He was a partner of SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington D.C., USA) from 1987 to 1988, and a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and 1989. He ranked first in the 1982 Philippine Bar examination.

\*Publicly Listed Companies



### Anabelle L. Chua, 59

Director (since May 31, 2016)

Ms. Chua is Chief Finance Officer, Senior Vice President, and Chief Risk Officer of PLDT Inc.\* She served as Chief Finance Officer of Smart Communications, Inc. (Smart) (January 2006-May 2015), and as Treasurer of PLDT Inc.\*, until May 2015. Ms. Chua is a director of Beacon Asset Holdings, Inc., PLDT Communications and Energy Ventures, Inc., Smart Communications, Inc., Digital Telecommunications Philippines, Inc., ePLDT, Inc., Philippine Telecommunications Investment Corporation, Voyager Innovations, Inc., PayMaya, Mediaquest Holdings, Inc., Signal TV, Inc., TV5 Network, Inc., and PhilStar Daily, Inc. She is also a member of the Board of Directors of the Philippine Stock Exchange, Inc.\*, and Securities Clearing Corporation of the Philippines. Prior to joining PLDT in 1998, Ms. Chua was a Vice President at Citibank, N.A. where she worked for 10 years and has over 30 years experience in the areas of corporate finance, treasury, financial control and credit risk management. She graduated from the University of the Philippines with a Bachelor of Science Degree in Business Administration and Accountancy, *magna cum laude*.

### James L. Go, 80

Director (since December 16, 2013)

Mr. Go is the Chairman of JG Summit Holdings, Inc.\* and Cebu Air, Inc.\*, and Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation\*. He is the Chairman Emeritus of Robinsons Land Corporation\*, Universal Robina Corporation\*, JG Summit Petrochemical Corporation and JG

Summit Olefins Corporation. He is a member of the Board of Directors of JG Summit Holdings, Inc.\*, Oriental Petroleum and Minerals Corporation\*, Robinsons Retail Holdings, Inc.\*, Cebu Air, Inc.\*, PLDT Inc.\*, United Industrial Corporation Limited\*, Marina Center Holdings, Inc., Hotel Marina City Private Limited, and Gokongwei Brothers Foundation, Inc. Mr. Go received a Bachelor of Science degree and a Master of Science degree in Chemical Engineering from the Massachusetts Institute of Technology.

### Frederick D. Go, 50

Director (since November 25, 2019)

Mr. Go is the President and Chief Executive Officer of Robinsons Land Corporation. He is the Chairman and President of Altus Property Ventures, Inc. and the President of Robinson's Recreation Corporation. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited and Taicang Ding Feng Real Estate Development Company Limited. Mr. Go is the Chairman of Luzon International Premier Airport Development Corporation and is the Vice Chairman of the Board of Directors of Robinsons Bank Corporation and of the Philippine Retailers Association. He also serves as a director of Cebu Air, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation, and Cebu Light Industrial Park. Mr. Go received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

\*Publicly Listed Companies



### **Lance Y. Gokongwei, 53**

Director and Vice Chairman (since December 16, 2013)

Mr. Gokongwei is the President and Chief Executive Officer of JG Summit Holdings, Inc.\*, and Cebu Air, Inc.\* He is the Chairman of Universal Robina Corporation, Robinsons Retail Holdings, Inc.\*, Robinsons Land Corporation\*, Robinsons Bank Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is a director of Oriental Petroleum and Minerals Corporation and United Industrial Corporation Limited. He is a Chairman and Trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania, *summa cum laude*.

### **Elpidio L. Ibanez, 69**

Director (since May 29, 2018)

Mr. Ibanez is a director of First Philippine Holdings Corporation (FPH)\*. He served as President and Chief Operating Officer of FPH from 1994 to 2015. He earned his Bachelor of Arts in Economics degree from the Ateneo de Manila University and his Masters in Business Administration from the University of the Philippines.

### **Jose Maria K. Lim, 67**

Director (since May 29, 2012)

Mr. Lim is the President and CEO of Metro Pacific Investments Corporation\* (MPIC). He was appointed President and CEO

in 2006 and is currently a director of MPIC's subsidiaries and affiliate companies namely, Manila Electric Company\*; MERALCO PowerGen Corporation; Beacon Electric Asset Holdings Inc.; Global Business Power Corporation; Metro Pacific Tollways Corporation; NLEX Corporation; Cavite Infrastructure Corporation; Easytrip Services Corporation; Cebu Cordova Link Expressway Corporation; AIF Tollroads Holdings, Thailand; Maynilad Water Services Inc.; MetroPac Water Investments Corporation; Cagayan de Oro Bulk Water Inc.; Metro Iloilo Bulk Water Supply Corporation; Metropac Movers Inc.; Light Rail Manila Corporation; AF Payments Inc.; Metro Pacific Hospital Holdings Inc.; Medical Doctors, Inc. (owner and operator of Makati Medical Center); Cardinal Santos Medical Center (Colinas Verdes Hospital Managers Corporation); Asian Hospital; Our Lady of Lourdes Hospital; Manila Doctors Hospital Inc; Davao Doctors' Hospital; Riverside Medical Center Inc.; Metro Pacific Investments Foundation; and Pacific Global Aviation Inc. Mr. Lim serves as Chairman of Indra Philippines; Nusantara, Jakarta Indonesia; Ecosystem Technologies International; and Metpower Venture Partners Holdings Inc. He is also a Trustee of the Asian Institute of Management and Asia Society of the Philippines and an advisory board member of the Ateneo Graduate School of Business. Mr. Lim has received various awards relating to Corporate Governance and Investor Relations and most recently, he was accorded the Triple A award from Asian Institute of Management for his excellent performance in his field of profession.



**(Ret.) Chief Justice  
Artemio V. Panganiban, 83**

Independent Director (since May 27, 2008)

Mr. Panganiban is a retired Chief Justice of the Supreme Court of the Philippines. He was concurrently Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy. He is currently an Independent Director of Petron Corporation\*, First Philippine Holdings Corporation\*, PLDT, Inc.\*; Metro Pacific Investments Corporation\*, Robinsons Land Corporation\*, GMA Network, Inc.\*, GMA Holdings, Inc.\*, Asian Terminals, Inc.\*, Metro Pacific Tollways Corporation, Asian Hospital, Inc. and Team Energy Corporation. He is also a Non-executive director of Jollibee Foods Corporation\*, Senior Adviser of Metropolitan Bank and Trust Company\*, Member of the Advisory Council of the Bank of the Philippine Islands\* and Adviser of Double Dragon Properties Corporation\*. He is likewise a columnist for the Philippine Daily Inquirer and Chairman, President, Trustee or Adviser of several foundations, including the Foundation for Liberty and Prosperity, Manila Metropolitan Cathedral-Basilica Foundation, Metrobank Foundation, Tan Yan Kee Foundation as well as Chairman of the Asean Law Association (Philippine Chapter), Chairman Emeritus of the Philippine Dispute Resolution Center, Inc., and member of the Permanent Court of Arbitration in The Hague, Netherlands. Chief Justice Panganiban holds a Bachelor of Laws degree, *cum laude*, from the Far Eastern University and was awarded the degree of Doctor of Laws (Honoris Causa) by the University of Iloilo, Far



Eastern University, University of Cebu, Angeles University and Bulacan State University. He placed sixth in the Philippine Bar Examinations in 1960.

**Oscar S. Reyes, 73**

Director (July 1, 2010 to May 28, 2019)

President and CEO (May 29, 2012 to May 28, 2019)

Mr. Reyes is a member of the Advisory Board of PLDT, Inc. and Basic Energy Corporation, and the Advisory Council of the Bank of the Philippine Islands. He is the Chairman of Pepsi Cola Products Phils. Inc. He is a member of the Board of Directors of Manila Water Company, Inc., PXP Energy Corporation, Cosco Capital Inc., D.M. Wenceslao and Associates, Inc., PLDT Communications and Energy Ventures, Inc., Sun Life Financial Phils., Inc., Sun Life Prosperity Funds, Philippine Dealing System Holdings Corp., Philippine Dealing and Exchange Corp., Philippine Depository and Trust Corp., Philippine Securities Settlement Corp., Team Energy Corporation, among other firms. He is a member of the Board of Trustees of Pilipinas Shell Foundation, Inc. and El Nido Foundation, Inc. He served as Country Chairman of the Shell Companies in the Philippines and concurrently President of Pilipinas Shell Petroleum Corporation and Managing Director of Shell Philippines Exploration B.V. He completed his Bachelor of Arts degree in Economics at the Ateneo de Manila University in 1965 and did post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University, and the Harvard Business School.

\*Publicly Listed Companies



### **Pedro E. Roxas, 63**

Independent Director (since May 25, 2010)

Mr. Roxas is the Chairman of Roxas Holdings Inc.\* and of Roxas and Company, Inc.\* He is concurrently a director and the President of Fundacion Santiago, director of Brightnote Assets Corporation, and Chairman of Club Punta Fuego Inc., and an independent director for BDO Private Bank, Cemex Holdings Phil. Inc.\*, PLDT, Inc.\*, and Mapfre Insular Insurance Corporation. Mr. Roxas holds a Bachelor of Science degree in Business Administration from the University of Notre Dame in Indiana, USA.

### **Victorico P. Vargas, 68**

Director (since May 28, 2019)

Mr. Vargas is currently an associate director of the First Pacific Company, Hong Kong, and heads the Business Transformation Office of the PLDT Group. Prior to this, he was the President and Chief Executive Officer of Maynilad Water Services, Inc. He is a director of Smart Communications, Inc., PLDT Subic Telecom, Inc., and PLDT Clark Telecom, Inc., President and member of the Board of Trustees of the First Pacific Leadership



Academy, trustee of the MVP Sports Foundation, PLDT-Smart Foundation, Inc., and Ideaspace Foundation; and President of the PhilPop Music Fest Foundation. Mr. Vargas is the immediate past President of the Philippine Olympic Committee and is currently a member of the Board of Directors of the said organization. Mr. Vargas is currently the President of the Association of Boxing Alliances in the Philippines and was elected member to the Executive Committee of the Asian Boxing Confederation in 2015. He is Chairman of the Philippine Basketball Association for seasons 2017-present. He is also a former Vice Chairman of the Samahang Basketbol ng Pilipinas. Mr. Vargas was educated at Ateneo de Manila and University of Santo Tomas, Bachelor of Science degree in Psychology. He was awarded diplomate by the People Management Association of the Philippines (PMAP). Mr. Vargas carries with him over 40 years of seasoned experience and excellent track record in human resources, organization development and business transformation, all earned from distinguished corporate leaders in the business community such as Pepsi Cola Bottling, Colgate Palmolive Phil., Citibank, NA (both in Manila and in Southeast Asia).

# Corporate Officers



## Ronnie L. Apercho, 51

Senior Vice President  
Head, Networks

Mr. Apercho also serves as the President and CEO of Meralco Industrial Engineering Services Corporation, and the Chairman of the Board of Directors of its two (2) subsidiaries, namely, Miescor Logistics Inc. and Miescor Builders Inc. He is also a member of the Board of Directors of Aclara Meters Philippines, Inc., MRail Inc., Clark Electric Distribution Corporation, MGen Renewable Energy, Inc., Radius, MSpectrum, Inc. and Meralco Energy Inc. He sits in the Board of Trustees of the Meralco Power Academy and One Meralco Foundation. He holds a Bachelor of Science degree in Electrical Engineering from Mindanao State University and topped the 1991 Electrical Engineering Board Exams. A registered Professional Electrical Engineer (PEE) and ASEAN Chartered Professional Engineer (ACPE), he holds a Masters Degree in Business Administration from J.L. Kellogg School of Management of Northwestern University/The Hong Kong University of Science and Technology.

## Roque D. Bacani, 44

Vice President  
Head, Information, Communication, Technology  
& Transformation (since June 1, 2019)

Mr. Bacani is concurrently the acting Chief Information Officer of CIS Bayad Center Inc. He has over 20 years of experience in the field of information technology and telecommunications, gaining extensive knowledge in enterprise data management and has successfully led the delivery of organization-wide data strategy, data analytics platform and operating models. He held key leadership positions in different technology disciplines from strategy

formulation, digital transformation, cloud migration, large-scale project management, multi-vendor systems integration, end-to-end software development, enterprise service delivery and technology operations. Prior to joining Meralco, he held concurrent roles as Vice President and Head of Group IT Corporate Technology and Head of Data Management Office of Smart Communications Inc. and PLDT Inc. He was also a former Chief Technology Officer of Talas Data Intelligence Inc., a PLDT Group Big Data startup company and wholly owned subsidiary. He holds a Bachelor of Science degree in Industrial Engineering from Polytechnic University of the Philippines.

## Edgardo V. Carasig, 54

First Vice President  
Head, Human Resources and Corporate Services

Mr. Carasig is currently the Chairman of the Board of Customer Frontline Solutions. He is also a member of the Board of Directors of Meralco Industrial Engineering Services Corporation, Miescor Logistics Inc., Miescor Builders Inc., MRAIL and CIS Bayad Center. Mr. Carasig is an accomplished Human Resource Executive, who has expertise in the development of HR strategies aligned with strategic business goals. He has experienced working with senior management teams in developing HR strategic business plans and serving as proactive business partner with multi-disciplined executives. His executive level HR background includes Implementation of Business Restructuring Program, Labor & Employee Relations, Performance Management, Organizational Development, Compensation & Benefits Planning and Shared Services Systems Organizational Set-up and Management. He holds a Bachelor of Science degree in Industrial Management Engineering, minor in Mechanical Engineering from the De La Salle University. He took the Certificate Course in



Career Development and Management from the Ateneo de Manila University and attended the Program for International and Strategic Management from the Ateneo Graduate School.

### **Ferdinand O. Geluz, 55**

First Vice President

Head, Supply Chain & Logistics Management

Mr. Geluz was a former Director of Meralco Energy, Inc. He held various positions in Networks and Customer Retail Services of Meralco prior to his current post. He holds a Bachelor of Science degree in Electrical Engineering from the University of the Philippines. He is a registered electrical engineer.

### **Victor S. Genuino, 48**

First Vice President

Head, Customer Retail Services and Corporate Communications (since July 1, 2019)\*

Mr. Genuino is the President, CEO and Member of the Board of Directors of Meralco Energy, Inc. and MSpectrum, Inc. He is also a Board Member of Miescor Logistics Inc., Miescor Builders Inc., Customer Frontline Solutions, Inc., Radius Telecoms Inc., Clark Electric Distribution Corporation, Corporate Information Solutions, Inc., CIS Bayad Center, Inc., e-Meralco Ventures, Inc., Paragon Vertical Corporation, Mrail, ESakay, Inc., Pure Meridian Hydropower Corporation, Aurora Managed Power Services, Inc., Comstech Integration Alliance, Inc., Meralco Power Foundation, Inc., Aclara Meters Philippines, Inc., and Asian Eye Institute, Inc. He is also a Board Adviser of the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. Prior to Meralco, he held various operational, sales and marketing roles in the Asia Pacific region for PLDT Global Corp., Siemens, and Philips Electronics. Mr. Genuino holds a Bachelor of Arts



in Interdisciplinary Studies from the Ateneo de Manila University and a Masters in Business Administration from the J.L. Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology.

\* succeeded Mr. Alfredo S. Panlilio, Senior Vice President Head, Customer Retail Services and Corporate Communications, who served until June 30, 2019

### **William S. Pamintuan, 58**

Senior Vice President

Chief Legal Counsel

Assistant Corporate Secretary

Compliance Officer and Head, Legal and Corporate Governance Office

Data Protection Officer

Atty. Pamintuan is the Corporate Secretary of MERALCO PowerGen Corporation, Atimonan One Energy, Inc., Calamba Aero Power Corporation, Kalilayan Power, Inc., MPG Mauban LP Corporation, MPG Asia Ltd., Redondo Peninsula Energy, Inc., St. Raphael Power Generation Corporation, First Pacific Leadership Academy, Inc., MRAIL, Inc., Meralco Industrial Engineering Services Corporation, MGen Renewable Energy, Inc., and Nortesol III, Inc. He also serves as Director of Atimonan Land Ventures Development Corporation, MPG Holdings Phils., Inc., Radius Telecoms, Inc., MSpectrum, Inc., Pure Meridian Hydropower Corporation, Comstech Integration Alliance, Inc., Meridian Atlantic Light Company Ltd., PMHC Pulanai Inc., PMHC Lalawinan Inc., Aurora Managed Power Services, Inc., eSakay, Inc., M Pioneer Insurance, Inc., Aclara Meters Philippines, Lighthouse Overseas Insurance Limited, E-Meralco Ventures, Inc., Paragon Vertical Corporation, and Meralco Energy, Inc. He is a trustee of Meralco Pension Fund and Meralco Power Foundation, Inc. He is a former Trustee of Shareholders' Association of the Philippines, Inc. He is a Vice Chair of MAP Energy Committee. He served as Officer-in-Charge and



Acting President of Meralco Energy, Inc. He was a former Corporate Secretary and Senior Vice President of Digital Telecommunications Phils., Inc. and Digitel Mobile Phils., Inc., and General Manager of Digitel Crossing, Inc. He is the incumbent Assistant Corporate Secretary of Cebu Pacific, Inc. He is also a member of the board of directors of the University of the Philippines Alumni Association (UPAA) and Board Governor of the UP Vanguard, Inc. He is a member of the Management Association of the Philippines (MAP), Integrated Bar of the Philippines (IBP) and Philippine Bar Association (PBA). Atty. Pamintuan holds a Bachelor of Arts degree in Political Science and a Bachelor of Laws degree from the University of the Philippines.

### **Raymond B. Ravelo, 42**

Vice President  
Chief Sustainability Officer

Mr. Ravelo is concurrently the President and CEO of eSakay, Inc. He is also a Director on the Boards of eSakay, Inc., MSpectrum, Inc., MGen Renewable Energy, Inc., and Powersource First Bulacan Solar, Inc. He previously served as Meralco's Head of Strategy and Business Development from 2011 to 2019 as well as President and CEO and a member of the Board of Directors of Radius Telecoms, Inc. from 2011 to 2016. Prior to joining Meralco, he was part of McKinsey & Company's Washington DC office where he led strategy development efforts and operations performance transformations for top companies in North America, Latin America, Europe, Southeast Asia, and across a wide range of industries. Mr. Ravelo holds a Bachelor of Science degree, *magna cum laude*, in Management Engineering from the Ateneo de Manila University. He earned his Masters in Business Administration at The Wharton School of the University of Pennsylvania where he was a Joseph Wharton Fellow and an Omnicom Communication Fellow. Mr. Ravelo is also a former Trustee of the Wharton-Penn Alumni Association, Inc.

### **Jose Ronald V. Valles, 49**

First Vice President and Head, Regulatory Management Office

Atty. Valles is a Director of Clark Electric Distribution Corporation. He holds a Bachelor of Science in Commerce Major in Management of Financial Institutions degree from the De La Salle University, a Bachelor of Laws degree from San Beda College, and a Master's degree in Business Economics from University of Asia and the Pacific ("UA&P"). He attended the Public Utility Research Center – World Bank International Training Program on Utility Regulation and Strategy at the University of Florida and the Global Strategic Leadership Program by Wharton University of Pennsylvania and First Pacific Leadership Academy. He is currently teaching Energy Law at the UA&P – School of Law and Governance, Institute of Law.

### **Rogelio L. Singson, 71**

Senior Vice President

Mr. Singson is the President and Chief Executive Officer of MERALCO PowerGen Corporation (MGen). He is also the President of Atimonan One Energy, Inc., Atimonan Land Ventures Development Corporation, MPG Mauban LP Corporation and MGEN Renewable Energy, Inc. He is the Chairman of Kalilayan Power, Inc., PowerSource First Bulacan Solar, Inc., and Nortesol III, Inc. He serves as Director of Calamba Aero Power Corporation, MPG Holdings Phils., Inc., Redondo Peninsula Energy, Inc., Shin Clark Power Holdings, Inc., and St. Raphael Power Generation Corporation. Prior to joining MGen, Mr. Singson served as the President and Chief Executive Officer of Light Rail Manila Corporation. Mr. Singson completed a full six (6)-year term (July 2010 to June 2016) as Secretary of the Department of Public Works and Highways (DPWH) where he led the Good Governance and Anti-Corruption Program, and the implementation of major infrastructure projects



nationwide. Before he was appointed DPWH Secretary in 2010, Mr. Singson was President and Chief Executive Officer of Maynilad Water Services for three (3) years and led the successful turnaround of one of the two major water concessionaires in Metro Manila. Among his previous positions in the private and public sectors were as Senior Vice President for Project Development of Citadel Holdings, Inc., and as Chairman and President of Bases Conversion and Development Authority from 1998 to 2002. In June 2016, Mr. Singson was conferred the Order of Lakandula with the rank of Grand Cross (Bayani). During his stint in government, he received other significant awards and recognitions, including the Outstanding Exemplar in Government Service Award from Bulong Pulungan; Lifetime Distinguished Achievement Award from the UP Alumni Association; and the Outstanding Manilan Award for Public Service. He was also one of the recipients of the Outstanding Filipino Awards for Government/Public Service and was named the Most Distinguished Alumnus by the UP Alumni Engineers in November 2011. He holds a Bachelor of Science degree in Industrial Engineering from the University of the Philippines, Diliman. Mr. Singson is a covenanted member of Ang Ligaya ng Panginoon Community.

### **Betty C. Siy-Yap, 58**

Senior Vice President  
Chief Finance Officer  
Chief Risk Officer

Ms. Siy-Yap is a Director of Clark Electric Distribution Corporation, CIS Bayad Center, Inc., Meralco Industrial Engineering Services Corporation, Aclara Meters Philippines, Inc., Radius Telecoms, Inc., MPioneer Insurance Inc., Indra Philippines, Inc., Atimonan One Energy Inc., MERALCO PowerGen Corporation, among others. She is a Trustee of the Meralco Pension Fund, One Meralco Foundation, Inc., and Treasurer of First Pacific Leadership Academy, Inc.



and MVP Sports Foundation, Inc. She is also the President of Lighthouse Overseas Insurance Limited. She was recently appointed as a member of the Board of Trustees of Immaculate Conception Academy. She was a member of the Market Governance Board of the Philippine Dealing Exchange Corp., Vice Chairman and member of the Board of Accountancy of the Professional Regulation Commission. She was a Partner of SyCip Gorres Velayo & Co. (a Member Firm of Ernst & Young Global) from 1995 to 2009. Ms. Siy-Yap holds a Bachelor of Science in Business Administration and Accountancy degree from the University of the Philippines and a Master's in Business Administration from J.L. Kellogg School of Management at Northwestern University/The Hong Kong University of Science and Technology.

### **Simeon Ken R. Ferrer, 62**

Corporate Secretary

Atty. Ferrer is the Corporate Secretary of Century Peak Metals Holdings Corporation and Commonwealth Foods, Inc., both public companies. He is a Senior Partner at SyCip Salazar Hernandez & Gatmaitan, where he heads the Corporate Services Department. SyCipLaw is ranked as a top tier firm by Chambers Global, Chambers Asia Pacific, Asia-Pacific Legal 500, Asialaw Profiles, and IFLR1000. He is a member of the Integrated Bar of the Philippines and the Philippine Bar Association. A Fellow of the Institute of Corporate Directors, Atty. Ferrer is a SEC-accredited lecturer on corporate governance. He is also the International Alumni Contact for the Philippines of the University of Michigan Alumni Association. Atty. Ferrer completed his Bachelor of Science degree in Business Economics and Bachelor of Laws degree at the University of the Philippines and obtained his Master of Laws degree from the University of Michigan as a DeWitt Fellow.