MERALCO

Live Life

2020 SUSTAINABILITY REPORT

Our Cover

As the sun beams and provides life-giving energy to blue waters, green fields, and a thriving community, a father guides his son up a hill, helping him learn a new life skill—riding a bicycle. One Meralco aims to power and nurture such a good world, where the planet is cared for, where prosperity touches all, where people can be their best selves and are truly able to Live Life.

Our Reports

The Manila Electric Company (Meralco) is providing three (3) annual reports—the first, *Power On*, covers the Distribution Utility and its Subsidiaries; the second, *Live Life*, is its Sustainability Report; and the third, *Give Hope*, is that of its social responsibility arm, One Meralco Foundation (OMF).

Power On

Power On shows Meralco's commitment to service excellence – bringing light and uninterrupted power to homes, businesses and COVID-19 vital facilities while streamlining its operations and executing a digital transformation to elevate customer experience as the Company navigates towards the new normal.

Live Life

Live Life captures One Meralco's pledge to embed sustainability at the core of its business, presenting the Group's earnest efforts across Power, Planet, People and Prosperity, in support of its Powering the Good Life sustainability agenda.

Give Hope

Give Hope presents One Meralco Foundation's initiatives that ignited hope to communities it served – responding to the COVID-19 pandemic with urgency and focusing on its social development programs: household and school electrification, energy education, environmental sustainability, and responsible citizenship.

About the Theme

Live Life embodies One Meralco's continued and heightened commitment to bring better lives to all. During the darkest and most uncertain periods of a year marked by a global health crisis, Meralco kept the lights on for millions of Filipino households and businesses—providing affordable and reliable energy, especially to those who needed it the most. This report also captures Meralco's earnest and life-giving response to help overcome the adverse impacts of the environmental crisis on the Company, its customers, its communities, and the country.

Live Life builds on the momentum from the Group's highly successful maiden report, *Sustaining the Future*. It also articulates the Company's progress and latest initiatives across Power, Planet, People, and Prosperity—the four pillars of its sustainability agenda, aptly called Powering the Good Life. Finally, this report charts the Group's sustainability aspirations, pathways, and strategies through 2030 and beyond.

About the Report

This second sustainability report underscores One Meralco's continued and enhanced drive towards sustainable development. The report contains the economic, environmental, social, and governance (EESG) issues most significant to the Group's businesses and stakeholders.

In 2020, the Group adopted a rigorous data gathering approach and verification system to better highlight how sustainability is applied and embedded throughout its different activities, and how sustainability principles help inform the management of the Group's enterprise risks and opportunities.

This report is best read in conjunction with the 2020 Meralco Annual Report, which gives insights into the Group's financial and operational accomplishments, as well as the 2020 One Meralco Foundation Annual Report, which sheds light on the Foundation's performance and initiatives.

Scope and Coverage

102-46, 102-49, 102-50, 102-52

The 2020 Meralco Sustainability Report covers its consolidated EESG performance from January 1, 2020 to December 31, 2020, unless otherwise stated. The report also includes available sustainability data of One Meralco from 2018 and 2019 for comparability. The reporting process analyzed the Group's value chain, sustainability framework, corporate governance structure, and strategies. Furthermore, all greenhouse gas (GHG) emissions data in this report were accounted for and disclosed using the equity share approach.[1] Several initiatives from One Meralco Foundation are also described in this report.

Reporting Standards

102-54

Global Reporting Initiative (GRI) Standards

This report has been prepared in accordance with the GRI Standards: Core option. The GRI Standards are one of the most widely used sustainability reporting frameworks, helping organizations throughout the world disclose their impacts in a consistent and credible manner, and in a way that meets the needs of multiple stakeholders. The 2020 Meralco Sustainability Report continues to utilize and update its sustainability performance through these standards, building on disclosures covered in the 2019 report.

Sustainability Accounting Standards Board (SASB) Standards

This report also integrates SASB principles into its core communications. The SASB Standards provide a complete set of globally applicable and sector-specific disclosures, which define the minimal set of financially material sustainability topics and their associated metrics for each industry, including the Electric Utilities and Power Generators Standard that applies to One Meralco. Going forward, these standards will continue to be an integral part of the Group's sustainability reporting.

Task Force for Climate-related Financial Disclosures (TCFD) Recommendations

The 2020 Meralco Sustainability Report is likewise aligned with the TCFD framework. In this report, One Meralco discusses its governance structures and business strategies, environmental performance disclosures, and the establishment of future metrics and targets.

Reporting Principles

AccountAbility AA1000 Principles

This report has been prepared in line with AccountAbility AA1000 Principles. Acknowledging its impact in advancing large-scale, integrated, and focused ESG change amongst global private enterprises, governments, and other organizations, AccountAbility is recognized as a Framework Developer in the World Economic Forum's Environmental, Social, and Governance (ESG) Ecosystem Map.

The 2020 Meralco Sustainability Report utilizes the reporting principles by GRI and AccountAbility by:

1. **Materiality** – Identifying the material topics that impact the business and disclosing performance on these topics within the reporting period;
2. **Inclusivity** – Understanding the expectations and key concerns of stakeholders through various stakeholder engagement channels;
3. **Responsiveness** – Ensuring the completeness, accuracy, and timeliness of the information presented in the report; and
4. **Impact** – Being accountable for the Group's impact throughout its operations and value chain and mapping its impact with the United Nations' Sustainable Development Goals.

[1]The equity share approach is a method of accounting for and reporting GHG emissions based on the Company's percentage ownership of a subsidiary.

External Assurance

102-56

One Meralco secured the external assurance services of DNV to certify the data presented in this report. DNV is an independent organization and global provider of certification and assurance assessment services. The validation process consisted of key interviews with executives and pertinent data handlers across One Meralco as well as of the verification of ESG data provided in this report.

Contact information

102-3, 102-4, 102-53

Your comments and insights are important. Feedback on this report and matters pertaining to the sustainability performance and initiatives of One Meralco may be addressed to:

Meralco Sustainability Office
Lopez Building, Meralco Center
Ortigas Avenue, Barangay Ugong
Pasig City 1605, Philippines
Telephone: +632 1622 3552
Email: group.sustainability.office@meralco.com.ph

MERALCO

2020 SUSTAINABILITY REPORT

Contents

02 About the Report
04 Message from the Chairman and President & CEO: Powering Through Crisis
10 One Meralco: Creating Enduring Value Through Energy and Beyond
16 Synergizing with Stakeholders Towards Sustainability
24 Embarking on Sustainable Pathways
40 Powering the Good Life
42 Power: Providing Energy for All, Always
64 Planet: Protecting and Preserving Mother Earth
82 People: Nurturing Sustainability from Within
102 Prosperity: Creating Better Lives for All
128 Securing and Sustaining Digital Infrastructure
134 Keeping Above Board
140 Lighting the Path to a Brighter Normal

MESSAGE FROM THE CHAIRMAN AND PRESIDENT & CEO

102-14

Powering Through Crisis

The new decade opened with a year like no other.

2020 was ushered in by the eruption of Taal Volcano, foreshadowing unexpected challenges to come. Very shortly after, on January 21st, the Philippines' first COVID-19 case was reported, and the global health crisis was upon us.

Our government, like others around the world, swiftly responded by imposing nationwide lockdowns that restricted movement to curb virus transmission but also impaired supply chains and forced many businesses to close. The economy dove to its worst recession since World War II, resulting in three million more Filipinos thrust into poverty and about 4.5 million suffering from job loss or underemployment.[2][3][4]

COVID-19 brought our health system to its knees, overloading hospitals and pushing our health workers to their limits. By the end of 2020, close to half a million Filipinos had contracted the virus, and nearly 10 thousand had succumbed to it.

But even the pandemic could neither hamper our resilience nor dampen our Filipino spirit. Workers who lost their jobs became new entrepreneurs, applying their talents and skills in their own micro-businesses. Workers-from-home quickly increased their digital acumen to adapt to the virtual working environment while managing the day-to-day demands of home life. Corporations, non-profit organizations, and volunteers joined hands to help those most adversely affected—frontliners, daily wage earners, farmers.

In a year when we saw the gravest threat to human life in recent memory, life still prevailed and was sustained.

Indeed, 2020 provided us in Meralco an extraordinary opportunity to contribute to sustaining the lives of all we serve. It gave us a chance to live out our sustainability commitment of Powering the Good Life.

This 2020 Meralco Sustainability Report, aptly entitled *Live Life*, details our efforts and initiatives which not only helped us navigate through the perils of the pandemic but, more importantly, allowed us to improve the lives of our co-workers, our customers, and our communities. Apart from describing our strides to achieve sustainable development today, this report also articulates our aspirations and plans through 2030 and beyond, as we chart our pathways to contributing to the Philippines' and global sustainability goals.

[2]Venzon, C. (2021, January 28). *Philippines GDP shrinks 9.5% in 2020, worst since 1947.* Nikkei Asia. https://asia.nikkei.com/Economy/Philippines-GDP-shrinks-9.5-in-2020-worst-since-1947.
[3]Ordinario, C. (2020, December 8). *Job losses to push 3-million Filipinos into poverty.* BusinessMirror. https://businessmirror.com.ph/2020/12/09/job-losses-to-push-3-million-filipinos-into-poverty/.
[4]Hermesauto. (2020, December 4). *Philippines suffers worst job losses in 15 years due to Covid-19 and lockdown.* The Straits Times. https://www.straitstimes.com/asia/se-asia/philippines-suffers-worst-job-losses-in-15-years-due-to-covid-19-and-lockdown.

Taking Action for the Global Goals

The United Nations' Sustainable Development Goals (UN SDGs) continue to be the beacon that guides our every action towards sustainable growth.

As the country's leading electric distribution utility, Meralco is primed to contribute to **SDG 7: Affordable and Clean Energy**. By providing universal access to fairly priced, reliable, and green energy, we strive to facilitate economic growth and foster nation-building.

Beyond SDG 7, however, the Company also promotes and supports other Global Goals through our various businesses and initiatives:

Identifying where and how our work touches the SDGs has been instrumental for us in defining and prioritizing the areas where we can make a transformational difference in the lives of those we serve.

Powering The Good Life

One Meralco's sustainability agenda is marked by a distinctive focus on four pillars: Power, Planet, People, and Prosperity. While 2020 brought unprecedented challenges, it also offered us exceptional opportunities to energize and enlarge our efforts in each of these areas.

Power

Power is critical and indispensable in a pandemic. In an environment where each second could translate to lives saved or lost, the continuous and reliable supply of electricity powering ventilators, medical equipment, and healthcare facilities was simply non-negotiable. Furthermore, energy to enable work-from-home setups, distance learning, and online businesses could not be compromised.

More than ever, power was crucial to supporting the economy, maintaining society, and saving lives.

In 2020, Meralco ably responded to the growing needs of our customers, successfully and safely sustaining over seven million connections across our franchise area.

We also worked hard to keep the lights on for those in the thick of the battle against COVID-19, energizing more than 90 vital institutions, including government agencies, medical facilities, and temporary treatment centers, such as those at the Ninoy Aquino Stadium and the Philippine Arena.

Notwithstanding the challenges, we continued the march towards our goal of providing energy for all, always. Through our Meralco Electrification Program, we brought power to 99.94 percent of households in our service area, with a special focus on lighting up remote communities. We are thus expanding our 60-kW microgrid system in Cagbalete Island, Quezon by building 1.4 MW of additional solar PV and battery storage capacity, enough to power the entire island. This second phase of the project will benefit over 600 households and 11 resorts once it goes online in 2021.

Furthermore, 2020 saw us accelerate our transition to cleaner energy with our thrust to source 1,500 MW of our power requirements from renewable energy sources. In addition, through our subsidiary MGen Renewable Energy, Inc. (MGreen), we commit to building up to 1,500 MW of clean energy capacity over the next five to seven years. In fact, MGreen's maiden project, a 50-MW solar farm in San Miguel, Bulacan, will be commissioned in the second quarter of this year.

Planet

Now more than ever, we are reminded that the quality of our lives depends on a healthy planet.

We, in Meralco, pledge to protect and preserve our one and only home, Mother Earth.

In 2020, we established greenhouse gas emissions as among our top performance indicators as a company and across various levels of our organization. These metrics are closely monitored and managed by our Management Team and soon, by our recently established Sustainability Committee at the Board level, with a view towards reducing the Group's emissions and minimizing our overall emissions intensity. To these ends, we launched key programs focused on reducing our carbon footprint and waste—today and for years to come.

Through our Green Mobility Program, which aims to electrify our vehicle fleet, we deployed 59 electric motorcycles used by our Business Center field representatives for activities such as surveys and inspections for customer service applications.

Going forward, we will roll out close to 70 electric cars, vans, utility vehicles, and additional motorcycles to replace their internal combustion engine counterparts across our offices.

Likewise, we made significant strides in reducing our own electricity consumption through our Resource Conservation and Efficiency Program. We replaced our lighting fixtures with LED alternatives, upgraded our HVAC systems, and refreshed multiple IT devices in support of our drive to become more energy efficient. Looking ahead, we will expand the rooftop solar installations in our facilities and convert the top floor of the Meralco Headquarters into a solar-powered collaboration area.

In addition, we stepped up our waste management efforts through our Race to Zero Waste (RZW) Program, more than tripling the amount of our waste diverted away from landfills to 55 percent from a baseline of 17 percent in 2019. Another integral part of RZW is #HealthWithoutHarm—an initiative we rolled out to facilitate the safe and responsible management of COVID-19 waste in our workplace.

2020 also saw us expand the use of plant-based ester oil for our pad-mounted and pole-mounted distribution transformers. Ester oil is a non-toxic substance that not only enables higher performance and reliability but also makes these critical assets 99 percent biodegradable and recyclable. Going forward, we will ensure that 100 percent of our new transformers will be powered by this earth-friendly oil.

People

Operating effectively and efficiently during a global health emergency was a top priority for the Company.

The grit and *malasakit* of our people—especially our linemen, field personnel, and customer care representatives who went to work daily despite the risks—were instrumental in delivering and sustaining power for our customers.

To ensure their utmost safety and well-being, we provided our frontliners personal protective equipment and implemented policies to minimize personal contact. For our office-based staff, we encouraged remote work arrangements to lessen their own exposure, and by extension, that of their families.

Moreover, we launched CODE Light Bot, an online tool that enables employees to report their daily work and health status, strengthening our effort to prevent the incidence of COVID-19 within our ranks.

The Company further ensured our people's overall wellness through our Orange Fit program. By offering access to in-house counsellors and medical experts as well as to virtual exercise sessions, we helped nurture our employees' physical, mental, spiritual, and emotional well-being.

2020 was also the year Meralco reinforced its promise to build a more gender-diverse and inclusive workplace. In March, the Company became a pioneer signatory of the United Nations' Women's Empowerment Principles, the first in the Philippine energy sector to do so and the largest among 30 signatories at the national level.

Prosperity

Finally, we remained committed to creating better lives for all our stakeholders, ensuring that no one was left behind.

To help ease the economic hardships that many of our countrymen faced, we invoked force majeure provisions of our Power Supply Agreements (PSAs) to reduce fixed costs, thereby providing generation charge savings of PhP2.4 billion to our customers. We also structured installment plans for the payment of Enhanced Community Quarantine (ECQ) and Modified ECQ (MECQ) bills while suspending service disconnection for non-payment of bills for all our customers until end-2020. In addition, we waived almost PhP3.2 billion in Guaranteed Minimum Billing Demand (GMBD) for nearly 95 thousand business customers. Ninety-seven percent of these were small and medium enterprises—among the most hardly hit by the pandemic—who were able to save a total of PhP1.9 billion.

Furthermore, with the limitations placed on our ability to interact with customers, we leveraged technology to enhance our customer care initiatives. We augmented our digital channels with the rollout of the Virtual Customer Assistant and an Online Customer Appointment system. Through Meralco Online, our consumers were given 24/7 access to their accounts, enabling them to file service applications, view and pay their bills, and report outages and concerns anytime, anywhere.

Beyond sustaining and empowering our customers, we responded with urgency to aid the most vulnerable in society—our country's frontliners. Apart from providing PPE and food packages to more than six thousand health workers, we converted one of our buildings into a temporary accommodation facility for frontliners of The Medical City, providing them with sleeping quarters, shower facilities, meals, internet access, and even exercise equipment. In addition, our electric vehicle subsidiary eSakay deployed electric jeeps to ferry health workers and essential personnel to and from medical facilities at no cost, benefitting over 76 thousand frontliners.

Moreover, through our A Day to Give and Share a Leave programs, the Meralco family banded together to raise PhP27.9 million that went to cash donations for more than six thousand employees of Meralco's service providers as well as to food packages and grocery gift certificates for marginalized communities.

Powering a Better Normal

Indeed, 2020 has reinforced that sustainability is the only sensible path forward.

As we forge ahead, we have started to define our long-term sustainability aspirations in two horizons.

Beginning today through 2030, we commit to serving the country's growing energy demand with greener power to propel the Philippines' rise to becoming a top emerging economy. Looking towards 2050, we aspire to transition to Net Zero as we position Meralco as a sustainability leader in the energy sector. And we aim to achieve all these while promoting the well-being of our communities, with electricity as an enabler to power the good life.

Indeed, the myriad challenges of 2020 allowed us to turn our sustainability agenda into earnest action. And, in many respects, we are only just getting started.

With sustainability at the core of One Meralco and clearly embedded in our strategy and operations, we now look forward and begin to evolve—to bring forth a better normal and a brighter tomorrow for all.

MANUEL V. PANGILINAN
Chairman of the Board

RAY C. ESPINOSA
President and Chief Executive Officer

Creating Enduring Value Through Energy and Beyond

102-2, 102-4, 102-6, 102-7

As it evolves towards becoming a more sustainable enterprise, One Meralco continues to grow and enhance its business portfolio while strengthening its sustainability agenda and initiatives across the Distribution Utility, its business units, and subsidiary companies. The Group has pioneered and integrated sustainable strategies and solutions into the wide range of services it offers—including energy, electric transport, telecommunications, digital payment services, engineering, logistics, and manpower services—all to help create better and more prosperous lives for millions of Filipinos, today and for generations to come.

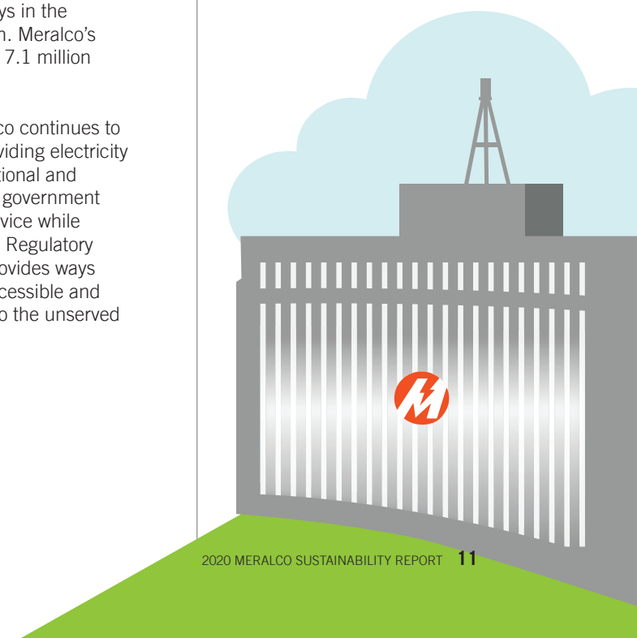
Energy Value Chain

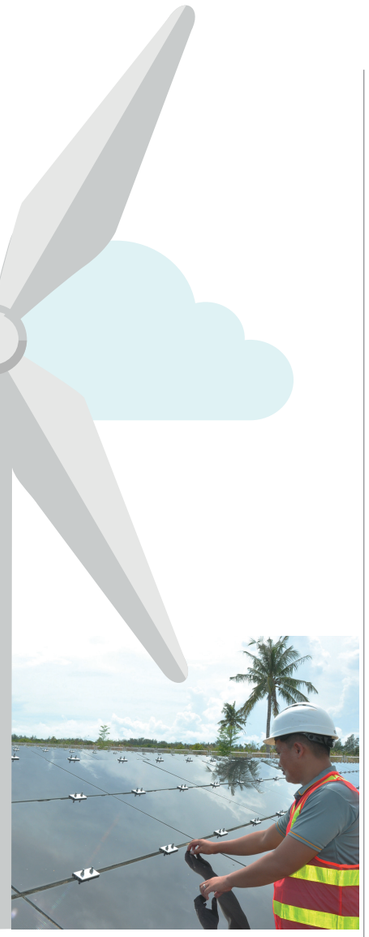
Manila Electric Company (Meralco)

102-1

Meralco is the largest electric distribution utility in the Philippines, servicing the entire areas of Metro Manila, Bulacan, Cavite, and Rizal as well as numerous cities, municipalities, and barangays in the provinces of Batangas, Laguna, Pampanga, and Quezon. Meralco's coverage spans 9,685 square kilometers, reaching over 7.1 million residential, commercial, and industrial customers.

As the country's largest private power distributor, Meralco continues to contribute to the Philippines' sustainable growth by providing electricity to government offices, central business districts, educational and health institutions, and industrial parks. It partners with government agencies and industry players to deliver high-quality service while ensuring compliance with rates approved by the Energy Regulatory Commission (ERC). As energy drives economies and provides ways to alleviate poverty, Meralco pursues the provision of accessible and reliable power at a fair and reasonable cost, especially to the unserved and underserved communities who need it most.





Meralco PowerGen Corporation (MGen)

MGen seeks to address the Philippines' growing energy demand by building its diverse power generation portfolio of up to 3,000 MW to provide the country with sufficient, reliable, and cost-competitive energy supply. Notable power generation assets in its portfolio include the San Buenaventura Power Ltd. Co. (SBPL) power plant, which pioneered the use of high-efficiency, low-emissions (HELE) coal technology as well as investments in clean energy through its subsidiary MGreen.

MGen Renewable Energy, Inc. (MGreen)

MGreen is a wholly owned subsidiary of MGen, established to serve as Meralco's platform for investments in the utility-scale renewable energy space. MGreen aims to develop and operate clean and green power plants across multiple technologies, including solar, wind, and hydropower.

MPower

MPower serves as Meralco's Local Retail Electricity Supply (LRES) unit, operating exclusively within the Meralco franchise area. Providing energy and value-added services to eligible contestable customers with demands of at least 500 kW, this business unit of Meralco continues to build strong business alliances with top corporations across the commercial and industrial customer segments. Lauded for its best-in-class service and reliable and stable power supply, MPower has established lasting partnerships with its customers, enjoying a market share in MW demand of nearly 28 percent of the country's total Competitive Retail Electricity Market (CREM) and a contract renewal rate of almost 90 percent. MPower also manages a diversified supply portfolio and caters to its clients' growing renewable energy requirements by contracting solar and hydro energy sources to complement its traditional sources of power supply.

Vantage Energy Solutions and Management, Inc. (Vantage Energy)

Vantage Energy is Meralco's first affiliate Retail Electricity Supplier (RES) which operates in Luzon and Visayas. Vantage Energy began commercial operations in February 2017, supplying the energy requirements of contestable markets across the country where Retail Competition and Open Access (RCOA) is in effect. In its first three years of operations, its retail portfolio grew significantly, ably serving the energy needs of over 50 customers. Adhering to its mission to provide stable, reliable, and quality electricity service, Vantage Energy is recognized as an emerging RES of choice in the CREM nationwide.

MSpectrum, Inc. (Spectrum)

Established in 2016 as part of Meralco's thrust to promote renewable energy solutions, Spectrum commits to economic, social, and environmental sustainability by providing earth-friendly, affordable, and safe solar-based energy products and services. Spectrum has taken market leadership in the industry with a total installed capacity of 39 MW across 261 solar projects nationwide. The Company recently launched three new verticals complementing its core commercial and industrial rooftop business: Spectrum Home for residential customers, operations and maintenance services for existing renewable energy installations, and microgrid solutions for off-grid customers. Going forward, Spectrum will also explore other renewable energy sources and technologies, such as wind and battery energy storage systems.

Clark Electric Distribution Corporation (Clark Electric)

Clark Electric is the grantee of a franchise to distribute power in the Clark Special Economic Zone (CSEZ), site of the former U.S. Clark Air Base that was transformed into a premier economic zone comprising the Clark Freeport Zone (CFZ) and contiguous subzones. Clark Electric aspires and strives to transform the CSEZ into a leading powerhouse for industry, aviation, export business, and higher learning as well as into Central Luzon's hub for leisure, entertainment, and gaming.

Comstech Integration Alliance, Inc. (Comstech)

Comstech operates the Pampanga II Electric Cooperative (PELCO II) under an Investment Management Contract (IMC), serving the city of Mabalacat and the municipalities of Guagua, Lubao, Bacolor, Sta. Rita, Sasmuan, and Porac in Pampanga. PELCO II seeks to be the trusted energy partner for local government units in Pampanga to enable and advance the province's development and growth spurred by new commercial and industrial locators within its franchise area. In addition, PELCO II sustains communities by providing electricity to resettlement areas in Sta. Lucia, Pio, Palmayo, Madapdap, Mawaque, Camachile, and Wenceslao, where many of the victims of the 1991 Mount Pinatubo volcanic eruption have rebuilt their lives.

Shin Clark Power Holdings, Inc. (Shin Clark)

Meralco holds a 60 percent stake in Shin Clark, with the remaining shares held by Axia Power Holdings Philippines Corporation (a wholly owned subsidiary of Marubeni Corporation), KPIC Netherlands BV (a wholly owned subsidiary of Kansai Electric Power, Inc.), and Chubu Electric Power Co., Inc. The consortium is responsible for the financing, development, operation, and maintenance of a smart electric distribution system over 9,450 hectares of land in New Clark City (NCC) in Capas, Tarlac, through a Joint Venture Agreement with the Bases Conversion and Development Authority (BCDA). It collaborates with the BCDA to achieve its vision of showcasing NCC to the world as the first smart, sustainable, and disaster-resilient metropolis in the Philippines. In line with its objectives, Shin Clark completed an interim substation with an underground distribution system, energizing the NCC sports complex in time for the 2019 Southeast Asian Games. Shin Clark targets to provide reliable and affordable energy to almost one million customers by 2024.

Meralco Ecozone Power (MEP)

MEP is a business unit of Meralco responsible for the operation, construction, and maintenance of the Philippine Economic Zone Authority (PEZA) Cavite Economic Zone (CEZ) electric distribution system. In compliance with the Department of Energy (DOE), ERC, and PEZA regulations, MEP provides customer-related services for CEZ locators, including service application, meter reading, rate computation, billing, collection, delinquency management, and service irregularity management.

Energy-Related Service

Meralco Energy, Inc. (MServ)

MServ is one of the country's largest electromechanical contractors. It is a one-stop shop for engineering, procurement, and construction (EPC) and urban services as well as for energy efficiency solutions. MServ delivers reliable, value-engineered end-user facilities for critical structures, including substations, powerhouses, and low-voltage facilities. Through the provision of innovative solutions in energy management, building automation, and safety and security as well as the installation of wastewater treatment systems, the Company helps customers not only achieve operational efficiency and savings but also contribute to environmental sustainability. MServ is an AAA Philippine Contractor Accreditation Board (PCAB)-licensed company and a DOE-accredited energy service company.

CIS Bayad Center, Inc. (Bayad)

Providing more than 40 thousand payment touchpoints and powering the bills payment facilities of leading online and mobile applications, Bayad is the Philippines' largest multi-channel payment platform. To promote financial inclusion in the country, Bayad has expanded its bills payment platform to include financial services such as remittance, prepaid loading, airline ticketing, loan payout, and ATM cash withdrawal as well as insurance and medical reimbursements. Bayad's recent foray into the financial technology (fintech) space through Bayad Online and the Bayad App is a testament to its continuous push for innovation, aligned with its underlying mission to elevate the financial experience of Filipinos.

Bayad also provides outsourced tellering and customer services to over 800 client sites nationwide through its subsidiary Customer Frontline Solutions (CFS).

eSakay, Inc. (eSakay)

eSakay brings the future of electric vehicles (EV) into the country, promoting sustainable and eco-friendly mobility through its integrated solutions and services. The Company offers private and public sector customers a broad range of EV options, from electric cars, vans, buses, jeeps, and shuttles to micro-mobility units such as electric motorbikes and kick scooters. eSakay's green mobility solutions also include the supply, operation, and maintenance of EV charging infrastructure complementing its EV deployments.

Moreover, eSakay continues to actively support sustainable transport initiatives, such as the Department of Transportation's (DOTr) Public Utility Vehicle Modernization Program (PUVMP), which seeks not only to promote cleaner transport alternatives to the Philippine commuting public but also to provide stable livelihood for the many Filipinos who operate and maintain public transport routes.

Infrastructure Service

Meralco Industrial Engineering Services Corporation (MIESCOR)

MIESCOR is one of the Philippines' leading providers of electromechanical works, engineering, distribution utility, and technical services. Operating throughout the country and in other parts of the world, it handles complex and logistically challenging projects in the telecommunications, energy, and water utility sectors.

The PCAB placed MIESCOR in the AAAA category, the highest category for general engineering building, foundation work, structural steelwork, electrical work, mechanical work, and communication facilities. The DOE and the Safety and Health Association of the Philippine Energy Sector have also recognized MIESCOR's strong focus on the safety and health of its workers.

MIESCOR has two subsidiaries: MIESCOR Builders, Inc., which offers general engineering, electrical, civil and mechanical services, and MIESCOR Logistics, Inc., which provides logistics services in construction, maintenance management, transport, and manpower.

Radius Telecoms, Inc. (Radius)

Radius operates one of the largest end-to-end fiber optic networks in the country. The Company serves a wide array of enterprises spanning several industries, including banking, manufacturing, telecommunications, business process outsourcing, and retail.

Radius actively and continuously grows its operations beyond Meralco's franchise area through network expansions in Clark, Pampanga in 2019 and in Cebu in 2020, with plans to further expand in Iloilo and Bacolod in 2021. Through its network upgrade, the Company now has a core network capacity of 100 GB, twice that in 2019, increasing its capabilities to support the digital transformation and rising bandwidth requirements of Philippine enterprises. Internationally, Radius has presence in Singapore and Hong Kong.

In 2020, Radius embarked on a major business expansion focused on digital innovation and service offerings beyond its physical network footprint. The Company has also ventured beyond its core business of data, internet, and managed services to provide cloud-related services and Software-Defined Wide Area Network (SD-WAN) solutions. Moreover, Radius will launch a bundled IPTV and broadband internet service in collaboration with Cignal TV in April 2021.

MRail, Inc. (MRail)

MRail is a prime provider of maintenance and asset renewal services to railway ecosystems across the Philippines. Sumitomo Corporation, Light Rail Transit Authority (LRTA), and Light Rail Manila Corporation (LRMC) are among the company's major clients. MRail also rehabilitated and restored three diesel mechanical unit locomotives of the Philippine National Railways in 2015. Having completed the design and construction of maintenance pits as well as the installation of the embedded rail system in the heavy maintenance section inside the LRT Line 1 depot, it is currently rehabilitating the Rectifier Substation of LRT Line 1. With its expertise and experience in rolling stock, power supply, overhead catenary, and track systems, MRail serves as an accredited service provider of the Philippine government with a Category B PCAB license and ISO 9001:2015 certification.

STAKEHOLDER ENGAGEMENT

Synergizing with Stakeholders Towards Sustainability

102-21, 102-40, 102-41, 102-42, 102-43, 102-44

Stakeholder engagement is integral to One Meralco's ability to advance its sustainability agenda. Inasmuch as the Group continuously seeks ways to better respond to the needs of its customers, communities, employees, and business partners while meeting the expectations of investors and regulators, it also strives to identify the key areas where its sustainability objectives intersect with stakeholder concerns and aims.

In 2020, partnerships and synergies with stakeholders became even more important. The disruptions brought by the pandemic and natural calamities, such as the disastrous eruption of Taal Volcano and destructive storms like Super Typhoon Rolly and Typhoon Ulysses, prompted One Meralco to heighten its stakeholder relationships and strategies to navigate the challenging times.

One Meralco implemented new initiatives as well as enhanced operational guidelines and practices not only to ensure business continuity but also to heighten customer service while balancing the safety and health of its workforce. To bolster customer engagement, Meralco intensified its utilization of digital technology to keep customers abreast of latest advisories through social media and to introduce alternative and convenient customer touchpoints considering the constraints of community quarantine.

As employee health remained a top priority, remote work arrangements were also implemented to minimize COVID-19 exposure while sustaining business operations. Similarly, to maintain close relationships with its investors and shareholders, virtual shareholder meetings were conducted, and investor relations processes were streamlined to address safety concerns.

Indeed, 2020 demanded organized and concerted effort from all sectors to mitigate the adverse economic and social impacts of the year's formidable challenges, and ultimately to help the country bounce back and rebuild the local communities most affected. Through collaborations with government agencies and non-governmental organizations (NGOs), One Meralco broadened and deepened its community support programs to aid in disaster response and recovery efforts, including the provision of financial aid, relief packages, health kits, and more.

Customers

The customer is Meralco's reason for being.

As part of its goal to deliver outstanding customer service, the Company launched its Customer Centricity Transformation Program (CCTP) to empower customers and enhance their experience throughout their various journeys with Meralco, from service application and payments processing to inquiry and feedback management. An initiative under CCTP, for instance, is the Customer Account Number (CAN), which is designed to make payment transactions simpler and more convenient for customers.

Serving and caring for customers took on even greater importance amid COVID-19. Meralco's hotline and other customer channels (social media, live chat, email, SMS) remained available 24x7x366 to address customer queries and concerns. Moreover, Meralco's Business Centers (BCs) and Bayad payment centers adopted strict safety and health protocols to safely cater to customers who preferred in-person interactions or transactions. Furthermore, these touchpoints were augmented with new digital features. For instance, the Virtual Customer Assistant (VCA) allowed customers to speak to a Meralco customer care representative via video conferencing, while the Online Customer Appointment (OCA) feature enabled customers to schedule BC visits ahead of time.

With movement restrictions in place due to the pandemic, Meralco also boosted its presence in both traditional and new media platforms. The Company released proactive and sustained communications on television, radio, and print while mailing personalized letters and notifications to customers. These communication materials provided customers with accurate and timely information regarding bills, payment options, and other service-related concerns.

Beyond these communication channels, the Company promoted and advocated for customers to take full advantage of its digital platforms—the Meralco website, its social media properties (i.e., Facebook, Twitter, and Instagram), and Meralco Online. Accessible via the Meralco website or mobile app, Meralco Online allows customers to access and manage their accounts anytime, anywhere with real-time views on account status, operational reports, and bills.

Furthermore, understanding the importance of maintaining constant communication across all customer segments on energy-related requirements and solutions, the Meralco Power Up Forum series shifted to fully digital platforms and were renamed Power Up Live. These forums, held in partnership with various trade and business organizations, were particularly helpful in engaging the Company's commercial and industrial customers in important conversations even amid the pandemic.

As the needs of customers shift and evolve, Meralco continues to innovate and improve customer experience in the pursuit of service excellence.

24x7x366
CUSTOMER HOTLINE

Communities

As it amplifies its contribution to nation-building, **One Meralco seeks to create shared value for society as a whole, searching for ways and opportunities to provide for the pressing needs of its communities.**

Through the One Meralco Foundation (OMF), the Group designs and implements sustainable development programs that help uplift the quality of life of people, particularly in unserved and underserved areas across the country.

Apart from OMF, Meralco's subsidiaries also drive their own corporate social responsibility programs. MGen, for instance, has notable social development projects focused on livelihood, education, health, and the environment. In partnership with the local government units (LGUs) of Quezon province, MGen spearheaded the development of a Comprehensive Land Use Plan to facilitate the growth of better-connected and more sustainable communities. Most recently, in partnership with eSakay, MGen donated an electric jeep to the Atimonan LGU to provide frontliners and LGU employees an alternative and eco-friendly mode of transportation within the Atimonan town center.

In 2020, amidst and despite the COVID-19 health crisis, the Group continued to care for its communities and conducted activities impacting several sustainability development areas, with a focus on electrification.

Meralco continued to offer solutions to improve access to its services and facilities for low-income households by easing application requirements and mitigating facility-related costs, in the hopes of improving rural electrification and connecting more underserved Filipinos to the grid. As an example, through OMF's Household Electrification Program and in close partnership with LGUs, low-income households were energized without undue delays. Some LGUs offered to shoulder the costs of the permits and assisted in resolving Right of Way issues, while Meralco lowered the required service deposits.

Beyond electrification, the Company also remained at the forefront of sustainability initiatives catering to local communities: climate change mitigation activities (e.g., One for Trees), disaster resilience and emergency response trainings, and education upliftment programs (e.g., module expansion for public school teachers).

In parallel, OMF carried out new relief initiatives, given the urgency to help the vulnerable groups affected the most. The Foundation donated personal protective equipment and food packs to medical workers and frontliners while distributing care packages to marginalized families across Metro Manila.

Through sustainability initiatives such as these, One Meralco puts into action its commitment to bringing prosperity to its communities by helping alleviate poverty, empowering the vulnerable and preserving their surroundings, and enabling younger generations to build brighter futures.

Employees

Employees are One Meralco's most important asset. As such, the Group places utmost importance on attracting, retaining, and motivating its talent. The Group seeks to empower its employees through opportunities and pursuits that drive their professional and personal growth while ensuring their holistic well-being and safety at all times.

Meralco provides its employees learning and development opportunities and talent succession interventions to advance their careers and individual development. Employees are also afforded various ways to give back to the community through employee volunteerism programs facilitated by OMF, including calamity relief efforts, tree planting activities, and fund-raising.

In addition, as part of its commitment to providing an inclusive work environment, Meralco strongly espouses gender diversity through key initiatives such as programs, seminars, and discussions on women empowerment and building a gender-balanced workplace.

Another key to a satisfied and empowered workforce is the provision of adequate and appropriate channels, not only to communicate ideas but also to express concerns openly and safely. To this end, the Company carefully listens to and addresses labor relations questions through its internal company feedback mechanism. During union and town hall meetings, employees freely voice their queries on a range of policy and administrative matters. By placing labor relations as a priority, the Company is able to achieve high levels of employee engagement and fulfillment.

Meralco's internal feedback mechanism is also instrumental in promoting good corporate governance. Meralco protects employee rights through innovative policies, such as the Whistleblowing Policy, whereby the Management ensures that whistleblower confidentiality is maintained throughout the complaints-handling process. Through such efforts, the Company lays down procedures for investigating and penalizing illegal or unethical activities while urging employees to report misconduct without fear of reprisal.

Aside from being proactive in listening to employee concerns, the Company looks for ways to champion employee welfare. Meralco is consistent with promoting workers' rights, with 75.7 percent and 79.5 percent of Meralco employees and One Meralco employees, respectively, covered by collective bargaining agreements (CBAs).

During the pandemic, One Meralco heightened its sensitivity to and support of employee needs and safety through the provision of additional health protocols and flexible work arrangements. Lockdowns prompted the Group to swiftly facilitate the transition of physical engagements, including coordination meetings and town hall sessions, to online platforms. Meralco also conducted its professional development seminars and wellness classes online to continue engaging employees working from home. Furthermore, Meralco ensured that employee spirits were kept high amid COVID-19 by continuing to hold its annual corporate events, such as the Service Awards, One Meralco Cooltural Festival, and the Group-wide Christmas party—albeit through innovative and creative digital means.

Putting its employees first, Meralco exemplifies its commitment to nurturing sustainability from within—taking care of the careers, welfare, and safety of its people while promoting a diverse and inclusive workplace for them to flourish.

Investors and Shareholders

Strengthening relationships with investors and shareholders is a priority of One Meralco.

Apart from keeping communications lines constantly open, Meralco ably supports shareholders through innovative practices and procedures. Meralco's Corporate Compliance Office, for instance, accepts the electronic submission of requirements for account updates, changes in addresses, and replacement of stale dividend checks and lost checks. Stock transfer requirements, through the judicial and extrajudicial settlement of estates of deceased stockholders, can also be emailed for review. The Office will soon implement an online facility that will conveniently address concerns relating to these submissions.

At the height of the pandemic, Meralco further enhanced investor relations processes to address the increased need for safety, security, and convenience among investors and stockholders. The Company implemented new protocols to obviate the need for face-to-face stockholders' meetings, voting processes, and interactions. In addition, regular office transactions also became available on fully digitalized platforms.

As an example, the Company implemented a Cash Dividend Direct Credit Program (CDDCP), which automatically deposits profits to each stockholder's CDDCP-enrolled bank account. As disclosed in September 2020 to the Philippine Stock Exchange, Securities and Exchange Commission, and Philippine Dealing and Exchange Corporation, starting 2021, the Company will no longer physically deliver dividend checks through courier to its stockholders.

The CDDCP proved to be especially useful and convenient during the pandemic, allowing Meralco to continue paying cash dividends and shareholder returns in a safe and efficient manner. To further promote the CDDCP and to enable stockholders to enroll from the safety and convenience of their own premises, in December 2020, the Company's stock transfer office launched an online facility that handles applications for the electronic dividend crediting system.

On May 26, 2020, Meralco held its first-ever virtual Annual Stockholders Meeting broadcasted via a Microsoft Teams Live Event. It was attended by stockholders representing 84.9 percent of the Company's total shares and was facilitated through the Company's Stockholders Electronic Registration and Voting Express (SERVE) project, an online facility that enables stockholders to register, vote, and actively participate through remote communication. Aside from using the SERVE facility, stockholders were also given the option to send their questions prior to the meeting.

In addition, beginning March, the financial and operating results briefings for 2020 were all conducted online. An average of 77 analysts and investors participated in each of the quarterly briefings of the reporting year.

Finally, Meralco's executives also participated in virtual investor conferences and meetings to keep current and prospective investors, both local and foreign, abreast of developments in the Company's operations, financial position, and strategies.

Through innovations on automation, online connectivity, and portability, Meralco demonstrates its continuing commitment to addressing the current and emerging needs of its investors and shareholders.

Government and Regulators

Operating in a heavily regulated industry, **Meralco closely partners with regulatory bodies and government agencies in shaping an enabling environment for the power sector to thrive.**

The two government agencies Meralco mainly interacts with are the Department of Energy (DOE), the policy-making body that gives direction on how the power industry should implement pertinent laws and sets rulings on renewable energy, smart grid, and other industry priorities; as well as the Energy Regulatory Commission (ERC), which determines and approves the Company's distribution and retail rates and enforces customer rights relating to electric service.

To support the government's clean energy transition, Meralco became the first distribution utility to implement the Net Metering Program. The Company also provides reliable wheeling service to different renewable energy (RE) generation companies. Furthermore, Meralco is a pioneer in the implementation of other RE policies, such as the Feed-in-Tariff Scheme and Renewable Portfolio Standards (RPS).

The important role of the energy sector became more pronounced during the pandemic. In 2020, Meralco collaborated with the DOE and the ERC even more closely to safeguard stable, reliable, and affordable energy supply, especially during the tumultuous days of lockdown and community quarantine.

Meralco complied with DOE regulations which mandated the uninterrupted supply of power, by deferring all planned interruptions and by submitting Business Continuity Plans with regard to adapting to the new normal. In addition, to help ensure continued service delivery, the DOE issued special IDs for essential Meralco workers and allowed the entry of foreign nationals needed in Meralco's operations.

Meralco also partnered with the ERC to implement grace periods and structure installment plans for customer payments while adhering to guidelines on a new bill format that would be more easily understood by customers. Meralco also swiftly addressed and resolved customer concerns that were received and forwarded by the Commission.

Meralco will continue to work with the government in providing the best-value energy products and services to millions of Filipinos in transitioning to a low-carbon economy and helping the nation build back better.

Suppliers and Contractors

Meralco maintains a network of high-caliber and reliable suppliers and contractors. To this end, the Company requires vendors to undergo a rigid accreditation process prior to engagement and maintains excellence in the supply chain through regular reviews and assessments of supplier performance.

With Meralco's drive to inspire and influence its stakeholders to adopt sustainability principles, in 2020, the Company launched the Meralco Supplier Sustainability Scorecard (MS^3). Established to assess vendors on key sustainability criteria and disclosures as part of their continuing accreditation with the Company, MS^3 provides Meralco a better view of its suppliers' economic, environmental, social, and governance policies, processes, and initiatives. Through MS^3, the Company is better positioned to champion sustainability principles throughout its business network and to ensure supplier adoption and adherence to its sustainability standards.

COVID-19 created challenges in the supply chain as suppliers and contractors encountered issues with logistical constraints and employee safety, among others. To ease some of these challenges and to promote business continuity, Meralco adapted and reshaped its procurement and supplier engagement processes.

Firstly, vendors were invited to submit password-protected bids via email to a generic account dedicated to handling bid documents. To ensure control, only designated personnel could access the emails, while the bids and corresponding passwords were forwarded to the Procurement Office only after bid due dates. Commercial bids, on the other hand, were opened in the presence of Internal Auditors upon completion of technical evaluations and commercial bid opening.

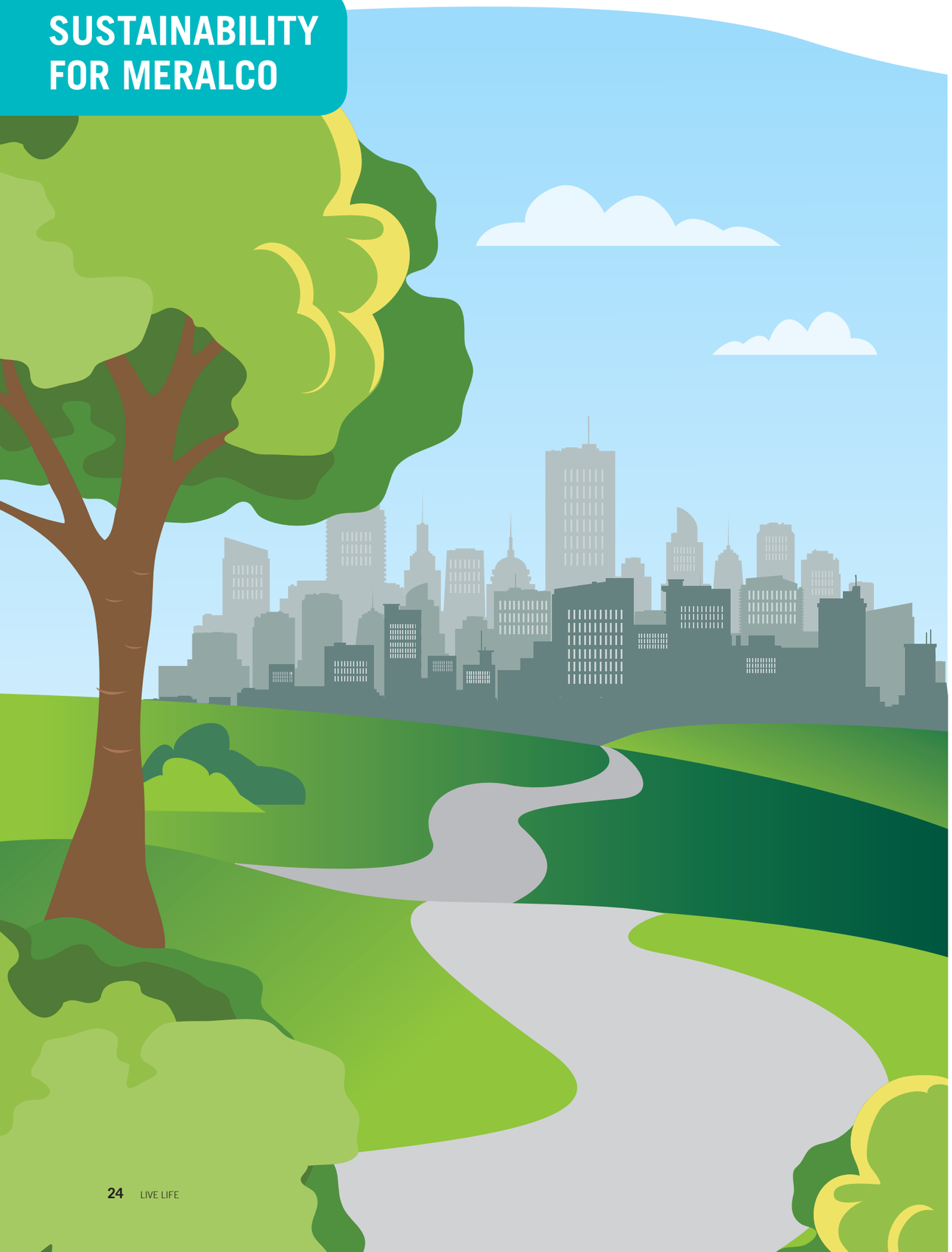
Secondly, since travel was temporarily restricted, Meralco developed Alternative Factory Accreditation (AFA) and Alternative Factory Acceptance Test (AFAT) procedures where factory inspection for accreditation and acceptance tests for equipment procured were conducted online, with live video coverage, when possible. Manufacturers were also given the option to send as proof, photos, and videos of applicable items in the Technical Data Sheet or test documents.

Lastly, to protect vendors and Meralco employees alike, all face-to-face meetings were shifted to online platforms. Likewise, physical documents from vendors were received by security personnel and underwent sanitation processes before reaching the Procurement Office.

In support of these new procedures, Meralco continued to enhance its communication with its suppliers and contractors to ensure timely coordination and ease of business. The Company also provided vendors with adequate time and space to adapt to the new systems and requirements of the government and the Company.

Going forward, Meralco will engage its suppliers even more closely to help them adopt the Company's sustainability principles and standards, so they too may power the good life in and through their own enterprises.

SUSTAINABILITY FOR MERALCO



Embarking on Sustainable Pathways

Putting Sustainability into Action

One Meralco's journey towards sustainable growth presents significant opportunities for economic, environmental, social, and governance advancement, highlighting the business areas where it can create the most positive impact. By identifying these opportunities, prioritizing these business areas, and aligning them with global sustainable development goals, the Group strengthens its position to create and deliver greater value today and for many years to come. Besides helping it address its current sustainability imperatives, this crucial alignment also allows the Group to define its long-term sustainability aspirations and guides the achievement of its commitments through the end of this decade and even through 2050.

Evaluating Topics Material to the Business

102-29, 102-31, 102-46, 102-47

In 2020, One Meralco reviewed and assessed material topics in four important areas: corporate governance, impact management, sustainable development, and future-ready strategies. This sustainability report aims to share the Group's performance and progress in these areas as well as its contributions to the United Nations' Sustainable Development Goals (UN SDGs).

Guided by key sustainability reporting standards, Meralco convened and consulted with representatives from its various business units (who in turn, conveyed the concerns of their specific stakeholders) to fully capture the range of material topics, contexts, challenges, and responses that define the Group's sustainability landscape. A total of 25 sessions with different organizations within the Group were conducted, including a kick-off meeting with the Meralco Sustainability Office, 23 briefings with line organizations and subsidiaries, and a Senior Management Session.

Finally, to ensure comprehensive stakeholder input and participation in this important process and to validate the material topics identified in the said sessions, the Group conducted interviews with its stakeholders—employees, customers, investors and shareholders, government and regulators, communities, and suppliers.

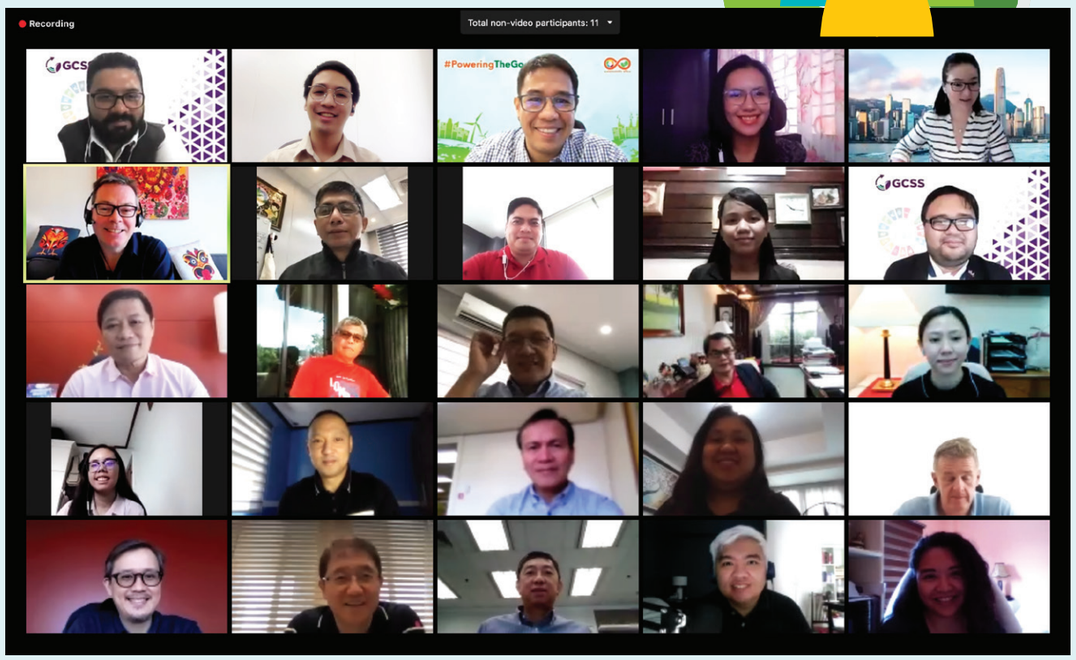
The output of the Group's materiality assessment is summarized as follows:

ECONOMIC	ENVIRONMENT	SOCIAL	GOVERNANCE
Direct economic contribution	Optimization of operations & prudent resource management	Provision of employee training & career development	Strict compliance with laws & regulations
Indirect economic contribution	Effective environmental impact management	Workplace safety	Observance of ethical business practices
Effective demand-side management	Integration of climate action into business strategy	Workplace management	Effective & efficient risk management
Power supply availability & reliability		Effective service delivery & customer communication	Robust corporate governance
Energy affordability		Strengthened cybersecurity and customer privacy	
		Proactive community engagement	

EMBRACING SUSTAINABILITY AT THE TOP

Facilitated by Koru Consulting and the Gaia Corporate Sustainability Solutions (GCSS), the Senior Management Session was a half-day virtual gathering of more than 30 top executives of the Group. The session allowed Meralco's leadership team to discuss recent developments in sustainability, to examine how the Group can more concretely contribute to the attainment of the UN SDGs—thereby improving its economic, environmental, social, and governance (EESG) performance—and to articulate the sustainability aspirations of the Group, with a view towards identifying the business drivers key to the achievement of such goals. Additionally, the session featured an interactive workshop that aimed to personalize sustainability for the senior leaders. This enabled them to rethink their current notions and to translate their realizations into concrete actions to ingrain sustainability in Meralco and even in their personal lives.

ATTENDED BY
MORE THAN
30
TOP EXECUTIVES

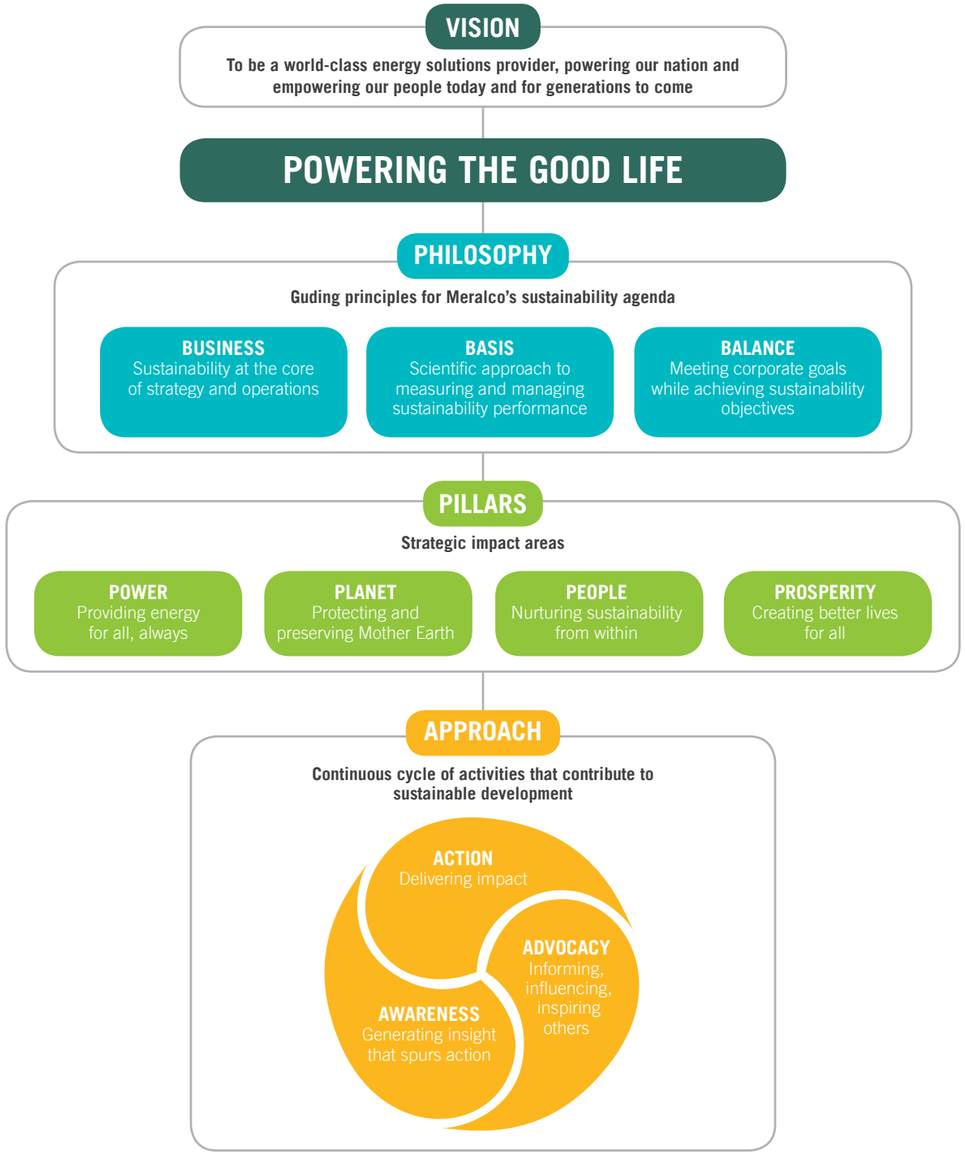


Collecting and Validating Data

After identifying and ascertaining the material topics under each EESG parameter, One Meralco collected relevant data and information from each of its business units and subsidiaries to build a complete picture of its performance in 2020. Whenever possible, the Group reported three years of data to illustrate its historical performance. The business units and subsidiaries within the Group then reviewed the consolidated, analyzed, and vetted the data for completeness and accuracy. Finally, the Group's external assurance partner, DNV, validated the data presented in this report.

Defining One Meralco's Sustainability Framework

One Meralco's sustainability framework guides its pursuit of current and long-term sustainability goals towards EESG progress. The framework—underpinned by the four strategic pillars of Power, Planet, People, and Prosperity—creates pathways towards delivering affordable, reliable, accessible, and clean energy to all it serves, protecting and preserving the environment, ensuring the well-being of its employees, and creating lasting value and better lives for all its stakeholders. This is the essence of Powering the Good Life.



Live Life

One Meralco further embraced sustainability in 2020 through various initiatives across its four pillars—power, planet, people, and prosperity—in support of the UN Sustainable Development Goals (UN SDGs). The Group embedded sustainability in the fabric of its strategy and operations, such that all business units and subsidiaries had defined contributions to its sustainability agenda and journey. Amid an extraordinary year of calamities and crises, One Meralco continued to find ways to expend its life-giving energy to serving and caring for millions of Filipinos, bringing the country closer to a sustainable future and, truly, powering the good life for all—today and for generations to come.

Power
Planet
People
Prosperity

PhP278B
economic value generated; 91.8% distributed to stakeholders

Powering the GOOD LIFE

Clocked in 32.7 million safe man-hours and 16,889 OSH training hours

Reduced Meralco's electricity consumption by 4.0%

Introduced the Meralco Supplier Sustainability Scorecard to ingrain sustainability in the supply chain

Planted
87,271
seedlings under One for Trees in 2020, for a total of 110,637 since 2019

Achieved
99.94%
electrification of the franchise area

Became a pioneer signatory of the United Nations' Women's Empowerment Principles

Established GHG emissions as a top corporate metric

Installed 11,885 kWp of solar panels for customers

Continued the development of MGreen's 50-MW solar plant in Bulacan

Energized over 90 vital institutions during the pandemic

Powered 15 off-grid public schools, empowering 4,489 students and 175 teachers

Ferried more than 76,000 frontliners and essential personnel to and from medical facilities at no cost

Deployed 59 electric motorcycles for Business Center field representatives

Donated thousands of PPE and relief goods to medical institutions and marginalized families

Began expansion of Cagbalete Island microgrid to power the entire island

Quickly restored power in areas battered by Typhoons Rolly and Ulysses

Diverted 55% of generated solid waste away from landfills

Contributing to the United Nations' Sustainable Development Goals

One Meralco contributes to the attainment of the UN SDGs through its core business operations as well as through its various initiatives geared towards economic growth, environmental protection, social equity, and corporate governance.

As the nation's premier electric distribution utility, Meralco's focus has been and continues to be on SDG 7, or the drive to deliver Affordable and Clean Energy. Inasmuch as SDG 7 remains central to the Group, it also promotes and supports as many as 10 other SDGs through its other endeavors, reflective of Meralco's comprehensive view on sustainability.

In early 2020, very shortly after Meralco started ingraining its Powering the Good Life sustainability agenda across all of the Group, the health crisis beset the nation and the world. COVID-19 thrust everyone in a very challenging environment that saw a grave threat to public health, to all forms of human activity, and to human life itself.

Indeed, the Group's Powering the Good Life agenda took on even greater meaning against the backdrop of a nation saddled by the pandemic. And in many respects, it provided One Meralco distinctive opportunities to advance and contribute to the global goals, to translate its agenda into earnest action, and to truly power good lives for all.

SDG 7: Affordable and Clean Energy

- Meralco implemented new Power Supply Agreements (PSAs) that reduced generation costs by 16 percent compared with 2019, resulting in PhP8.4 billion in customer savings.
- The Company's customers gained access to more affordable energy through system loss that was lower than the Energy Regulatory Commission's (ERC) cap, translating to over PhP3.2 billion in savings.
- The Company achieved 99.94 percent electrification in its franchise area through the Meralco Electrification Program (MEP), powering 11,354 new households in low-income communities.
- Through its subsidiary Spectrum, Meralco continued the development of its microgrid installation in Cagbalete Island, Quezon in 2020 by beginning to construct 1.4 MW in solar and 2.4 MWh in battery storage capacity. This project, which will be completed in 2021, is sufficient to power the whole island of over 600 households and 11 resorts.
- Meralco reduced the total duration of power interruptions per customer (SAIDI) from 188.36 minutes in 2019 to 163.00 minutes in 2020, improving service reliability.
- The Group's transition to cleaner energy is driven by Meralco and its subsidiaries MGreen and Spectrum:
  - Meralco committed to securing 1,500 MW in renewable energy Power Supply Agreements.
  - MGreen's development of its 50-MW San Miguel, Bulacan solar plant continued in 2020; the plant is projected to go online in the second quarter of 2021.
  - Going forward, MGreen aims to build up to 1,500 MW of utility-scale renewable energy plants in the next five to seven years.
  - Spectrum energized 11,885 kWp of solar panels in 2020, serving commercial, industrial, and residential customers.
- Meralco provided financial relief to millions of customers during the COVID-19 pandemic by:
  - Reducing fixed costs through the invocation of force majeure provisions in its Power Supply Agreements (PSAs), resulting in PhP2.4 billion of generation charge savings to customers;
  - Waiving Guaranteed Minimum Billing Demand (GMBD) amounting to nearly PhP3.2 billion in foregone revenues for the Company;
  - Refunding meter reading charges worth PhP71.7 million to consumers during the early months of the nationwide lockdown;
  - Suspending service disconnection due to non-payment of bills for all its customers until the end of 2020;
  - Offering a minimum 30-day grace period and monthly installment plans for the payment of bills during the series of community quarantine periods within its franchise area; and
  - Waiving convenience fees worth nearly PhP75 million for Meralco Online transactions since the beginning of the pandemic.
- The Company energized more than 90 vital institutions including:
  - Hospitals and medical facilities, such as San Pablo City General Hospital, Angono-Binangonan Center of Dialysis, Bocaue Specialist Medical Center, and Ospital ng Muntinlupa; and
  - Temporary treatment centers, such as the Ninoy Aquino Stadium, the Philippine International Convention Center, the World Trade Center, the Philippine Arena, and ASEAN Convention Center in Clark.

SDG 1: No Poverty

- Meralco electrified 6,999 indigent households through One Meralco Foundation's (OMF) Household Electrification Program.
- Meralco extended a total of PhP59.3 million in financial aid to medical institutions and non-government organizations nationwide to support the government's response to the health crisis.
- Through its ERC-approved tariffs, electric rate discounts were provided to lifeline customers (customers consuming 100 kWh or less each month). In 2020, these customers comprised 33 percent of Meralco's residential customer base.
- Through OMF, the Company supported brave frontliners battling COVID-19 by providing 277,450 personal protective equipment (PPE) and donating more than two thousand liters of ethyl alcohol to various COVID-19 referral hospitals.
- The Company launched two fundraising programs in 2020 (A Day to Give and Share a Leave) to provide financial assistance to its service providers' daily wage earners, amounting to PhP27.9 million in cash.
- Meralco donated over 7,800 food care packages to marginalized families.

SDG 4: Quality Education

- OMF, through its School Electrification Program, spent almost PhP4.6 million bringing electricity and digital learning tools to 15 off-grid public schools in the Philippines in 2020, empowering a total of 4,489 students and 175 teachers.
- OMF launched an alternative online capability building program for educators through its Energy Education Program to help 97 principals and 157 teachers navigate the new normal in education (i.e., distance learning).

SDG 5: Gender Equality

- In 2020, women comprised 31.7 percent of One Meralco's workforce, significantly higher than the global energy sector average of 11 percent.
- Meralco became a pioneer signatory of the United Nations' Women's Empowerment Principles (WEPs), formalizing and fortifying the Company's commitment to promote a gender-diverse and inclusive workplace.

SDG 8: Decent Work and Economic Growth

- One Meralco generated economic value of nearly PhP278 billion pesos, 91.8 percent of which were distributed to its main stakeholders, including shareholders, suppliers, employees, the government, and communities.
- As a result of strict compliance with the Department of Labor and Employment's (DOLE) occupational safety and health (OSH) policies, the Group clocked in a total of 32.7 million safe person-hours in 2020. One Meralco also provided a total of 16,889 OSH training hours to its employees.
- As a response to new working arrangements brought about by the pandemic, the Company launched CODE Light Bot, an online tool to monitor employees' daily health status and work arrangements.
- Meralco rolled out Microsoft Teams, SharePoint, and other online and mobile apps to enable enterprise collaboration, particularly supporting employees working remotely.
- The Group launched its own COVID-19 rapid testing system to ensure the safety of its employees returning physically to work.
- The Company set up its own air quality monitoring system within its Ortigas headquarters to help safeguard the health of its employees.
- Through the Orange Fit Program, Meralco employs a holistic approach in ensuring the physical, mental, spiritual, and emotional well-being of its employees in part, through free, virtual access to exercise sessions and in-house counsellors and medical experts.

SDG 9: Industry, Innovation, and Infrastructure

- The Company created its digitally enabled Customer Care Group for more responsive and customer-centric contact center operations, resulting in a high response rate to customers at 99.6 percent in December 2020 from an average of 62.2 percent from May to July 2020.
- The Company shifted from 16-digit or 26-digit payment reference numbers to a 10-digit reference number, the Customer Account Number (CAN), to simplify and streamline bills payment.
- Recognizing the challenges of physical transactions during the pandemic, Meralco enhanced its digital channels with the rollout of the Virtual Customer Assistant and Online Customer Appointment System.
- Bayad launched its fintech platforms, Bayad Online and Bayad App, as part of its mission to promote financial inclusion and enable Filipinos to make payments anytime, anywhere.

SDG 11: Sustainable Cities and Communities

- eSakay's electric jeeps ferried more than 76 thousand health workers, frontliners, and essential personnel to and from medical facilities at no cost during the first months of the nationwide lockdown.

SDG 12: Responsible Consumption and Production

- Through its Resource Conservation and Efficiency Program, Meralco reduced its own electricity consumption by 4.0 percent in 2020 due in part to energy efficiency solutions, such as replacement of lighting fixtures with LED alternatives, upgrade of HVAC systems, and refresh of IT devices.
- To enhance its current solid waste management processes, the Company launched the Race to Zero Waste Program, which enabled the Company to divert 55 percent of its total generated solid waste away from landfills and oceans, up from 17 percent in 2019. Meralco also added solid waste diversion rate as part of its key corporate metrics.
- Meralco shifted from mineral oil to natural ester oil (a 99-percent biodegradable and recyclable material) for the operation and maintenance of its 8,101 pad-mounted and vault-type distribution transformers. It also began the transition to ester oil for its overhead distribution transformers (OHDT) with the initial delivery of 261 ester oil-enabled OHDTs in 2020.
- The Group launched #HealthWithoutHarm, which aims to facilitate the safe and responsible management of its COVID-19 waste.

SDG 13: Climate Action

- The Group developed a GHG Protocol-compliant emissions inventory system currently used in its initiative to monitor and reduce its GHG Scope 1 and Scope 2 absolute emissions (both adopted in 2020 as key corporate metrics) as well as its emissions intensity.
- Meralco launched the Green Mobility Program to electrify its vehicle fleet and reduce Scope 1 GHG emissions. Fifty-nine (59) electric motorcycles were acquired in 2020 for the use of field representatives during meter inspections.
- The Company conducted preemptive activities and storm-hardening measures to avoid service interruptions during the 2020 typhoon season. These included replacing 2,604 utility poles as well as upgrading 484,451 meters of conductors and 30,422 meters of primary lead wires of distribution transformers.
- In November 2020, Meralco quickly worked to restore electricity service in places within its franchise area that were battered by Super Typhoon Rolly and Typhoon Ulysses. The Company also joined forces with the DOE, National Electrification Administration (NEA), Philippine Rural Electric Cooperatives Association (Philreca), and various electric distribution utilities and cooperatives in its restoration efforts in Albay, Catanduanes, and Camarines Sur. A total of 206 engineers, linemen, and support personnel were deployed to restore power in the aforementioned areas beyond Meralco's service area.

SDG 15: Life on Land

- Meralco, through OMF, empowered local communities with agroforestry livelihood through its One for Trees (OFT) initiative. OMF planted 87,271 seedlings under OFT in 2020, for a total of 110,637 since the program's inception in 2019.

SDG 17: Partnership for the Goals

- To make its supply chain more sustainable, the Company launched the Meralco Supplier Sustainability Scorecard (MS^3) as part of its suppliers' continuing accreditation process. MS^3 includes economic, environmental, social, and governance criteria patterned after the GRI Standards.
- To raise awareness among its leaders and employees on various sustainable development topics (including the SDGs, sustainability partnerships, waste management, and gender equality), Meralco collaborated with eight industry leaders from some of the Philippines' top companies and organizations for the Powering the Good Life webinar series, which attracted 863 participants and received an average rating of 94.4 out of 100.

SYNERGIZING BUSINESS AND SUSTAINABILITY

In September 2020, Meralco kicked off its Powering the Good Life webinar series with its maiden sustainability forum entitled "UN SDGs × Business: How Can It Work?" This online forum aimed to raise awareness and build a greater grasp among the Company's employees on the importance of sustainability as a core business strategy and imperative.

Two of the Philippines' leading sustainability practitioners, Yayu Javier (Chairperson of the Global Compact Network Philippines) and Sankie Simbulan (Country Social Performance and Social Investment Manager of Pilipinas Shell), introduced and discussed the 17 UN SDGs and offered practical insights on how companies around the world are leveraging sustainable development as an opportunity to grow their businesses while creating long-term positive impact on nature and society.

In addition, Raymond B. Ravelo, Meralco's Chief Sustainability Officer, shared the Company's own sustainability journey and articulated its Powering the Good Life sustainability agenda, illustrating how the UN SDGs have served as the basis for Meralco's sustainability programs and initiatives prior to and in light of the COVID-19 pandemic.

Highly informative and uplifting, the webinar engaged and energized participants, with many of them sharing and suggesting ideas to better embed sustainability thinking and practices not only in the workplace but also in their personal lives. Following the webinar, one participant commented: "This made me more appreciative of our own sustainability initiatives and of Meralco as a company. Knowing that we're doing something that is beyond ourselves is worth being excited for and proud of."

"UN SDGs × Business: How Can It Work?" earned very positive feedback from its 136 attendees, receiving a rating of 93.8 out of 100.

Building One Meralco's Long-Term Sustainability Strategy

201-2, IF-EU-110a.3

One Meralco's sustainability journey can be captured and described in three distinct waves—Establish in 2019, Embed and Engage in 2020, and Evolve beginning 2021.

In 2019, following new management direction and guidance, the Group firmly established sustainability at the top of its corporate agenda and at the core of its strategy and operations. A dedicated Sustainability Office was created, and the Ban on Single-Use Plastics (SUPs) was launched. Since then, the Group has deeply embedded sustainability throughout its activities by designing and implementing programs across its Power, Planet, People, and Prosperity pillars. One Meralco has also set in motion a number of undertakings to broadly engage the whole organization on its sustainability agenda and to ensure that it was understood by all, inspiring and spurring them to action. In 2021 and beyond, the Group's aim is to evolve and elevate its sustainability ambitions and initiatives.

In this vein, at the tail end of 2020 and into 2021, the Group embarked on an important effort to develop its long-term sustainability strategy. It worked closely with senior management and key representatives from line organizations and subsidiaries to carry out the processes of Baselining, Target Setting, and Strategic Planning.

In Baselining, the Group identified and assessed the impact of major business forces and sustainability trends on Meralco, benchmarked with global and regional best-in-class companies and industry peers on their sustainability strategies and practices, and developed a baseline of its greenhouse gas emissions from 2019 through 2030 under a business-as-usual (BAU) scenario.

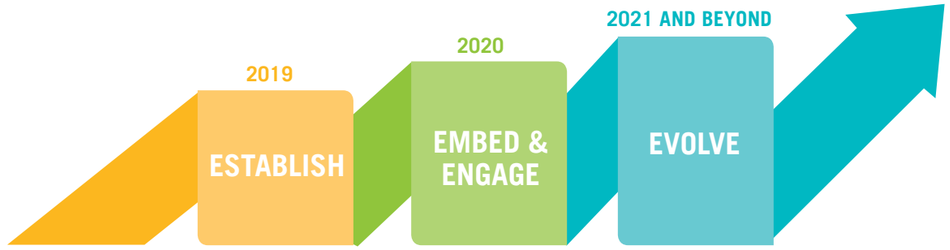
Through the Target Setting process, the Group defined its sustainability aspirations in alignment with global goals, in particular with the UN SDGs. Furthermore, it identified major levers and plays that would allow it to fully achieve, if not exceed, its sustainability objectives.

Finally, in Strategic Planning, the Group drew detailed business plans for its major initiatives and crafted a Sustainability Playbook housing all its sustainability initiatives, impact, investments, and implementation plans, which will be updated and refined every two years.

This long-term sustainability strategy development effort culminated in two Top-Team Strategy Workshops led by the CEO, senior management, and subsidiary heads to discuss, refine, and finalize the Group's sustainability ambitions and key actions.

This breakthrough effort resulted in a set of long-term sustainability aspirations anchored on Meralco's Powering the Good Life agenda and envisioned over two horizons—2030 being the intermediate and more tangible outlook and 2050 to align with global goals.

ONE MERALCO'S SUSTAINABILITY JOURNEY



By 2030, the Group aspires to serve the country's growing energy demand with greener power to propel the Philippines' rise to becoming a top emerging economy. The Group targets to reduce its emissions through key initiatives such as contracting over 5,000 GWh of renewable energy supply in line with the Department of Energy's (DOE) Renewable Portfolio Standards and building even greater renewable energy capacity across multiple technologies.

By 2050, the Group aspires to transition to Net Zero[5] and position itself as a sustainability leader in the energy sector. This will be largely driven by the development of dispatchable green power through solar PV and battery systems, decarbonization of its existing assets through carbon capture utilization and storage, further reduction of its system loss, and deployment of nature-based carbon offset solutions, such as reforestation and soil management.

In parallel, through 2030 and beyond, the Group aspires to promote the well-being of communities, with electricity as an enabler to power the good life. The Group will carry out this commitment across five impact areas—water access, education reach, quality healthcare, livelihood productivity, and disaster resilience and recovery.

Going forward, Meralco will do more in terms of sustaining energy for its customers and its communities, in sustaining the future of the country in general, and in powering a better and brighter tomorrow for all.

[5]As part of its long-term sustainability strategy, One Meralco aspires to effectively bring its Scope 1 and Scope 2 emissions down to zero by 2050.

MERALCO'S 2019 SUSTAINABILITY REPORT EARNS GLOBAL AND LOCAL RECOGNITION

Meralco's 2019 Sustainability Report (SR), *Sustaining the Future*, received wide acclaim in 2020 and 2021—not only from its stakeholders but also from international and local award-giving bodies.

In October 2020, Meralco was awarded a Bronze Stevie under the Best Annual Report category by the International Business Awards (IBA)—a first for a maiden SR. The IBA is one of the world's premier business awards programs, receiving over 3,800 entries from 63 countries and territories for the 2020 awards season.

Furthermore, in December 2020, Meralco was awarded a Gold Rank by the Asia Sustainability Reporting Rating (ASRRAT), a rating system initiated by the National Center for Sustainability Reporting of Indonesia. These awards are given to companies across Asia to recognize their transparent reporting of sustainability performance. Companies are judged on several important criteria, particularly transparency on emissions disclosures, alignment with the SDGs, and compliance with the GRI Standards.

Most recently, in March 2021, Meralco received an Excellence Award for *Sustaining the Future* at the 18th Philippine Quill Awards, among the country's most prestigious awards in the field of business communication. The Excellence Award is the Quill's highest accolade given to companies for outstanding initiatives.

"This achievement pushes the Company to further focus our strategic direction towards sustainability, allowing us to provide affordable, accessible, reliable, and clean power while protecting and preserving Mother Earth, cultivating a culture of excellence and stewardship in our organization, and fostering inclusive growth for a prosperous nation—truly powering the good life for all."

—Atty. Ray C. Espinosa

Powering the Good Life

Having clearly established sustainability as front and center and at the core of its strategy and operations as a company in 2019, One Meralco strengthened, deepened, and in many ways crystallized its sustainability agenda in 2020. The Group embedded sustainability across all its activities by crafting and launching key programs and initiatives that delivered impact. It also engaged the entire organization to rally behind this agenda and to inspire and spur all in One Meralco to sustainable action.

The Group's sustainability agenda, operationalized under an overarching program called Powering the Good Life, is founded on four important pillars:

POWER

Providing energy for all, always
Deliver affordable, accessible, reliable, and clean energy to all in its service area, with a special focus on bringing power to unserved and underserved communities.

PEOPLE

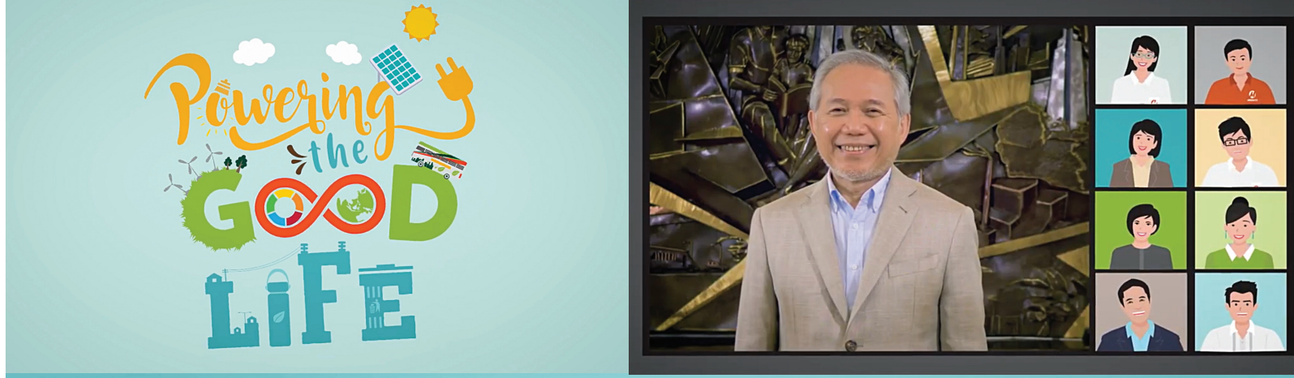
Nurturing sustainability from within
Promote a shared vision and deep understanding of sustainability within the organization while ensuring the holistic development of employees in a safe and inclusive workplace.

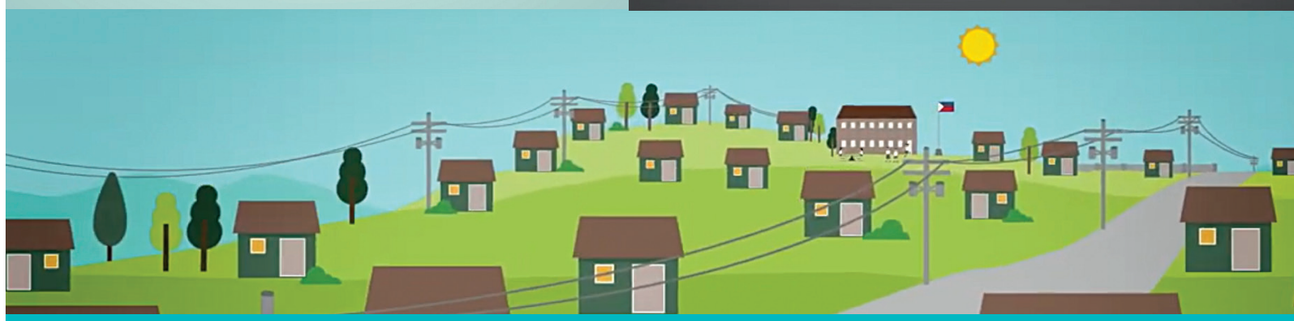
PLANET

Protecting and preserving Mother Earth
Safeguard the health and well-being of the environment by lowering greenhouse gas emissions and minimizing waste.

PROSPERITY

Creating better lives for all
Bring holistic and enduring value to all stakeholders, ensuring that no one is left behind.





WHAT IS THE GOOD LIFE?

Building on its rich history of powering the nation and empowering Filipinos over the last 118 years, Meralco commits to further leveraging energy to deliver meaningful and enduring value to all—truly Powering the Good Life.

To learn more about the Good Life Meralco seeks to bring to its co-workers, customers, communities, and the country—today and for generations to come—please scan the QR code to watch the video.

POWER

Providing energy for all, always

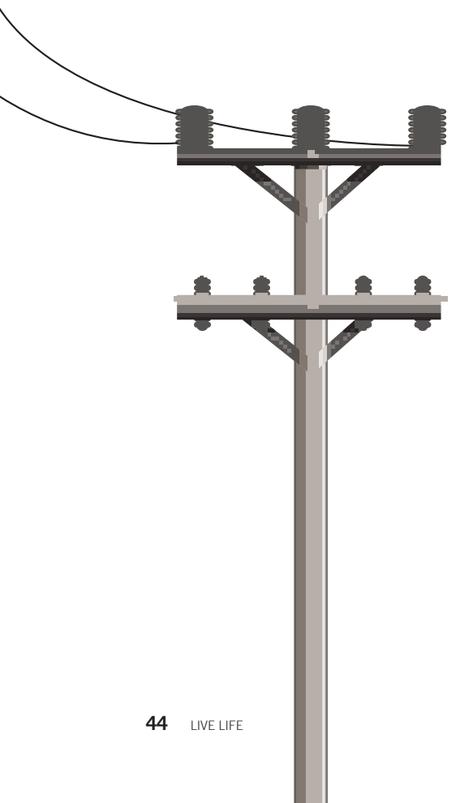
To sustainably provide energy for its customers and communities, Meralco, as the Philippines' largest electric distribution company, has an immense and sacred responsibility to ensure that power is affordable, accessible, reliable, and clean. Its Power pillar, which reflects and promotes SDG 7: Affordable and Clean Energy, reinforces the Company's commitment to helping the country realize sustainable growth through electricity.

A steady supply of energy is critical to the country's development—and even more so during pandemic response, economic recovery, and healing. Despite the extraordinary circumstances in 2020, Meralco continued to keep the lights on for all. With the help of strategic partners, Meralco helped in the COVID-19 response by energizing more than 90 government offices, hospitals, quarantine centers, medical laboratories, and other essential institutions—so they may keep saving lives.

Aside from energizing vital institutions, Meralco also brought power to 99.94 percent of households in its franchise area—empowering over seven million customers in their work-from-home set-ups, distance learning, and online businesses. In addition, Meralco expanded its solar-powered microgrids so that the people in Cagbalete and Verde Islands may light up and energize their own communities.

The Company also accelerated its clean energy transition in 2020 by outlining near-term plans to secure 1,500 MW from renewable sources of energy. Through MGreen, One Meralco also commits to generating up to 1,500 MW of clean energy by 2027.

By harnessing the power of energy, Meralco builds a path towards a swift recovery and a future-ready economy that will help build the country back better.



Affordability: Providing Energy Attainable by All

Energy security is propelled by the affordability of power. The price at which energy is generated and supplied has huge implications not only on economic progress but also on social development. Meralco strives to provide its customers affordable yet reliable energy amid increasing energy demand. This ensures that not only key industries have competitively priced energy supply, but also that households of varying income levels have equal access to electricity—a vital component to social advancement and generational income mobility.

During the pandemic and the ensuing economic setback, Meralco contributed to providing financial relief to thousands of households as well as to commercial customers by waiving certain charges and offering deferred and installment payment options.

99.94% HOUSEHOLD ELECTRIFICATION

Delivering and Generating Fairly Priced Energy

IF-EU-240a.1, IF-EU-240a.2, IF-EU-240a.3, IF-EU-240a.4

To keep electricity prices affordable, Meralco actively explores and takes various measures to ensure the lowest possible generation charge, the main driver of retail rates. From January to December 2020, the Company's average retail rate was PhP7.96/kWh, which is PhP0.91/kWh lower than in 2019. It is noteworthy that the average retail rate in December 2020 of PhP7.65/kWh is the lowest since September 2017.

The decline in retail rates is attributable to two main factors, the first being the implementation of Meralco's new Power Supply Agreements (PSAs). The Company conducted a series of Competitive Selection Processes (CSPs) in 2019 to ensure a reasonably priced supply of power, and the resultant PSAs from the bidding activities took effect in 2020. These PSAs yielded significantly lower generation charges (over 16 percent decrease versus 2019), providing savings estimated at PhP8.4 billion to Meralco customers.

Secondly, Meralco invoked the force majeure provision of some of its PSAs during the months of community quarantine, owing to the significant reduction in energy demand that was beyond the reasonable control of the Company. From March to August 2020, Meralco's force majeure claims were estimated at PhP2.4 billion, which led to a reduction in the fixed costs of PSAs and avoided charges from the temporary suspension of mid-merit supply contracts approved by the Energy Regulatory Commission (ERC). After negotiations with the concerned power suppliers, Meralco needed to pay only for the energy consumed by its customers during the Enhanced Community Quarantine (ECQ), notwithstanding the Minimum Energy Off-Take provision in the said PSAs, ultimately resulting in a reduction in customer bills. The Feed-in Tariff Allowance (FIT-All) rate also decreased by 76 percent to PhP0.06 per kWh from a PhP0.23 per kWh average in 2019 due to the implementation of a lower FIT-All rate starting February 2020 and the suspension of FIT-All collection for the months of April and May 2020 as approved and directed by the ERC.

Beyond distribution, One Meralco also works towards affordability through power generation. MGen is well-positioned to serve the Philippines' rising energy demand by building a diversified power generation portfolio that provides sufficient, reliable, and cost-competitive supply today and for many years to come. This drive is embodied by MGen's first major power plant development—the San Buenaventura Power Ltd. Co. in Mauban, Quezon, which saw its first full year of operations in 2020. The 455-MW net capacity baseload power plant was built to help address the country's energy security imperative and to help meet the growing energy needs of the Luzon grid.

PhP8.4B
ESTIMATED CUSTOMER SAVINGS FROM NEW PSAs

Meralco continuously finds ways to keep electricity prices within reach so that many more Filipinos can afford and enjoy the Company's quality energy services.

EASING THE BURDEN ON SME CUSTOMERS

Businesses were greatly impacted by the health crisis of 2020. In order to help alleviate the economic impacts of the pandemic, Meralco waived billing fees and deferred payment terms for its small and medium enterprise (SME) customers.

During the Enhanced Community Quarantine (ECQ), Meralco waived the Guaranteed Minimum Billing Demand (GMBD) for its business customers, who were thus billed only according to their actual usage. Post-ECQ, the Company continued to waive the GMBD for specific industries based on operational capacity guidelines set by the Department of Trade and Industry (DTI) and the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID).

In total, from March to December 2020, Meralco waived almost PhP3.2 billion for nearly 95 thousand business customers, 97 percent of which were SMEs, who, collectively, were able to save more than PhP1.9 billion over the nine months of community quarantine.

Meralco also carried out a one-time refund of meter reading charges not incurred during the ECQ and Modified Enhanced Community Quarantine (MECQ) periods when lockdown restrictions prevented the Company from physically reading meters. This amounted to PhP71.7 million and was refunded to consumers starting July 2020.

In addition, Meralco shouldered the Meralco Online convenience fees charged by its third-party payment partners. This amounted to nearly PhP75 million for almost 1.9 million Meralco Online payment transactions.

Beyond bill amount and fee relief, Meralco also worked with government regulators and other industry players to structure soft payment terms for all customers. To this end, a disconnection moratorium was implemented for all customers until December 31, 2020. This moratorium was extended until January 31, 2021, for customers consuming 200 kWh and below, and until March 31, 2021, for lifeline customers (those consuming 100 kWh or less each month) in support of **SDG 1: No Poverty.** The Company also gave customers with unsettled payments during the ECQ and MECQ periods the option to pay in monthly installments, payable from four to six months depending on their consumption group, and later provided them a 30-day grace period for the payment of these bills.

Through these efforts, Meralco was able to support businesses in managing the adverse impacts of the pandemic as well as help the nation bounce back and recover more swiftly.

Accessibility: Extending Energy Reach

Meralco powers the center of all economic activity in the country. Although its franchise area comprises only three percent of the country's land area, it accounts for roughly 50 percent of the country's Gross Domestic Product and hosts over a quarter of the total population.

The Company distributes energy to Metro Manila, Bulacan, Cavite, and Rizal, and parts of the provinces of Batangas, Laguna, Pampanga, and Quezon. Meralco also powers the Clark Special Economic Zone (CSEZ) through its subsidiary Clark Electric as well as the Cavite Economic Zone through its business unit Meralco Ecozone Power (MEP).

Indeed, the country's economy greatly benefits from a well-connected and far-reaching grid, allowing residential, commercial, and industrial sectors to access and secure the energy they need to be productive and generate value. Moreover, Meralco fully understands the importance of powering up not only city centers and key industries but also remote and underserved communities.

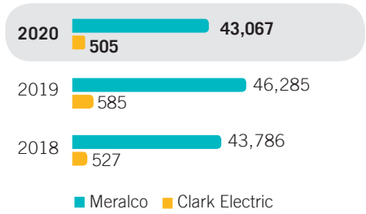
Powering More Customers Despite the Pandemic

IF-EU-000.A, IF-EU-000.B, IF-EU-000.E

Pre-COVID-19, the commercial segment of customers comprised 39.3 percent of Meralco's total energy sales, greater than that of the residential segment at 31.5 percent. In 2020, however, the sales mix dramatically shifted toward households. As lockdowns forced people to stay at home and encouraged work-from-home arrangements and online learning, energy sales from residential customers grew by 13.0 percent. On the other hand, commercial and industrial customers were affected by limitations in mobility, minimized social activities, and business shutdowns, collectively resulting in a dramatic sales decline in this combined segment of 16.2 percent and 14.1 percent for Meralco and Clark Electric, respectively.

Because of COVID-19's impact, there was an overall shrinkage in the Group's total energy sales. Accounting for all customer segments, total sales of Meralco in 2020 decreased by 7.0 percent while that of Clark Electric declined by 13.7 percent.

TOTAL ENERGY SALES (in GWh)



Notwithstanding the constraints of the pandemic, Meralco continued its drive to serve new customer applications. The Company drove early energization of service applications which increased by six percent for project-covered applications and by 38 percent for ordinary service applications versus 2019. As a result, Meralco energized nearly 250 thousand new customers in 2020, leading to a 3.6 percent increase in customer count from 6.9 million in 2019 to 7.1 million in 2020. Likewise, Clark Electric's customer count increased by 3.8 percent from 2,518 in 2019 to 2,613 in 2020.

ENERGY SALES (in GWh)

	MERALCO			CLARK ELECTRIC		
	2018	2019	2020	2018	2019	2020
Residential	13,550	14,581	16,479	6	8	9
Commercial	17,211	18,172	14,490	251	311	277
Industrial	12,887	13,394	11,958	269	265	218
Flat Streetlights	138	138	140	1	1	1
Total	**43,786**	**46,285**	**43,067**	**527**	**585**	**505**

NUMBER OF CUSTOMER CONNECTIONS BY TYPE

	MERALCO			CLARK ELECTRIC		
	2018	2019	2020	2018	2019	2020
Residential	6,085,023	6,338,287	6,573,953	812	1,004	1,059
Commercial	512,422	526,720	539,912	1,236	1,268	1,311
Industrial	10,351	105,68	10,667	155	154	156
Flat Streetlights	4,735	4,691	4,842	80	92	87
Total	**6,612,531**	**6,880,266**	**7,129,374**	**2,283**	**2,518**	**2,613**

3.6%
INCREASE IN MERALCO CUSTOMER COUNT

7.1M
CUSTOMERS SERVED IN 2020

Powering Remote and Low-Income Communities

Meralco recognizes the importance of energy access particularly in the resiliency of vulnerable and underserved groups. As such, it strives to make energy accessible, especially to low-income households as well as to rural and remote communities that have had no electricity due to geographic or infrastructure challenges.

As part of its commitment to provide energy for all, always, the Company, through its Meralco Electrification Program (MEP), achieved 99.94 percent electrification in its service area with 261 sites energized in 2020, giving light to 11,354 households. Going forward, MEP targets to energize the remaining priority sites (based on impact and feasibility) to bring Meralco even closer to achieving 100 percent household electrification in its franchise area.

11,354
HOUSEHOLDS ENERGIZED THROUGH MEP

Supporting the MEP are the contributions of One Meralco Foundation's Household Electrification Program (HEP) as well as Meralco's innovative microgrid solutions.

Through the HEP, Meralco bridges energy gaps through its collaboration with local government and homeowners' association leaders to assist rural and urban communities unable to gain access to electricity due to financial or legal constraints as well as Right of Way or occupancy issues. In 2020, despite lockdown and quarantine restrictions, the HEP paved the way for the electrification of 6,999 low-income households that had remained in the dark in previous years.

Meralco also continues to find technological solutions to provide power to all in its area of coverage, which include many isolated and island communities in dire need of energy access. In 2019, the communities of Verde Island, Batangas, and Cagbalete Island in Mauban, Quezon were the first beneficiaries of microgrid solutions that combine solar PV and battery energy storage systems (BESS).

Microgrids are localized, small-scale electrical networks that operate independently from the grid. Microgrids offer the best solutions for communities that are not commonly served due to their distance to tapping points. In the past, microgrids were powered solely by diesel generator sets that ran only during peak hours. However, with microgrids powered by solar energy during the day plus a BESS to store remaining energy for nighttime consumption, Meralco enables far-flung communities to enjoy more affordable and clean power 24/7 for their households and businesses.

In Verde Island, 29 households were energized through a 32-kW solar PV and a 192-kWh BESS. In Cagbalete Island, two barangays representing 140 households benefited from a 60-kWp solar PV and a 150-kWh BESS. In 2020, Meralco, with its subsidiary Spectrum, started working toward building larger-scale microgrids, nearly 25 times the size of those in the first phase of implementation, with the immediate goal of energizing the remaining unconnected households and small businesses on both islands. In particular, with an additional 1.4 MW of solar PV and 2.4 MWh of BESS, the expanded system in Cagbalete will power the entire island and serve over 600 households and 11 resorts by 2021.

With the immensely successful pilot implementation of Meralco's solar PV and energy storage solutions in these two islands, the Company seeks to further electrify and serve households and communities with innovative and earth-friendly energy sources.

Reliability: Distributing Uninterrupted Power

Access to reliable energy is essential to the growth of modern economies. As such, Meralco commits to delivering stable and high-quality power to those it serves by building and maintaining a dependable grid, optimizing its load capabilities, digitizing its elements, and ensuring its robustness and resilience, all while responding quickly and efficiently to address outages when they occur.

Steady and reliable energy is especially crucial during a national health crisis. In 2020, to keep people constantly connected and able to effectively work from home or participate in online learning programs during the pandemic, Meralco ensured that it kept up with the heightened demand of the residential segment. The Company also ensured high-quality energy especially to the sectors that needed it the most—healthcare, government, telecommunications, and other essential industries.

Indeed, Meralco sought to surpass its performance and efficiency targets in 2020 to deliver uninterrupted electricity to its more than 7.1 million customers notwithstanding the pandemic.

Maintaining Quality Systems for Reliability

EU 28, EU 29, IF-EU-550a.2

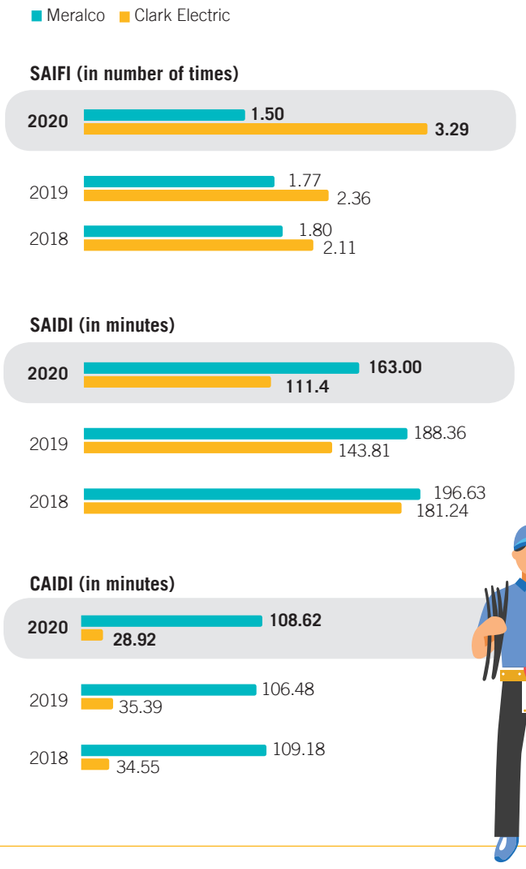
Meralco uses various indicators to monitor and manage the reliability and quality of its service. The average number of service interruptions experienced by Meralco customers in 2020 decreased by 15.3 percent to 1.50 times, based on the System Average Interruption Frequency Index (SAIFI). In contrast, SAIFI for Clark Electric increased by 39.4 percent to 3.29 times due to the effect of Typhoon Ulysses, which affected a segment of its sub-transmission systems, resulting in power interruptions.

Meralco and Clark Electric customers experienced shorter service interruptions in 2020 than in 2019 at 163.00 minutes and 111.44 minutes, respectively, based on the System Average Interruption Duration Index (SAIDI).

The Group's performance in both metrics were well within the reward levels prescribed by the ERC, and this has been the case since the implementation of the Performance Incentive Scheme in 2012, owing to continuous improvements in system reliability through various measures such as preventive maintenance activities.

DISTRIBUTION RELIABILTY METRICS

EU28, EU29, IF-EU-550a.2



To ensure the stability of its electrical infrastructure and to reduce the incidence of unplanned power interruptions, Meralco regularly performs on-site inspections of its distribution facilities and continuously replaces or upgrades equipment in compliance with industry and national standards. It also conducts tree pruning activities and line clearing operations. In addition, to prevent outages due to malfunctioning sub-transmission assets, Meralco conducts ultrasonic scanning of its lines and equipment immediately after typhoons or other natural disturbances. These proactive measures also help ensure the safety of Meralco's customers and workforce.

Given the above efforts and with the Company's initiatives to continuously strengthen its system and invest in smart grid technologies, Meralco is set to enhance its service reliability even more. By 2023, Meralco intends to reduce its SAIFI to 1 time and its SAIDI to 100 minutes to continue providing its customers with reliable and resilient energy.

Addressing Load Growth Optimally for Better Service

To address rising demand and load growth in its franchise area, Meralco continues to expand and upgrade its distribution assets, resulting in augmented system capacity, reduced exposure to external disturbances, and enhanced operational flexibility. Meralco also employs various forecasting tools to estimate energy demand requirements and identify high-growth areas as it builds its robust infrastructure plan.

Meralco expands its distribution network and builds new substations to fortify the grid. With more and shorter distribution lines and fewer customers per circuit, the system becomes more flexible and allows the network to be reconfigured as needed during abnormal or emergency situations. This also allows the Company to more efficiently isolate faulted segments and easily transfer healthy portions of circuits to alternate power sources to minimize the number of customers affected by outages.

Meralco's Smart Grid: Future-Proofing Its Network Through Digitalization

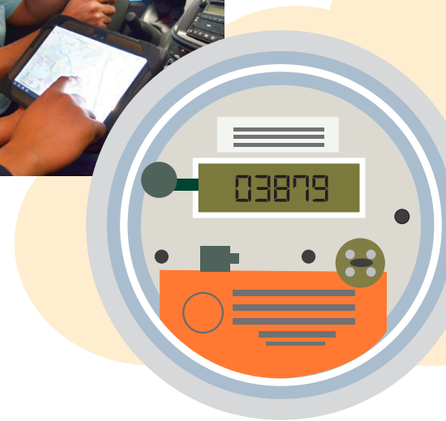
Meralco continues to pioneer the use of technology to solve current and emerging power distribution challenges. Through its Smart Grid program, the Company deploys innovative solutions across its electricity distribution system in support of Advanced Network Automation (ANA).

In the field, the Supervisory Control and Data Acquisition (SCADA) system allows the Company to perform real-time surveillance of its grid system, apply data analytics in diagnostics, and control devices to address operational issues. In the last seven years, the SCADA Master Station has continuously operated with zero downtime.

The SCADA system is complemented by the Advanced Distribution Management System (ADMS), a software that employs the latest technology to manage power distribution and outages as well as gathers and analyzes customer outage reports, optimizing the Company's response to outage incidents. ADMS also has an Integrated Volt-VAR Optimization (IVVO) feature, which allows the remote control of voltage-regulating field devices to improve the grid's power factor, thereby enhancing power quality and service reliability.

Furthermore, the Company's Fault Location, Isolation, and Service Restoration (FLISR) response mechanism pinpoints outage locations and reroutes power to affected customers, shortening power restoration times.

Meanwhile, the Integrated Mobile Computing System (IMCS) is an automated solution that coordinates the dispatch of repair crews to immediately address problems in the grid such as accidental or unplanned power outages. The data gathered by the IMCS in its operations is likewise used to enhance worker productivity and promote faster customer service.



Through the use of state-of-the-art information and communications technology (ICT) systems, Meralco aims to heighten its service delivery and generate maximum stakeholder satisfaction. These new technologies will help keep power running for customers, providing them with reliable and high-quality service.

Beyond ANA, an integral component of Meralco's Smart Grid program is the propagation of Advanced Metering Infrastructure (AMI), which involves the rollout of smart meters along with the deployment of a modern, secure, and robust telecommunications and IT infrastructure enabling two-way communication between Meralco and its customers. While AMI is primarily geared towards empowering customers by providing detailed consumption information and offering tailor-fit energy efficiency programs, it also facilitates and delivers operational efficiencies which boost service reliability.

Through the outage detection feature, smart meters help pinpoint areas or specific customers experiencing localized power interruptions even before they are reported to Meralco. This allows field crews to be dispatched promptly, likely shortening the outage duration. In addition, AMI can aid in system loss reduction with the tamper detection functionality of smart meters, which sends out alerts for immediate investigation of suspected electricity pilferage. With the availability of more granular meter data, advanced analytics may be performed to further improve various facets of grid operations such as renewable energy integration, power quality, and peak demand management.

Moreover, AMI helps address the unusual power consumption patterns brought about by the pandemic. In May 2020, the significant increase in residential loads due to customers staying at home took a toll on Meralco's grid operations. The surge in demand overloaded and damaged a number of the Company's Distribution Transformers (DTs), resulting in power interruptions.

MORE THAN
101,000
SMART METERS INSTALLED

However, certain DTs were spared from this occurrence, as they were equipped with smart meters which could monitor their actual conditions.

With over 101 thousand smart meters installed as of end-2020, Meralco aims to increasingly deploy AMI across the grid, enabling not only heightened customer empowerment and engagement but also greater visibility on the operation of key network assets such as DTs, helping to prevent damage from prolonged overloading and to sustain the provision of reliable electricity.

Looking ahead, Meralco, with the support of DOE and ERC, will further ramp up its Smart Grid programs, with plans to invest over PhP50 billion in the next 10 years, bringing to life the Grid of the Future that will serve millions of customers more efficiently and reliably than ever before.

Promoting Network Resiliency Through Proactive Action

201-2

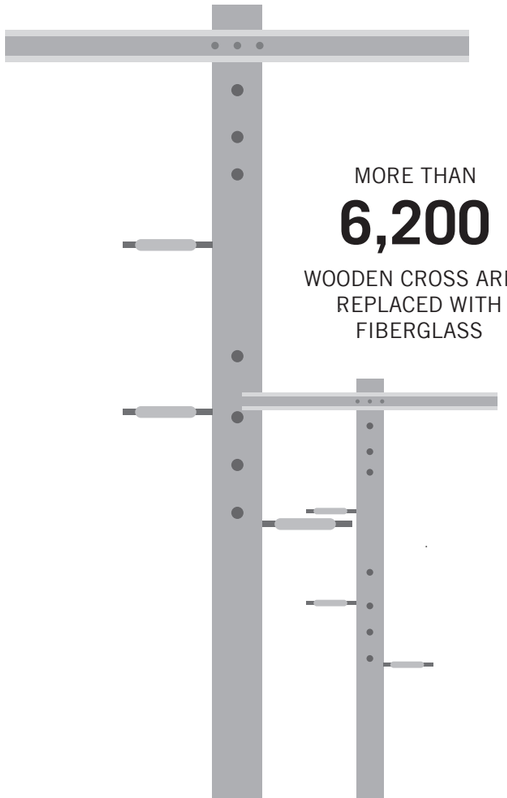
Because of its unique geographical location, the Philippines is prone to the adverse impacts of climate change. Weather conditions in recent years have intensified, evidenced by the strong typhoons that ravaged the country in the last quarter of 2020. Earthquakes and floods also remain yearly occurrences. With this reality, Meralco needs to ensure the robustness of its entire distribution system to prevent damages or outages in the provision of reliable energy to its customers. To this end, Meralco puts in place various resiliency measures to prepare its infrastructure and be able to restore the electric distribution system to normal operating conditions in the shortest time possible.

To prepare for typhoons, Meralco performs preemptive activities such as targeted tree trimming and cursory line inspection in partnership and coordination with local government units (LGUs) and other government agencies, such as the Department of Energy (DOE) and the Metropolitan Manila Development Authority (MMDA).

In addition, Meralco conducts storm-hardening measures such as the replacement of poles, upgrade of conductors and lead wires, and installation of line and equipment covers. In 2020, 2,213 line and equipment covers were installed near building work sites. More than 6,200 wooden cross arms were also converted to lighter, easier-to-install, and more durable fiberglass crossarms. Moreover, over 2,600 aging wooden poles were replaced with concrete poles. Through the use of new and stronger synthetic materials, Meralco not only boosts the resilience of facilities but also helps preserve the environment by lessening its dependency on wood.

STORM HARDENING METRICS (MERALCO)

	2018	2019	2020
Number of poles replaced	7,956	7,803	2,604
Length of conductors upgraded (in spans)	25,218	20,291	12,111
Number of DT primary lead wires upgraded	46,308	56,611	30,422
Number of line and equipment covers installed	10,363	7,860	2,213
Number of wooden crossarms converted to fiberglass	9,252	6,330	6,263



MORE THAN

6,200

WOODEN CROSS ARMS REPLACED WITH FIBERGLASS

Lastly, Meralco continues to enhance its Lightning Protection Improvement Program (LPIP), through which its distribution network and substations are strengthened and protected against lightning and ensuing power surges or unexpected electric shocks. In particular, Meralco installs surge arresters and overhead static wires, reinforces its poles, and conducts system-neutral grounding. Additionally, the Company uses a lightning detection system which advises Meralco personnel on the magnitude and approximate location of lightning strikes within the franchise area. With such measures, the LPIP, since its launch in 2014, has helped reduce the duration of outages due to lightning by 78 percent.

Preemptive and proactive measures such as these make Meralco better prepared to weather the storms of operating in a tropical, calamity-prone country, thereby providing reliable energy to all those it serves.

LIGHTNING PROTECTION IMPROVEMENT PROGRAM METRICS (MERALCO)

	2018	2019	2020
Number of surge arresters used for installation or replacement	10,227	14,377	7,397
Number of poles used for pole grounding correction	13,218	15,445	8,470
Length of system neutrals installed (in spans)	1,793	2,083	1,213
Length of overhead shield wires installed (in spans)	5,269	3,446	2,051
Number of remote-controlled line reclosers installed	637	777	91
FRC SAIFI due to lightning (sustained interruptions due to lightning)	1	1	0

Re-energizing Communities in Times of Disaster

While Meralco takes all the necessary precautions to ensure steady and reliable service, it remains deeply committed to and is highly capable of keeping the lights on even when disasters and unexpected troubles do strike.

The country experiences several typhoons each year, with many affecting Meralco's franchise area. As such, line restoration during and after typhoons have become part of business-as-usual operations in Meralco, and when needed, the Company extends its expertise and help in calamity-struck areas outside of its franchise.

While Meralco has processes in place and sets the bar high for restoration and rehabilitation following typhoons, the Company further prepares itself for unexpected disasters or crises that may impact business operations and customer service on an even larger scale. This is in support of Meralco's aim to be the most resilient organization in the Philippine power industry.

To this end, the Company has established a robust Business Continuity Management (BCM) program to keep its employees safe and to ensure the continuity of its operations, especially in times of emergency. The Company's BCM includes a facility structural rehabilitation program to ensure earthquake resilience within the Meralco compound. Also, in the event that its primary system control center is compromised, Meralco has installed and operationalized emergency back-up sites to ensure and safeguard continuous operations.

The Company also leverages its strategic partnerships with local government units and other government agencies to promptly respond if and when such major disasters occur. In particular, in collaboration with the DOE and other key energy sector players, Meralco developed a National Energy Contingency Plan to restore electricity service to all mission-critical installations should a calamity or emergency arise. Through partnerships with LGUs, the Metro Manila Development Authority, the Metro Manila Disaster Risk Reduction and Management Council, and the Bureau of Fire Protection, Meralco conducts all necessary drills, demos, and exercises to be well-prepared for various precarious events and disasters.

BCM is of paramount importance to Meralco, as the Philippines is a hotbed for different types of natural calamities and crises. And indeed, 2020 was the year when unexpected events threatened business continuity like never before.

As a case in point, Taal Volcano erupted on January 12, 2020, causing ash to coat Meralco's network infrastructure, resulting in tripped lines and widespread power outages. Nevertheless, Meralco, whose service franchise included the most affected areas, sprang into action to protect its facilities, de-energize affected areas to allow for safe restoration activities, and immediately restore power for nearly 180 thousand customers. It deployed its full contingent of more than one thousand linemen in 24/7 shifts, over 30 pressure washers, and 300 trucks in the fulfilment of ashfall clean-up and restoration work on nearly 14 thousand Meralco posts, facilities, and insulators. This was the largest scale restoration that Meralco had done in recent history and presented the Company another opportunity to live out the highest degree of *malasakit*[6], or compassion, for its customers and communities.

Yet, just as recovery was underway, the global health crisis of COVID-19 officially struck less than two months after the Taal eruption, forcing the country to go on lockdown. While the pandemic did not pose a threat to service reliability, it exposed uncommon stresses on Meralco's distribution system, specifically on Distribution Transformers (DTs) and secondary facilities in certain locations within the Meralco franchise area. These assets became overloaded due to the drastic increase in residential demand, coupled with the high temperature-driven summer spike in consumption, resulting in power interruptions. Nevertheless, in the face of the safety and health risks brought about by the novel coronavirus, Meralco immediately restored power for all.

MORE THAN
1,000
LINEMEN DEPLOYED

Bucking and overcoming any challenges that may come, Meralco rises above the circumstances and stays true to its commitment to keeping the lights on 24/7—even under the toughest of situations.

[6] *Malasakit* for Meralco means going over and beyond one's call of duty, with great concern for the company and its stakeholders.

POWERING ESSENTIAL INDUSTRIES IN TIMES OF CRISIS

During the peak of the pandemic, national agencies and local government units faced many and various difficulties meeting logistical and capacity needs for an effective COVID-19 response. To support the government in its efforts, the Company, along with strategic partners, powered critical facilities to accommodate patients as well as medical workers in need of safe and sanitized areas. In total, Meralco energized more than 90 vital facilities, including government offices, public and private hospitals, temporary quarantine centers, testing laboratories, and dormitories for frontliners.

Among these facilities were hospitals and medical centers in the Meralco franchise area, including San Pablo City General Hospital, Angono-Binangonan Center of Dialysis, Bocaue Specialist Medical Center, and Ospital ng Muntinlupa.

In addition, the Company ensured the constant supply of power for temporary facilities such as the 525-bed Solaire-PAGCOR mega quarantine center, 300-bed Philippine Arena mega quarantine center, 112-bed temporary health facility at the Ninoy Aquino Stadium, temporary mortuary freezers of East Avenue Medical Center, and the 30 container vans which were converted to shelters for locally stranded individuals at the Cultural Center of the Philippines Complex. Meralco also energized temporary facilities for 150 COVID-19 patient beds in the ASEAN Convention Center in Clark and powered the DPWH's temporary treatment stations in the World Trade Center and Philippine International Convention Center, which helped ease the capacity of hospitals to focus on the most critical cases within their own premises.

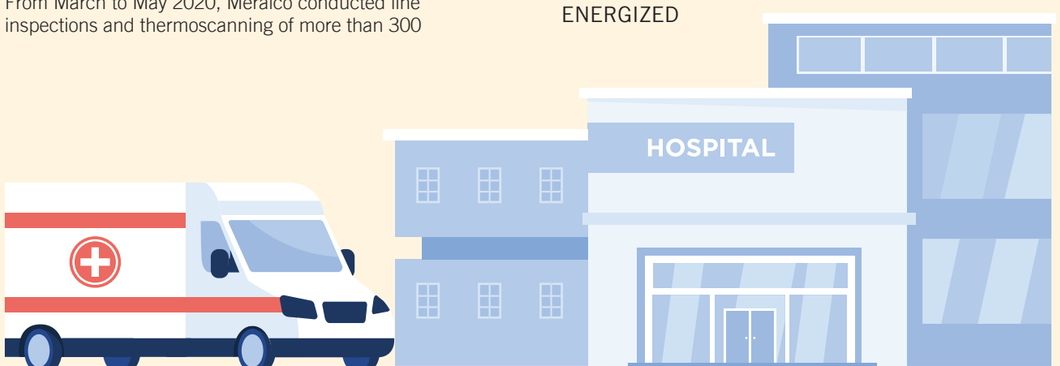
Meralco also proactively conducted maintenance activities during the periods of community quarantine. From March to May 2020, Meralco conducted line inspections and thermoscanning of more than 300 circuits serving at least 700 treatment facilities and hospitals within its franchise area. Meralco also performed line clearing and testing of electric distribution facilities serving temporary treatment centers such as the Philippine Sports Complex and Rizal Memorial Coliseum among others.

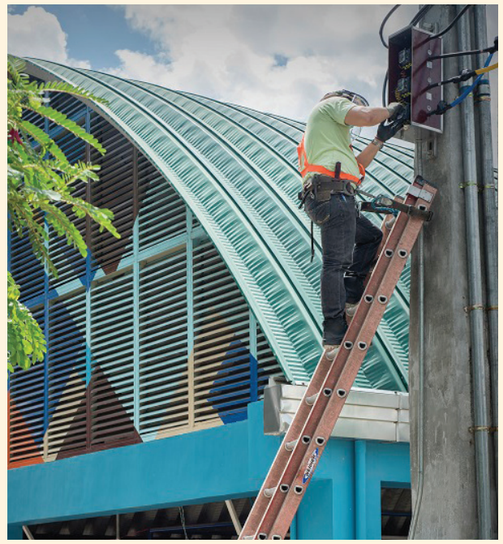
Aside from energizing and maintaining these electrical facilities, Meralco also sponsored the disinfection of key government health and police institutions: the Rizal Medical Center, PNP General Hospital as well as PNP offices nationwide.

To further aid in the battle against COVID-19, the electricity bills of three mega quarantine centers in Metro Manila—World Trade Center, Philippine International Convention Center (PICC), and the Ninoy Aquino Stadium—were covered in partnership with South Luzon Thermal Energy Corporation (SLTEC) and San Miguel Corporation Global Power Foundation. Further, Meralco, through OMF, donated the distribution component of the electricity bills of three lodging facilities in Pasig City that were used as isolation centers for residents.

Meralco continues to power and light up essential institutions and emergency shelters, aiding the government in creating more accommodation for patients and health workers as the country continues to battle the pandemic. These interventions will help more Filipinos heal, enabling a swifter national recovery.

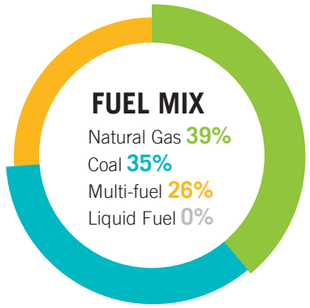
MORE THAN
90
VITAL FACILITIES ENERGIZED





Clean Energy: Accelerating the Low-Carbon Transition

201-2, IF-EU-000.D, IF-EU-110a.3



While power is vital for sustainable advancement, the United Nations notes that 60 percent of global emissions are generated by the energy sector, contributing to and driving climate change more than any other industry. As such, the global transition towards clean, renewable sources is truly critical to ensure a healthy planet and prosperity for millions of people.

Meralco strives to lower its carbon footprint through various initiatives, including the management and diversification of its fuel mix. The Company sources power from coal alternatives such as natural gas and multiple fuel sources including solar power and other renewable sources. In 2020, natural gas accounted for the largest share of energy sourced at 39 percent, while multi-fuel amounted to 26 percent of the mix. However, energy supply from coal increased to 35 percent from 31 percent in 2019, as Meralco strived to meet energy demand while keeping its retail price points within reach by customers.

Going forward, however, the Company aims to progressively increase its supply from renewable energy sources in compliance with the Renewable Portfolio Standards (RPS) requirements under the Renewable Energy Act of 2008. In particular, Meralco will source at least 1,500 MW of energy from earth-friendly sources in the next five years. This will supplement the Company's 20-year contracts with solar power plants in Tanauan, Batangas and San Miguel, Bulacan, each with a capacity of 50 MW.

One Meralco is also cognizant of the environmental and social impacts stemming from the energy it generates. While securing more pathways to invest and engage in renewable energy, One Meralco works to optimize the efficiency of its existing thermal plants. As a case in point, MGen's San Buenaventura Power Ltd., Co. (SBPL), which runs the 455-MW (net) coal-fired power plant in Mauban, Quezon Province, employs state-of-the-art supercritical technology, which operates at much higher temperatures and pressures, translating to higher efficiencies and significant CO_2 reductions.

Encouraging carbon emission reduction, the UN sees supercritical technologies like HELE as part of its Clean Development Mechanism. To illustrate this, a 500-MW (gross) HELE coal plant can reduce emissions by approximately 110 thousand tonnes CO_2 vis-à-vis a comparable non-HELE plant. This is because a HELE plant can achieve 44 percent operational efficiency, in comparison with older plants which usually operate at 33 percent efficiency. In 2020, only its first full year of operations, SBPL reached operational efficiency of 39 percent.

Meralco is continuously expanding its efforts to source and generate cleaner, more eco-friendly energy to lower its overall carbon footprint, heightening its commitment to SDG 7.

HARNESSING THE SUN TO HELP AN UNDERPRIVILEGED COMMUNITY

In 2020, Meralco bested seven other Southeast Asian players and won a fully funded research and demonstration project on the viability of using electric vehicle (EV) batteries as an energy storage system (ESS). In partnership with Seochang Electric Communication Co. Ltd. and funded by the Korea Institute of Energy Technology Evaluation and Planning, the project entails the construction and installation of a 50-kW solar facility and a 300-kWh ESS which will benefit a local housing community in the Meralco franchise.

This initiative will leverage the distinct expertise of several Meralco subsidiaries: (1) MIESCOR, with its capabilities in engineering, construction, and technical support, will lead the project; (2) Spectrum, Meralco's solar power solutions provider, will aid in the construction and installation of the solar panels and ESS; (3) eSakay, with its core business in vehicle electrification, will supply the EV batteries; and lastly, (4) One Meralco Foundation, through its strong community relations, will identify and engage the beneficiary community.

This project exemplifies the full extent of One Meralco's ability to collectively bring sustainability to life by providing end-to-end energy solutions to underserved groups who would benefit the most.

50 kW
SOLAR FACILITY

300 kWh
BATTERY

Advancing the Clean Energy Shift

Meralco has made purposeful strides and gained significant ground since it began its earnest Group-wide transition to renewable energy in 2019. In the coming years, the Company commits to hastening this shift in power generation.

MGen's wholly owned subsidiary MGreen will further expand its renewable energy portfolio by investing PhP190 billion to build up to 1,500 MW of renewable energy projects in the next five to seven years. Leading the transition to renewable energy is the development of its 50-MW solar farm in San Miguel, Bulacan through a Meralco-led consortium with PowerSource Global Holdings Corporation. The utility-scale solar plant will be commissioned in the second quarter of 2021 and will provide its output to Meralco for 20 years. A plan is also in the pipeline to establish a 110-MW floating solar project to increase the share of solar power in Meralco's generation portfolio.

In addition to MGreen's projects, Spectrum promotes the adoption of clean distributed energy by providing solar panel solutions across all customer segments. Spectrum's base of residential customers increased by 104.4 percent, from 23 customers in 2019 to 47 in 2020 with a total installed capacity of nearly 1 MW. A similar trend is seen in the commercial and industrial segments, with customer growth at 76.6 percent, from 47 to 83 customers, and solar installations at 11 MW, a 25 percent increase versus 2019.

As part of its capacity expansion on the commercial side, Spectrum partnered with the City of Dreams (COD) to install 3,120 solar PV panels in the resort's parking building. This green energy system is expected to generate 1,730 MWh of power annually, which could power up to 185 units of 5-tonne air-conditioners.

The rising demand for solar solutions signals a heightened interest in clean energy sources, and Spectrum is at the helm, ready to serve and deliver.

Partnering for a Green Future

To further promote its sustainability agenda, Meralco strikes and builds partnerships with like-minded companies and organizations to accelerate its efforts towards building more resilient and ecologically-sound energy systems, and to collectively advocate for sustainable development with industry peers.

In particular, Meralco works with organizations such as the Philippine Iron and Steel Institute (PISI), the Philippine Energy Efficiency Alliance (PE2), and the Philippine Green Building Council (PHILGBC). PISI advocates for the sustainable production and manufacturing of iron and steel products in the country. PE2 convenes the private and civil society sectors to share and promote best ethical practices and technologies with regard to energy efficiency conservation and renewable energy. Lastly, PHILGBC fosters knowledge-sharing of green building practices.

Meralco also continuously supports new projects and policies of the government, especially the Department of Energy (DOE), whose main thrust is to promote a more balanced power mix necessary for sustainable economic growth. Meralco welcomes the DOE's plan to push for renewable energy development and to halt its endorsement of greenfield coal power plants. The Company also supports the Green Energy Option Program under the Renewable Energy Act of 2008, wherein the DOE encourages more consumers to switch from conventional power-producing sources to renewable energy.

FIRST LIGHT: MGREEN'S 50-MW BULACAN SOLAR FARM

MGreen's earnest strides on the renewable energy (RE) front are best exemplified by its first solar power plant—a 50-MW solar farm in San Miguel, Bulacan due for commissioning in the first half of 2021.

MGreen, which holds a 60 percent interest in the project, and its partner, PowerSource Group, tapped SUMEC Complete Equipment & Engineering Co. Ltd. as the engineering, procurement, and construction contractor for the project, whose construction activities started in December 2018.

Since it broke ground, the project has achieved 1.5 million safe man-hours without lost time incident, reflecting Meralco's commitment to safety and security in all its activities at the power plant site.

This was achieved notwithstanding formidable hurdles encountered including delays brought about by the COVID-19 pandemic and a string of weather disturbances that limited movements at the power plant site.

Now in the final stretch prior to commercial operations, the PhP4.3 billion project will supply its capacity to Meralco under a 20-year Power Supply Agreement, which may be extended to 25 years, subject to approval by the Energy Regulatory Commission.

The Bulacan solar project is a significant milestone for MGreen, which serves as MGen's platform to develop utility-scale power projects leveraging RE technologies such as solar, wind, and hydropower.

PLANET

Protecting and preserving Mother Earth

One Meralco remains steadfast in its pledge to safeguard and sustain a healthy Earth. In 2020, the Group widened and deepened its efforts to care for the planet by launching initiatives that aimed to mitigate the Group's greenhouse gas (GHG) emissions, promote the efficient and conscientious use of its resources, and increase the portion of its waste diverted from landfills.

The 2015 Paris Agreement on Climate Change marked a critical inflection point toward a zero-carbon world. It institutionalized the global response to counter the negative impacts of climate change by keeping the rise in the global average temperature to well below 2 °C and ideally not more than 1.5 °C. For this to happen, GHG emissions would need to fall by as much as 45 percent (from 2010 levels) by 2030 and reach Net Zero by 2050—quite a tall order.

A new study by the Massachusetts Institute of Technology (MIT) published in the journal, *Humanities and Social Sciences Communications*[7], however, shows that worldwide efforts towards achieving even a 2 °C world are woefully lacking without the introduction of new game-changing policies and investments. Essentially, this means that the climate crisis is approaching a point of no return, and that countries, governments, and companies need to act with greater and more purposeful urgency—to meet their emission reduction targets and the global goals for 2030 and beyond.

Recognizing that businesses have a vital role to play in this global imperative, One Meralco developed and implemented programs that aim to lower its GHG emissions. Among these programs were the Group's transition to green energy in support of UN SDG 7, the electrification of its vehicle fleets, and the reduction of its own electricity consumption. The Group also launched initiatives that further advanced its role as a steward of the environment, particularly those focused on solid waste management, water conservation, and the use of natural, biodegradable ester oil in its distribution transformers.

Now more than ever, when the global health crisis has shown the world the close interlinkage between the prosperity of humankind and the health of the planet, One Meralco reaffirms its commitment to protecting and preserving mankind's one and only home.

Mitigating Greenhouse Gas Emissions

IF-EU-110a.3

Climate change is a deep emergency. Record-breaking weather events and natural calamities—super typhoons, floods, droughts, heat waves, and forest fires—are becoming more commonplace than ever. Fortunately, there is a clear, sustainable path toward environmental recovery—but time is of the essence.

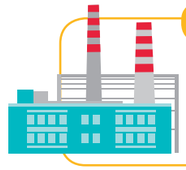
To reverse the distressful effects of climate change, the reduction of GHG emissions in the atmosphere—such as carbon dioxide, methane, nitrous oxide, and fluorinated gases—is imperative.

In support of **SDG 13: Climate Action**, One Meralco established GHG emissions as a top performance indicator at the corporate and business unit levels in 2020. Sustainability metrics, including emissions, accounted for 25 percent of Meralco's and the CEO's performance assessment. Clear, quantifiable targets and stretch levels were set for these metrics, which were regularly monitored and managed by the Group's Senior Leadership Team.

[7] Reilly, J., Chen, Y-H H., and Jacoby, H (n.d). The COVID-19 effect on the Paris agreement. Retrieved March 2021, from https://www.nature.com/articles/s41599-020-00698-2.pdf

Beginning in the first half of 2021, these metrics will also be overseen by the recently established Sustainability Committee of Meralco's Board of Directors.

One Meralco uses the GHG Protocol, a global standard for measuring and monitoring GHG emissions, from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) to define the scope of its emissions as well as to track, manage, and reduce their levels, as described below:



SCOPE 1 EMISSIONS

refer to direct emissions that occur from sources that are owned or controlled by the Group. These include emissions from the Group's power plants as well as combustions from its Company-owned vehicles, standby generators, and other motorized equipment.

SCOPE 2 EMISSIONS

are emissions from the generation of purchased electricity consumed by a company and physically occur at the facility where power is generated. For the Group, these consist of emissions from system loss during the distribution of electricity and from the Company's own electricity consumption.

SCOPE 3 EMISSIONS

pertain to an optional reporting category that allows for the accounting of all other indirect emissions. These emissions result from the Group's activities but occur from sources not owned or controlled by it. Examples include emissions from the Group's supply chain and from its employees' personal vehicles.

Scope 1 Emissions

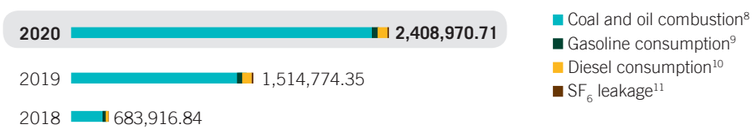
302-1, 302-4, 305-1, IF-EU-110a.1

One Meralco's Scope 1 emissions amounted to 2,408,971 tonnes CO_2e in 2020, increasing by 59.0 percent from 2019. This was mostly from the full-year operations of MGen's San Buenaventura Power Ltd. Co. (SBPL) power plant, compared with only eight months of testing, commissioning, and actual operations in the previous year. Additionally, the growth resulted from improving the measurement of sulfur hexafluoride (SF_6) outflows during maintenance and service activities of the Meralco's distribution substations. Finally, the expansion in the reporting scope of the Group to include the fuel consumption of its subsidiaries also drove the increase in 2020.

The increase in Scope 1 emissions was driven primarily by the plant's full-year operations in 2020. The Group started accounting for and recording emissions from the SBPL plant from the time of its testing and commissioning in May 2019. MGen holds a 51 percent equity stake in the plant.

SCOPE 1 EMISSIONS (in tonnes CO_2e)

102-48



[8] Comprised of GBPC's emissions starting 2018 as well as SBPL's emissions starting 2019
[9] Includes One Meralco's gasoline consumption by company-owned vehicles, standby generators, and vehicles that obtained fuel from the Meralco Operating Center (MOC)
[10] Includes One Meralco's diesel consumption by company-owned vehicles, standby generators, and vehicles that obtained fuel from MOC
[11] Only includes Meralco's and CEDC's SF_6 leakage

SBPL, a 455-MW (net) supercritical power plant, was developed in response to the increasing demand for additional power in Luzon. It is the first coal plant in the country to adopt the state-of-the-art high-efficiency, low-emissions (HELE) technology, which has been proven to increase operational efficiencies and significantly reduce emissions.

The growth in Scope 1 emissions also resulted from improvements in accounting for SF_6 outflows from Meralco's substation equipment. In addition, SF_6 emissions from Clark Electric's substation assets were included in the Group's reporting for the first time in 2020.

The Group regularly monitors and documents SF_6 outflows and ensures the efficient recovery and recycling of this gas. To prevent unintended gas seepages during servicing and maintenance activities, the Group adheres to proper standards and protocols in handling SF_6. At present, SF_6 outflows are measured by monitoring gas pressure levels before and after refilling activities, and by converting these quantities into their mass equivalent using weighing scales. The Group continues to find ways to enhance its methods in managing and accounting for SF_6 outflows.

Finally, the increase in Scope 1 emissions in 2020 was driven by the expansion in the Group's reporting scope for fuel consumption. While only Meralco's own fuel consumption was included in 2019, the Group extended its scope in 2020 to also cover fuel consumption from its subsidiaries' vehicles. In total, in 2020, the Group consumed 222,925 gigajoules of energy from fuel consumption.

To manage its gasoline and diesel consumption, the Group continues to enforce its Clean Fleet Management Program, which consists of several strategies to reduce fuel usage—foremost of which is the Eco-Driving Seminar. This workshop educates participants, Company drivers, and employees alike, on the proper shifting of gears, ideal driving speed, and other fuel-efficient driving techniques.

In addition, Meralco observes the 5S of Good Housekeeping for its fleet to ensure that only essential materials and tools are transported during official business trips, thereby lightening vehicle load and improving fuel efficiency.

Beyond these initiatives, the Group has embarked on a journey to accelerate the electrification of its vehicles to reduce its Scope 1 emissions and to optimize its fleets' total cost of ownership. In 2020, the Company acquired 59 electric motorcycles for deployment to 34 Business Centers and Auxiliary Offices. These vehicles are now used by field representatives to perform meter inspections and site visits.

In addition to three electric shuttles ferrying employees and guests in and around the MOC in Pasig City, the Company also has an electric bike-sharing facility, providing employees an alternative, environment-friendly means to get to different points within the MOC. Furthermore, the Company utilizes three electric cargo tricycles to help transport materials such as electric meters within the Pasig complex.

The Group's subsidiaries also began their own EV journeys in 2020. Spectrum acquired an eMotorcycle to transport its account officers and field engineers as they inspect various solar PV rooftop projects; Radius purchased an eVan to ferry its employees to business destinations; and lastly, MGen, in partnership with eSakay, donated an electric jeep to the local government unit (LGU) of Atimonan to transport the town's frontliners as they perform their important work in the ongoing battle against COVID-19.

ELECTRIFYING THE FIGHT AGAINST COVID-19 WITH AN eJEEP

Atimonan One Energy, Inc. (A1E), in partnership with eSakay, donated an electric jeep to the residents of Atimonan in Quezon province to support the town's battle against the coronavirus. The project is part of A1E's thrust to support a sustainable community in Atimonan by partnering with the LGU to implement social development programs.

Atimonan Mayor Rustico Mendoza, upon receiving the eJeep on behalf of his constituents, lauded the gesture as very timely and thanked MGen and A1E for their continued support to the municipality. He said, "This is our vision for Atimonan to be part of modernization efforts that are being done at the national level."

MGen's President and CEO Rogelio L. Singson said during the turnover, "This project is consistent with MGen and A1E's core values and business strategy, which are aligned with One Meralco's sustainability agenda focused on power, planet, people, and most of all prosperity."

59

ELECTRIC MOTORCYCLES ROLLED OUT TO 34 BUSINESS CENTERS

Leading the Charge on Vehicle Electrification

201-2

In 2020, Meralco launched the Green Mobility Program to significantly enlarge its efforts in vehicle electrification, helping to reduce its Scope 1 emissions and its vehicle operating expenses.

As with its other sustainability programs, the Company employed a four-phase framework and approach in developing Green Mobility—from Diagnostics and Design in 2020 through to Implementation Planning and Execution in 2021. A cross-functional team composed of key representatives from the line organizations drove the program through these four steps.

The team's focus was two-fold: to identify quick wins for implementation in 2020 and to develop a strategic roadmap for the electrification of Meralco's vehicle fleets. To develop this roadmap, the team identified opportunity areas (Diagnostics), ideated solutions and developed business cases (Design), and crafted a multi-year implementation plan for the strategic rollout of EVs together with their requisite charging infrastructure (Implementation Planning and Execution).

Apart from the deployment of 59 eMotorcycles in its Business Centers (BCs), another important and very relevant quick win under this program was eSakay's launch of an eMicromobility employee purchase program dubbed "eSakay eMobility Exclusives" (E^3) to encourage employees to transition to eMotorcycles and eKickScooters for their daily commute during the pandemic.

Given the limitation on public utility vehicle operations due to COVID-19, eSakay provided One Meralco with safe, affordable, and green transport alternatives under the E^3 program. Launched in June 2020, exclusive offers were extended to all Group employees, providing a discount of up to 10 percent on outright purchases or a zero-interest, no down payment, installment plan (up to 12 months) for its offerings. For as low as PhP110 per day and by submitting simple requirements (an online order form and company ID), employees were able to electrify their commute. Through E^3, employees were given opportunities to own affordable modes of transport while making a positive impact on the environment.

Beyond low-hanging fruits, the Green Mobility Program also identified opportunity areas such as the expansion of the eMotorcycle rollout in the BCs and the strategic transformation of its BCs into EV showcase areas by transitioning their vehicles into electric. Also included in the program are the greenification of Meralco's heavy-duty fleet of utility and emergency pick-ups and basket trucks as well as the deployment of a charging network to serve as backbone for its EV operations.

The Group created solutions around these opportunity areas to speed up the transformation of its fleets into clean and electric. Beginning 2021, Meralco will purchase close to 70 EVs consisting of electric cars, electric vans, electric utility pickups, and eMotorcycles to be deployed across 24 BCs and 10 Sector Offices as part of a pilot initiative. These EVs will be used by the Company for its day-to-day operations, serving the purpose of their internal combustion vehicles (ICE) counterparts, but in an environment-friendly manner. A network of five station chargers will also be strategically located in five of Meralco's Sector Offices. Beginning 2021 as well, the Company will electrify employee shuttle routes with either an electric bus or electric van.

Despite the existing economic hurdles—as EVs are not expected to reach cost parity with their ICE counterparts until the mid-2020s—and while waiting for the passage of Senate Bill No. 1382 or the Electric Vehicles and Charging Stations Act (that endeavors to provide a supportive regulatory framework for the use of EVs and the establishment of charging stations), One Meralco is already leading the charge in hastening EV adoption in the country. The Group will continue to move with earnestness in this space, as it accelerates the electrification of its own vehicle fleets to reduce emissions and help thwart climate change.

PROVIDING FREE eSHUTTLES FOR FRONTLINERS

In the Philippines, 80 percent of Metro Manila's pollution comes from vehicle traffic while the balance comes from stationary sources such as factories and open burning of fossil fuels.[12] Jeepneys and buses are the most popular modes of transport for Filipino public commuters, and these vehicles most often use diesel as their fuel. A great majority of these jeepneys are very old and produce significant amounts of pollution through the exhaust they emit.

To aid the country in its shift to environment-friendly transport and in support of **SDG 11: Sustainable Cities and Communities**, Meralco established eSakay. Bringing the future of electric vehicles (EV) into the Philippines, eSakay offers a suite of green transport solutions and services to the riding public, including electric jeeps, electric shuttles, electric motorbikes, and even electric scooters. In addition, the company also supplies, operates, and maintains charging stations, to support EV deployments.

In line with the government's Public Utility Vehicle (PUV) Modernization Program, eSakay operates a fleet of 15 electric jeeps in the heart of two of the country's major business and residential districts—Makati and Mandaluyong Cities. eSakay's eJeeps are not only low carbon-emitting but are also safer and more modern than traditional jeepneys. These state-of-the-art eJeeps are fitted with a dash camera, a global positioning system (GPS), and closed-circuit television (CCTV) for passenger safety and monitoring. In 2020, eSakay's ePUVs served close to 400 thousand commuters, mostly residents and officegoers in the two cities.

Even against the backdrop of the coronavirus pandemic and notwithstanding the suspension of PUVs as part of community quarantine guidelines, eSakay, through strategic partnerships, continued to serve special types of commuters in 2020—healthcare workers, frontliners, and other essential personnel who had no other means of public transport during the Enhanced Community Quarantine (ECQ) period.

During the early days of community quarantine, eSakay ferried more than 76 thousand passengers to and from multiple medical facilities—such as The Medical City, Cardinal Santos Medical Center, St. Martin de Porres Charity Hospital, Our Lady of Lourdes Hospital, National Center for Mental, VRP Medical Center, and Ospital ng Makati—at no cost.

With the support of One Meralco Foundation, the free eShuttle service also provided livelihood to 35 eSakay drivers and support staff, who otherwise would not have been able to earn income given the suspension of PUVs during the lockdown. All this was done in collaboration with the Department of Transportation and the local government leaders of Makati, Pasig, and Teresa, Rizal.

eSakay's provisions for alternative and earth-friendly transportation options earned the Company international recognitions and awards. In 2020, the Stevie Awards honored Meralco under the Most Valuable Corporate Response category due to the Group's efforts to help the commuting public in a time of crisis.

In addition, eSakay was lauded with two Excellence Quills at the 18th Philippine Quill Awards for providing green transport to frontliners and for preserving the livelihood of drivers and support staff during the lockdown. eSakay was awarded under the Community Relations category for "CovidComms 2020: Green Transport for Frontliners" and under the Corporate Social Responsibility category for "*Kabuhayan, Kita, Kalusugan*[13]: Towards a Green Future."

The future of green transport is getting brighter in the Philippines, and eSakay is leading the charge.

[12] (2021). Air Quality in Manila. Retrieved from https://www.iqair.com/us/philippines/ncr/manila

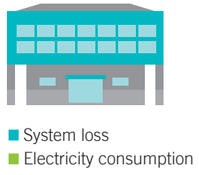
[13] Literal translation: Livelihood, Income, Health

Scope 2 Emissions

305-2

SCOPE 2 EMISSIONS (in tonnes CO_2e)

102-48



One Meralco's Scope 2 emissions totaled 2,014,955 tonnes CO_2e in 2020, a slight 2.3 percent increase compared with 2019, owing primarily to an increase in system loss volumes, which accounted for 98 percent of the Group's emissions in this scope.

Scope 2 emissions due to system loss rose by 2.5 percent from 2019. This increase was driven by a shift in consumption towards the higher-loss-to-serve residential segment, as the lockdown and quarantine restrictions necessitated work-from-home (WFH) arrangements, distance learning, and online business transactions.

On the other hand, the Group's own electricity consumption, another driver of Scope 2 emissions, declined by 5.6 percent in 2020 due not only to the remote working arrangement of employees but also to the significant energy conservation and efficiency measures ideated and implemented by the Group.

Mitigating System Loss

EU12

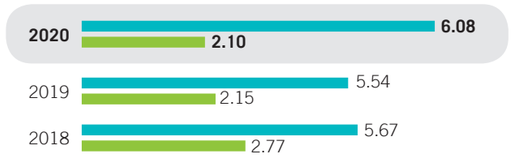
Meralco aims to reduce its system loss to optimize the usage of its distribution assets and to minimize its impact on the environment. This effort also benefits customers in the form of lower electricity prices.

Incurring system loss is inherent in the distribution of electricity, as some portion of power will always dissipate as heat and noise during delivery. This is called technical system loss. However, loss may likewise occur from incidences of electricity theft or pilferage, called non-technical system loss, which Meralco also continually addresses.

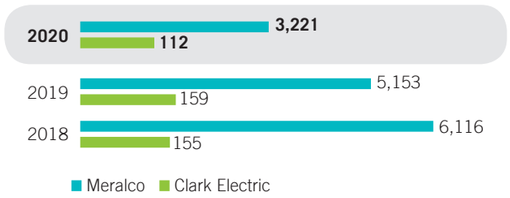
Inasmuch as system loss cannot be eliminated completely, there are economic limits to the level to which it can be reduced. As such, Meralco and Clark Electric regularly conduct technical and socioeconomic studies to strike a balance between the benefits of lower system loss and the capital expenditures necessitated by reduction initiatives.

SYSTEM LOSS METRICS

System loss (% against energy sold)

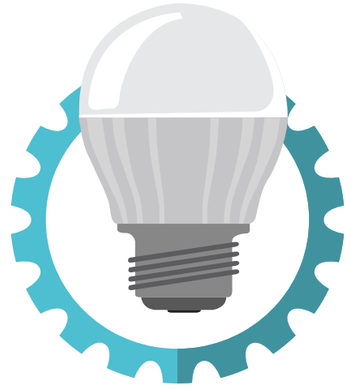


Financial savings of customers due to lower system loss vs. ERC system loss cap (in PhP million)



In 2020, Meralco's system loss was 6.08 percent. Albeit higher than the previous year's 5.54 percent, it remained significantly lower than the regulatory cap of seven percent. The increase was due to sales volumes skewing towards the residential sector, as community quarantines hampered movement to contain the spread of COVID-19. Higher system loss is characteristic of the energy sold to residential customers, as power passes through more transmission and distribution lines before becoming usable by homes.

Nonetheless, despite the increase in system loss, Meralco's performance in this area translated to PhP3.2 billion or eight centavos per kWh in savings for its customers. These savings helped many Filipinos mitigate the financial difficulties brought forth by the pandemic and further illustrated the Company's commitment to provide efficient electricity service to its customers.



PhP3.2B

CUSTOMER SAVINGS FROM LOWER SYSTEM LOSS

Promoting Efficiency and Conservation Measures

302-1, 302-4

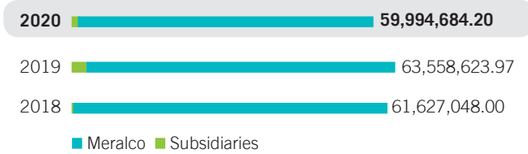
The Group primarily uses grid-purchased electricity for its own energy consumption—to power its main buildings, Business Centers, Sector Offices, and substations, among others.

One Meralco decreased its own electricity consumption to nearly 60.0 million kWh in 2020 from almost 63.6 million kWh in 2019, representing a reduction of 5.6 percent, not only due to remote working arrangements implemented by the Company but also to the Group's strategic energy efficiency initiatives. These measures included converting majority of lighting fixtures to LED alternatives, replacing air-conditioning units with inverter-types, and constructing anti-heat islanding projects such as green parking spaces, green walls, and rooftop gardens to help reduce the heat load in Meralco's buildings.

In addition, in 2020, Meralco increased the footprint of its solar panels across its facilities by installing 145 kWp on several buildings in the MOC, namely the Employee Services Building (35 kWp), Powerhouse (22 kWp), and the Corporate Wellness Center (85 kWp). The Company's Blue Roof project will further drive the solarization of the Group's rooftop spaces beginning with the installation of solar PVs on its main office and engineering buildings. The Blue Roof project will be a huge step towards the wider solarization of the Group's assets, from its buildings in the corporate headquarters to its Business Centers and Sector Offices.

ELECTRICITY CONSUMPTION (in kWh)

102-48



Embracing Innovation for an Energy-Efficient Workplace

201-2

One of Meralco's key sustainability initiatives established in 2020 was the Resource Conservation and Efficiency (RCE) Program. Its overarching goal is to lower the Group's Scope 2 emissions and its operating expenses (OPEX) related to own use of energy. The program advances **SDG 12: Responsible Consumption and Production** and **SDG 13: Climate Action**. While Meralco has adopted energy efficiency initiatives in the past, the RCE Program is distinguished by its integrative and highly scientific approach.

The program's initial phase included energy efficiency initiatives for the two largest buildings inside the MOC—the Lopez and Technical Services Buildings. This first phase, once completed, would serve as a jump-off point for succeeding phases, which would encompass the whole of MOC, the Group's ten Sector Offices, more than 50 Business Centers and Auxiliary Offices, and its subsidiaries' owned and rented office buildings.

Prior to the RCE Program, Meralco had already implemented several efforts to drive down its electricity consumption. Among these wins were the replacement of all of the Company's fluorescent fixtures to LED, the upgrade of 42 of its 44 conventional air-conditioning units (ACU) to inverter ACUs, the purchase of energy-efficient chillers, and a refresh of IT devices from old desktops to faster laptops (which also enabled WFH setup). These measures resulted in cumulative energy savings of 10 GWh since 2012, in emissions reduction of seven kilotonnes CO_2e and OPEX savings of nearly PhP90 million.

Building on these victories in 2020, the Company formalized 37 solutions under the RCE program addressing various opportunity areas, such as the availability of additional rooftop and open spaces for solar PV installation in the MOC and the need for advanced analytics to better understand the Company's energy usage patterns. These 37 initiatives were estimated to contribute 3.7 GWh of annual energy savings for the Company, equivalent to a five percent reduction of energy consumption-related Scope 2 emissions vis-à-vis 2019 levels.

Apart from the Blue Roof project, another initiative under the RCE Program is the conversion of Lopez Building's top floor (currently housing five conference rooms, an executive dining area, and a kitchen) into a solar PV-powered collaboration area called the Green 14th.

As a sustainability showcase, the Green 14th would source its electricity requirements from the Blue Roof project, employ motion sensors for light switches, use upcycled furniture and fixtures, and feature eco-friendly materials. For this initiative, the Company is considering a partnership with one of the Philippines' youngest inventors, Mr. Carvey Maigue, who recently won the James Dyson Award for his AuREUS system, a technology from upcycled crop wastes that absorbs UV light and converts it to electricity.

In addition, under the RCE Program, the Company will install solar window film solutions on its building walls to reduce heat gain from solar radiation and lessen cooling needs of the Lopez Building, its headquarters.

Finally, to improve the manner by which it manages and measures electricity consumption, Meralco will upgrade its building management system and install electric submeters per floor to enhance its data collection and analysis.

The RCE Program is also very timely as it complements the government's thrust towards energy conservation, as enshrined in the Energy Efficiency and Conservation Act (Republic Act No. 11285), passed into law in 2019. To this end, Meralco's RCE Program provides a robust starting point for the Company's compliance with the law once it is implemented in 2021.

Meralco's efforts towards optimized energy use translate not only into gains for the planet but also into savings for the Company, and ultimately, for its customers.

CONSERVING ENERGY BEYOND THE HOUR

As the world celebrated Earth Hour on March 28, 2020, Meralco enjoined Filipinos to commit to real climate action by encouraging them not only to switch their lights off for Earth Hour but to also change their energy consumption habits all year round.

Earth Hour is a global grassroots movement for the environment started by the World Wide Fund for Nature (WWF) in 2007 as a simple lights-out event in Australia. Now, it has grown to inspire millions around the globe to take concrete steps, beyond Earth Hour, to save the planet from runaway climate change.

For its part, Meralco encouraged employees and customers to turn off their lights during Earth Hour to connect with the planet—and to bring new sparks into their lives by enjoying unplugged moments together.

Apart from promoting Earth Hour, Meralco also participated in the 50th anniversary of Earth Day on April 22, 2020 by turning to social media and sharing compelling stories on the Group's commitment to climate action, such as its transition to cleaner and greener energy.

Beyond these symbolic gestures, Meralco enables its more than seven million customers to better understand their consumption patterns and to become energy-efficient through programs such as Bright Ideas and Orange Tag. Bright Ideas provides consumers with practical tips to save on electricity, which can be found on Meralco's website and on its social media accounts. Orange Tag, on the other hand, is a label informing potential buyers on an appliance's estimated kWh consumption and operating costs.

Likewise, the Group strives to equip its commercial and industrial customers with energy efficiency products and services. To this end, MServ, the Group's energy service company, offers energy-saving solutions, such as power quality audits that lead to lighting and HVAC efficiencies, as well as a cloud-based energy management system offering, rounding out its energy efficiency services.

In line with global goals, Meralco will continue to actively participate and promote worldwide movements and events while empowering its customers with energy-saving information and solutions.

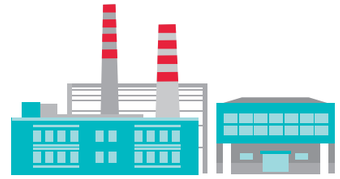
Emissions Intensity

305-4

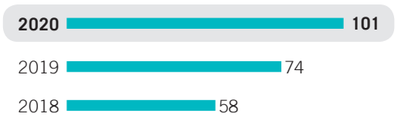
In addition to monitoring absolute emissions, One Meralco also carefully tracks its emissions intensity, or the amount of its GHG emissions (measured in tonnes of carbon dioxide equivalent, or tCO_2e) per unit of output or activity (measured in GWh sales).

In 2020, the Group's combined Scope 1 and Scope 2 emissions intensity was 101 tonnes CO_2e per GWh, 36.5 percent higher than the 2019 level of 74 tonnes CO_2e per GWh. The increase was mainly from SBPL's full-year operations in 2020 and the decline in energy sales resulting from the periods community quarantine.

As part of its long-term sustainability strategy, One Meralco is putting in place significant measures that will steadily reduce its absolute emissions and emissions intensity through 2030 and beyond. Some of these initiatives include improvements in the efficiency of its generation plants, the reduction of SF_6 outflows from its substation equipment, and the lowering of its system loss.



EMISSIONS INTENSITY (in tCO_2e/GWh)
102-48



Scope 3 Emissions

302-2, 302-4, 305-3, IF-EU-110a.2

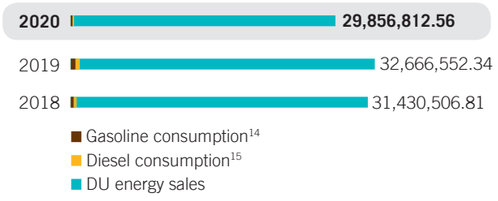
One Meralco's Scope 3 emissions, largely driven by its total energy sales and the fuel consumption of its employees, totaled 29.9 million tonnes CO_2e in 2020 compared with 32.7 million tonnes CO_2e in 2019, representing an 8.6 percent decrease.

This reduction was driven, in part, by the decline in Meralco's electricity sales by 7.0 percent in 2020 compared with the previous year—in turn, mainly due to the pandemic-driven drop in commercial and industrial sales volumes.

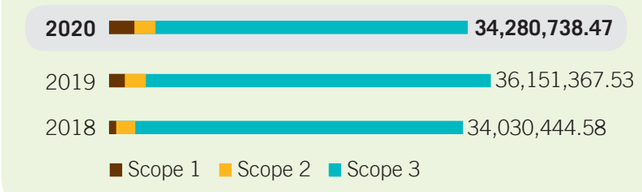
Because of work-from-home arrangements for many of Meralco's employees and owing to limitations on mobility, the fuel consumption (and corresponding emissions) from its employees' privately owned vehicles significantly decreased by 42.2 percent in 2020.

All in all, One Meralco's total emissions (Scope 1, Scope 2, and Scope 3) decreased by 5.2 percent to 34.28 million tonnes CO_2e in 2020 from 36.15 million tonnes CO_2e in 2019. Looking ahead, the Group will continue to fortify its efforts in managing its GHG emissions—to ensure a livable and flourishing planet.

SCOPE 3 EMISSIONS (in tonnes CO_2e)
102-48



TOTAL EMISSIONS (in tonnes CO_2e)



[14] Includes gasoline consumption from employee commuting and rented/contractor-owned vehicles
[15] Includes diesel consumption from employee commuting and rented/contractor-owned vehicles

Restoring Biodiversity to Offset Emissions

201-2, 304-2

To further reduce its overall emissions and emissions intensity and to contribute to **SDG 15: Life on Land**, the Group employs nature-based carbon offset solutions such as the One Meralco Foundation's (OMF) One for Trees program. Through One for Trees, the Group lives out its commitment to environmental sustainability and contributes to the preservation of Philippine biodiversity.

Since 2019, the Group has planted a total of 110,637 trees—87,271 of which were planted in 2020 notwithstanding the constraints of the pandemic—in partnership with GreenEarth Heritage Foundation.

OMF targets to plant 130,700 more trees in 2021.

One for Trees' objective is to plant and nurture at least three million trees through 2025 in multiple forest lands and critical watersheds within the Meralco franchise area and beyond. Majority of the trees planted are species native to the Philippines, further enriching and preserving the country's biodiversity.

The Group's efforts seek to revive and rehabilitate damaged and threatened forests and watersheds, while simultaneously providing a sustainable stream of income to communities through agroforestry.

87,271
SEEDLINGS PLANTED IN 2020

ENABLING ENERGY INDEPENDENCE THROUGH GREEN MEANS

In a 2018 report, the Philippines was said to have the 2nd most expensive energy rates in Asia, second to Japan, because unlike in many of its neighboring countries, power is not a subsidized commodity.[16]

The use of renewable energy—such as solar, wind, and hydropower—therefore has the potential to lower energy costs by 30 percent.[17] In the same breath, using renewable energy also helps advance the Philippines' international climate change commitment.

As part of Meralco's thrust to protect the environment while helping spur the nation's economic growth, the Company offers distributed energy resources—solar PV solutions and microgrids—to its customers through its subsidiary, Spectrum.

While Spectrum also caters to residential customers, its main clientele are commercial and industrial customers, including the likes of City of Dreams Manila.

In January 2020, the resort partnered with Spectrum to install a 1.2-MW solar PV energy system (composed of 3,120 solar panels) on the rooftop of its parking building.

By harvesting the sun's heat, the solar project is guaranteed to generate 1,730 MWh per year, or the equivalent consumption of over 800 households. As a result of this project, City of Dreams Manila could achieve nearly three percent savings on its monthly electricity costs and reduce its carbon emissions, in turn, by more than one thousand tonnes of CO_2e annually—equivalent to emissions of at least 270 cars.

Aside from catering to commercial and industrial customers, Spectrum is also active in electrifying off-grid communities in dire need of energy, as seen in Cagbalete and Verde Islands.

In the future, Spectrum aims to address the growing demand of eco-conscious customers for green energy by exponentially expanding its solar power installations. Furthermore, Spectrum aims to help bridge the energy gap for more off-grid communities and other remote areas that continue to be underserved.

[16] Lectura, L. (2018, August 7). Average electricity price in PHL 2nd highest in Asia–think tank. *BusinessMirror*. Retrieved from https://businessmirror.com.ph/2018/08/07/average-electricity-price-in-phl-2nd-highest-in-asia-think-tank

[17] (2019, October 2). Renewables may cut Philippines' electricity rates 30%. *Asian Power*. Retrieved from https://asian-power.com/power-utility/news/renewables-may-cut-philippines-electricity-rates-30#:~:text=Electricity%20prices%20in%20the%20Philippines,fuels%20and%20uncompetitive%20market%20structures

Managing Water and Effluents

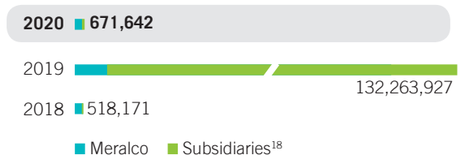
303-1, 303-2, IF-EU-140a.1, IF-EU-140a.2, IF-EU-140a.3

Water is a scarce natural resource in the Philippines, as an estimated five million Filipinos still lack access to clean water. In order to act more responsibly towards conserving this vital resource, Meralco has established various sustainable water management strategies to regulate its consumption and to limit the water pollutants it produces.

As early as 2012, Meralco widened its water conservation efforts through the launch of its Water Conservation Program which aims to promote the responsible use of water among its employees and other stakeholders.

To significantly reduce its water use and wastage, the Company employs engineering solutions such as water level indicators and automatic shut-off features in water pumps. Moreover, it conducts regular internal and external audits to identify, profile, and manage its water pollutants. Finally, One Meralco diligently performs water recycling in its facilities.

WATER CONSUMPTION (in cubic meters)
102-48, 303-5



In addition, through the use of desktop wallpapers, emailed alert messages, and campaign materials like signages and posters, Meralco constantly reminds its employees to use water wisely. The Company also promotes the use of recycled water for cleaning and for watering plants in its premises. Moreover, it calls for the daily maintenance and regulation of the flow of water on faucets, and the daily inspection of water lines for leaks or damages. Finally, to strengthen the understanding of Meralco personnel on wastewater sources, health impacts, and waste minimization, in 2020, employees underwent Wastewater Management Training, which included the operation of septic vaults and sewage treatment plants (STPs).

To further ensure conformance to the Philippine Clean Water Act (Republic Act No. 9275), the MOC and 11 sector offices are equipped with STPs, which were upgraded in 2020 to conform with the requirements of the new General Effluent Standards issued by the DENR in 2016.

In support of all these programs, and to measure impact, Meralco closely monitors its use of water resources through automatic meter reading devices installed in Meralco's Central Water System. In 2020, Meralco recorded water consumption of 418,673 cubic meters, 3.2 percent lower than 432,407 cubic meters in 2019.

Minimizing Waste

Driving Towards Zero Waste

Improper waste disposal is a bane to the planet. Each person living in an urbanized area in the Philippines produces, on average, 0.5 kilogram of waste per day.[19] Without proper waste segregation and management, these huge amounts of waste go directly to landfills—polluting rivers and oceans, destroying habitats and biodiversity, and posing a threat to vulnerable communities who live in close proximity.

In 2020, Meralco sought to capture and integrate its waste management practices and initiatives under one cohesive and strategic banner, the Race to Zero Waste (RZW) Program. This program aims to minimize waste generation and reduce waste disposal in landfills from all Meralco facilities—office buildings, sector offices, Business Centers, storage facilities, and substations.

The RZW Program built on the success and momentum of Meralco's Group-wide Ban on Single-Use Plastics (SUP). The SUP ban, which was put in place in 2019, covered all Meralco offices and facilities, including those of its subsidiaries, and extended even to the Group's suppliers, who complied with the mandate beginning 2020. By October 2020, a year after its launch, the Group's employees and suppliers collectively avoided over 150 thousand kilograms of SUPs, equivalent to 15 million plastic bottles. This initiative proved that small yet collective improvements could have an exponential positive impact on the well-being of the planet.

[18] MGen's reported water consumption in 2019 includes seawater circulated into SBPL for power plant cooling via pass-through system. MGen's 2020 water consumption, on the other hand, is significantly lower as only the seawater extracted for the desalination plant (which has been treated and used for operations) was included.
[19] Senate Economic Planning Office. (2017). Philippine Solid Wastes at a Glance. Retrieved from http://legacy.senate.gov.ph/publications/SEPO/AAG_Philippine%20Solid%20Wastes_Nov2017.pdf

The RZW Program addresses the entire lifecycle of waste management, from generation and segregation to collection and disposal. RZW also utilized the four-phase approach in developing a strategic roadmap towards zero waste: Diagnostic, Design, Implementation Planning, all the way to Execution.

During the Diagnostic and Design phases, the Group unearthed several opportunity areas for which it also proposed solutions, such as the provision of tools for segregation, potential partnerships with local communities and non-profit organizations for waste treatment and disposal, and the launch of an awareness campaign for employees on proper waste handling.

Through this program, the Group stepped up its efforts to identify waste sources across all its operations and activities in 2020. As such, solid waste generation was more properly accounted for at 16,684 tonnes in 2020 compared with only 117 tonnes in 2019. Of the solid waste it produced in 2020, Meralco was also able to divert 55 percent away from landfills, more than tripling its 2019 diversion rate of 17 percent.

Moreover, due to pandemic-related infectious waste (e.g., face masks, face shield, gloves, and hazmat suits), Meralco reported an increase of 51.2 percent in hazardous waste, from 443 tonnes in 2019 to 670 tonnes in 2020. These hazardous wastes were properly and safely hauled and treated within the year.

DIVERTED
55%
AWAY FROM LANDFILLS

Apart from safeguarding the environment through proactive campaigns and initiatives such as those part of RZW, One Meralco holds International Organization for Standardization (ISO) 14001:2015 certifications for Environmental Management Systems across its major subsidiaries and facilities. Gaining these certifications is another testament to the Group's current and growing commitment to responsible environmental stewardship, enabling its own waste management system to meet global standards.

ENSURING HEALTH WITHOUT HARM

As part of its breakthrough Race to Zero Waste Program, One Meralco developed and implemented its infectious waste management initiative to ensure that hazardous wastes generated in the wake of the coronavirus were properly disposed and treated.

Coined #HealthWithoutHarm, this program, launched in June 2020, increased awareness and earnest action on the proper disposal of personal protection equipment and other infectious wastes within Meralco's facilities. Moreover, the program ensured the provision of yellow bins for COVID-19 wastes and the assignment of temporary storage facilities for the safe handling of infectious wastes before transport to treatment facilities using DENR-accredited haulers. This paved the way not only for a safer working environment for all Meralco employees but also for ensuring that hazardous wastes were not dumped in landfills.

To help employees become more cognizant of the measures involved in keeping Meralco COVID-free, communication materials were placed in all Meralco facilities, including Business Centers, on the proper use of the yellow bins for infectious wastes. Information was also shared through digital platforms, namely Meralco & Me email alerts and Workplace posts.

CHAMPIONING THE RACE TO ZERO

To engage Meralco employees in meaningful conversations on waste management, Meralco hosted a webinar entitled "Race to Zero Waste" on October 29, 2020. Antoinette Taus, the Communities Organized for Resource Allocation (CORA) Founder and United Nations Environment Programme (UNEP) Goodwill Ambassador, kicked off the discussion by providing an overview of best practices in solid waste management. Green Space Pilipinas Founder Rina Papio continued the conversation by sharing the principles behind and benefits of Bokashi composting. Lastly, Meralco's Sustainability Reporting and Compliance Head Abby Bonita introduced the objectives of the Race to Zero Waste Program and articulated Meralco's plans for implementation. She urged, "As employees, we each can share in solid waste management by preventing, reusing, or repurposing."

Furthermore, in his closing synthesis, Benjamin U. Cusi, Meralco's Vice President and Head of Facilities, Security, and General Services expressed: "In waste management, people are the biggest challenge but also the most important driver. That is why the Race to Zero Waste Program needs the full commitment and active participation of all of us in Meralco."

The seminar was attended by 212 employees from different Meralco business units and earned a high rating of 94.3 out of 100 from its participants.

Saving the Planet Through "Green" Transformers

201-2

As Meralco magnifies its sustainability efforts, it also mitigates its impact on the planet through the very materials it chooses to employ in its energy distribution business. At the forefront of the Company's transition to recyclable, biodegradable, and environment-safe materials is the use of natural ester oil in its distribution transformers (DT). By using ester oil in the operation and maintenance not only of its pad-mounted and vault-type DTs but also of its overhead distribution transformers, Meralco is able to increase the efficiency and reliability of its network without endangering the environment.

Distribution transformers connect the arteries of the distribution network to the capillaries that lead to its customers. In effect, they convert high voltage electricity from primary lines to low-voltage electricity for secondary lines to power households and businesses.

Through the breakthrough move of converting Meralco's mineral oil to natural ester oil-based ones, Meralco aligns itself with best-in-class global practices and brings the Company closer to its aspiration of becoming a sustainability leader in the energy sector.

As a derivative of vegetable oil, natural ester oil is a 99 percent biodegradable, recyclable, and non-toxic material. According to a 2014 study conducted for Portland General Electric, unlike typical mineral oil, ester oil has no petrochemicals, siloxanes, or halogens—substances that cause damage to ecosystems and contribute to the warming of the planet.[20] Seed-based natural esters are taken from renewable crops, such as soybean, rapeseed, sunflower, canola, and corn. At the same time, natural ester oils are non-toxic in oral consumption and are not hazardous to aquatic life. In its eco-friendly lifecycle, used natural ester oil can also be re-used as a raw material for other products such as soaps and lubricants.

The gains from shifting to natural ester oil include increased transformer loading capability, fire safety, and, as described, reduced environmental impact. Natural ester oil is more efficient as it has a higher flash point and fire point than mineral oil—with ester oil's range at 330–360 °C in comparison with 160–180 °C for mineral oil—mitigating fire and insurance concerns. Moreover, new transformers filled with ester-based dielectric fluids are expected to experience fewer failures over time (i.e., as high as 38 percent reduction in incidences of failure) and improved service reliability, resulting in a life extension of 30 percent vis-à-vis traditional transformers.

As early as 2006, Meralco started using natural ester oil in pad-mounted and vault-type distribution transformers. Currently, 100 percent of the Company's 8,101 pad-mounted and vault-type transformers use this eco-friendly oil.

2020 marked an even greater shift to natural ester oil. The Company elevated its thrust by using ester oil as an insulating fluid for its main overhead distribution transformers (OHDT). A total of 261 natural ester oil-enabled OHDTs were delivered to Meralco in 2020. Moreover, in 2021, an estimated additional 14,500 ester oil OHDTs will be rolled out starting September. Meralco likewise aims to retro-fill existing OHDTs with natural ester oil, which can further extend the life of these existing assets. It also plans to accelerate the replacement of its aging OHDTs with ester oil-powered transformers—further increasing the Company's positive contribution to Mother Earth by safeguarding its biodiversity from harmful and hazardous materials.

Going forward, Meralco will use natural ester oil in all its new transformers while heightening solutions to retro-fill more of its existing transformers— further championing the use of environmentally friendly and economically efficient materials throughout its operations.

99%
BIODEGRADABLE AND RECYCLABLE

[20] Zimmerman, N and Bass, R. (2014). Consideration of Ester-Based Oils as Replacements for Transformer Mineral Oil. Portland: Masseeh College of Engineering and Computer Science.

PEOPLE

Nurturing sustainability from within

Sustainability starts from within. Embedding sustainability in the hearts and minds of its workforce, Meralco seeks to nurture a shared vision towards a better world and to spring its sustainability goals into action. Materializing sustainable development requires unconventional ideas, radical approaches, and unwavering passion; and Meralco believes that its diverse and driven talent pool has exactly what it takes to propel its sustainability agenda.

The pandemic put the Group and its people to the test. And indeed, Meralco's employees exhibited nothing less than creativity, determination, and a hunger to be a force for good, no matter and despite the circumstances. Finding solutions to respond to the new business landscape and to the dynamic needs of its customers while extending help to communities who needed it the most, Meralco's workforce emerged as the true energy behind powering the good life for all.

Recognizing the value of a high-performing, driven, and compassionate workforce, One Meralco attracts the best talent by offering employment opportunities that deliver not only professional advancement but also personal growth. In addition, the Group nurtures and invests in its people's holistic well-being, providing avenues for physical, spiritual, mental, and emotional wellness. Finally, by providing a safe, diverse, and inclusive working environment, the Group enables it employees to thrive and be their best selves.

For Meralco, this is what nurturing sustainability from within means. It is about giving good lives to its people, so they too may give forward to others.

Indeed, this true essence of giving is what employees epitomized in 2020. Amid an extraordinary year of calamities and crises, One Meralco's over 11 thousand-strong workforce stepped up and responded with activism, vigor, and life-giving energy, as they worked toward a shared goal of keeping the lights on for millions of Filipinos and of bringing the country closer to a sustainable future.

11,879
EMPLOYEES

Growing Meralco's Tribe of Game Changers

102-7, 102-8, 401-1, 405-1

One Meralco employees are the lifeblood and vital energy driving the organization towards its business and sustainability goals. In 2020, One Meralco was composed of a total of 11,879 employees, with 50.7 percent working in its subsidiary companies.

As part of an essential industry, Meralco expanded its workforce in 2020 to meet customer demands and maintain service excellence, despite the economic blows from the health crisis. The Distribution Utility's employee count increased by 1.7 percent, due to the continuous hiring of frontliners, particularly linemen integral to Meralco's delivery of reliable service, especially during the darkest days of the pandemic. The shift from office operations to work-from-home arrangements also required a bolstering of a second type of frontliner—Meralco's IT and Cybersecurity personnel—to support the new requirements not only of customers but also of employees who needed to be online, connected, and digitally protected more than ever.

BASIC WORKFORCE PROFILE

102-48, 401-1

Number of Employees (Permanent and Probationary)

2020	**11,879**
2019	11,052
2018	9,739

Number of New Employee Hires

2020	**1,899**
2019	4,089
2018	3,309

Number of Employee Separations

2020	**1,641**
2019	2,518
2018	3,111

Despite Meralco's workforce fortification during the pandemic, the number of new employees hired by the Group in 2020 decreased by 53.6 percent compared with 2019. However, the employee attrition rate likewise saw a decline of 34.8 percent, leading to an overall increase in One Meralco's employee base of 7.5 percent.

Finding the Best Talent

Hiring

Meralco's hiring process is conducted with utmost professionalism to attract and recruit the country's top talent. The Company welcomes applications from people of all backgrounds and demographics and strictly opposes discrimination in all forms. Recruiters entertain walk-in applicants, process applications submitted through job websites, and reply to email and SMS inquiries on a daily basis. Meralco also organizes periodic job fairs and caravans.

While the Company's recruitment practice is one of the most mature in the Philippines, it has been further enhanced with digitalization and expanded to non-traditional platforms. As a case in point, TRACI (Talent Resourcing Automated Communication and Information) is Meralco's virtual recruitment chatbot on Facebook Messenger that utilizes Artificial Intelligence (AI) and Robotic Process Automation (RPA), enabling job applicants to view vacancies and submit applications simply and conveniently. Leveraging Facebook's high penetration rate among Filipinos, TRACI is in line with Meralco's digital pivot and not only streamlines the hiring process but also creates an additional touchpoint for job seekers.

In 2020, face-to-face interviews were discontinued due to community quarantine restrictions. Instead, applicants were interviewed online through Microsoft Teams.

By leveraging technology and amplifying Meralco's reach through social media, Meralco further enhances its recruitment practices and processes, with the aim of finding and bringing in the best talent the country has to offer.

Onboarding

Helping new employees experience a smooth integration into the Company, Orange Plug-in (OPI) is Meralco's Onboarding Program through which employees are oriented on various aspects of the Company—from its history and values to its current businesses and initiatives. In 2020, a Sustainability section was added to the onboarding material, articulating Meralco's sustainability philosophy, strategy, and Powering the Good Life agenda.

When the pandemic hit, Meralco promptly adapted by transitioning OPI to OPI Online, a five-day guided, self-paced course completed via MS Teams and MS Office 365. The online version proved to be highly effective and convenient due to flexibility in the time spent by both employees and subject matter experts, and will thus be adopted as the standard onboarding program going forward.

Moreover, the Company conducts Orange Plug-in Plus (OPI+), a one-day add-on orientation that is tailor-fit to address the needs of new hires in leadership and management positions. Enabling new leaders to hit the ground running from day one, OPI+ focuses on Meralco's business strategies and performance. As with OPI, OPI+ will be replaced with OPI+ Online in 2021.

Providing Competitive Remuneration and Incentives

401-2

Meralco draws and motivates its highly competent and productive workforce by providing an attractive compensation and benefits package that is both internally equitable and externally competitive vis-à-vis similar public and private sector institutions.

Basic salary ranges across employee groups are well above government-mandated levels and are competitive against industry standards. Meralco's salary structure is internally reviewed regularly to ensure that it remains fair and reasonable through time.

Company rewards programs are based on the pay-for-performance philosophy. High-performing individuals are recognized and recompensed through salary raises stemming from an annual merit increase or promotion. Employees who consistently deliver value and contribute to the achievement of corporate targets are further rewarded through other variable short-term pay schemes as well as long-term incentive plans. These merit-based mechanisms have become the frontier of differentiation for Meralco, enabling its employees to not only meet their basic daily needs but also to support their long-term financial aspirations.

Meralco also provides its talent pool a wide range of employee benefits, like paid leaves, including the unique annual birthday leave, extensive health care in its own Corporate Wellness Center and partner hospitals, and complete fitness facilities and classes housed under the Company's Orange Fit program.

Meralco's care for the welfare of its people extends well beyond their time in the Company. To honor the hard work and commitment of its employees, Meralco offers a competitive retirement package, which includes a retirement bonus based on age and tenure. To provide well-deserved value in the post-work lives of Meralco employees, the Company goes above and beyond mere compliance with Philippine statutory laws.

As the business landscape continues to evolve, Meralco will progressively benchmark its compensation and benefits structure to remain among the Philippines' top employers.

Engendering Diversity and Inclusion

102-7, 102-8, 102-12, 405-1

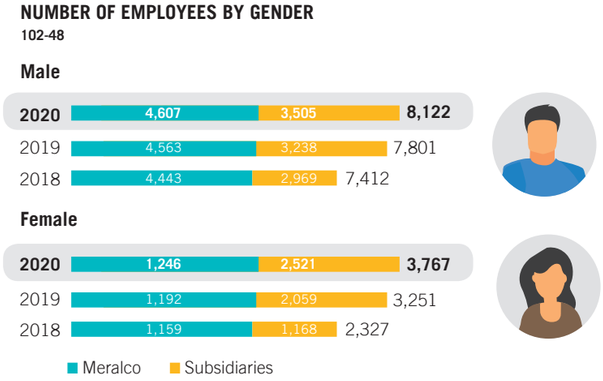
One Meralco values and embeds diversity and inclusion principles in all aspects of its employment policies. Meralco's hiring process is shaped by a strict anti-discrimination policy, ensuring that the Group's manpower requirements are filled by the most suitable and qualified people, regardless of age, gender, religion, and other demographic factors. One Meralco also ensures that all employees are provided the same opportunities across the board and granted incentives and rewards according to performance and value delivered.

Moreover, Meralco promotes a gender-balanced workplace, in support of **SDG 5: Gender Diversity**. Globally, women's participation in the power sector, commonly a male-dominated industry, increased from nine percent in 2019 (GETI, 2019, p.45) to 11 percent in 2020 (GETI, 2021, p.41), based on the Global Energy Talent Index Report 2021. One Meralco and the Distribution Utility continued to significantly surpass this benchmark in 2020, with 31.7 percent and 21.3 percent, respectively, of their workforces being female.

Despite being ahead of its peers on gender diversity and inclusivity, the Group acknowledges that more can be done to further narrow the gender gap. In the words of Meralco President and CEO Atty. Ray C. Espinosa, "Meralco is committed to building a more gender diverse and inclusive workplace—where our people are celebrated, can thrive, and can be their best selves."

With this aim in mind, on March 9, 2020, International Women's Day, Meralco became a pioneer signatory in the Philippines of the Women's Empowerment Principles (WEPs) of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). The Company was one of the first three Philippine signatories, and in 2020, out of a total of 23 local signatories, Meralco was the first and only company in the energy sector. Along with thousands of other companies around the world, Meralco committed to fostering business practices that empower women and to building a gender-inclusive and diverse workplace.

NUMBER OF EMPLOYEES BY GENDER
102-48



WOMEN REPRESENT
31.7%
OF ONE MERALCO'S WORKFORCE

To further support this initiative, Meralco held a webinar on gender inclusivity entitled "Towards a Gender-Inclusive Workplace", featuring women executives from both Meralco and other notable organizations leading the gender diversity movement.

In addition, the Company co-hosted a virtual roundtable on October 21, 2020, together with the Philippine Stock Exchange, Global Compact Network Philippines, and WeEmpowerAsia Philippines. Underscoring the importance of gender balance in the path toward social growth, Senior Assistant Vice President for Human Resources Paola Verayo presented Meralco's sustainability agenda and the Company's initiatives to promote women empowerment. Meanwhile, WeEmpowerAsia Philippines' Country Program Manager Rosalyn Mesina joined the discussion by adding insights on the value of breaking the glass ceiling for women in the corporate world. Throughout the event, the conversation revolved around the importance of adopting and advancing diversity and inclusion programs and policies and of making gender balance a top corporate priority.

With the firm belief that workforce diversity and inclusion are important enablers of business performance and sustainable growth, Meralco recently launched its Gender Diversity and Inclusion (D&I) Program, with the aim of embedding the WEPs in the Group's strategy and operations, as aligned with the principles of both SDG 5 and **SDG 8: Decent Work and Economic Growth**.

Furthermore, Meralco looks to up the ante of its drive to build a gender-balanced workplace. In light of this, beginning 2021, gender diversity will be included as one of Meralco's key corporate performance metrics, which are tracked and assessed at the highest level of the Group.

TOWARDS AN EMPOWERING AND GENDER-INCLUSIVE WORKPLACE

Meralco continues to strengthen its gender inclusion agenda by attracting, retaining, and developing more female talent and by providing them with avenues for professional growth and advancement.

To further highlight the importance of women empowerment in the organization, and in celebration of the 10th Anniversary of the Women's Empowerment Principles (WEPs) of which the Company is a pioneer signatory in the country, Meralco hosted a webinar entitled "Towards a Gender-Inclusive Workplace: A Powering the Good Life Program" on December 15, 2020.

UN Women's Rosalyn Mesina discussed the WEPs and how gender inclusivity can help improve business productivity and enhance a company's bottom line. Jonah Pernia, Coca-Cola Philippines' Director of Public Affairs, Communications, and Sustainability, also presented her company's winning strategies for encouraging gender inclusion and sensitivity in Coca-Cola's workplace. Lastly, Meralco's First Vice President and Chief of Staff to the President and CEO, Maria Luisa Alvendia, shared her journey and learnings as a woman leader and provided insights on how businesses can reduce the gender gap within and beyond the workplace.

Well-received and lauded by its 209 employee participants, "Towards a Gender-Inclusive Workplace" was Meralco's highest-rated (at 96.1 percent) webinar in 2020. After the session, one of the participants applauded the choice of gender diversity as the webinar's topic, which she found to be relevant "especially for a large company like Meralco where women are making their leaps in leadership."

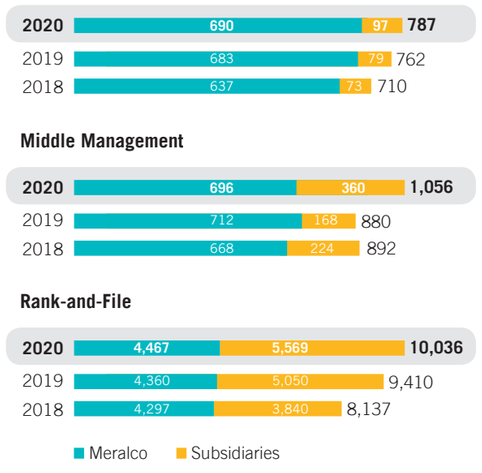
Safeguarding the Rights of Employees

102-7, 102-8, 102-41, 405-1, 412-2

One Meralco places strong emphasis on the protection of human rights and works to safeguard the rights of its workforce.

Towards this end, the Group supports collective bargaining agreements (CBA) and other labor-protective policies to ensure that employees freely exercise their rights at work and are shielded from unfair labor practices. In 2020, 79.5 percent and 75.7 percent of One Meralco employees and Distribution Utility employees, respectively, were covered by CBAs.

NUMBER OF EMPLOYEES BY POSITION
102-48



In addition, Meralco ensures constant and transparent communication with all members of its organization. The Company proactively organizes consultation sessions with its employees on operational changes, employee policies, and other related concerns to keep them abreast of the latest developments on Meralco's operations and initiatives. Meralco also adheres to the 30-day standard minimum notice to employees regarding operational amendments. Furthermore, the Company keeps communication lines with its labor groups always open to discuss union-related matters.

Meralco also enforces the highest standards of ethics and integrity in employee conduct. Embedded in its Code of Ethics are Meralco' standards of behavior expected from its directors, officers, and other employees.

To further uphold the principles of fairness, accountability, integrity, and transparency, Meralco developed its Whistleblowing Policy to handle employee disclosures and complaints on violations committed by its internal stakeholders. The "E-Report Mo" whistleblowing portal encourages employees, suppliers, customers, and members of the public to report labor or corporate governance violations, and other unethical practices or behavior in Meralco's workplace or business operations. Reports are sent to the Corporate Governance Office (CGO), and upon the CGO's receipt and review, proper and appropriate action is taken immediately.

The Company treats all disclosures in a confidential and sensitive manner to ensure that all reporting persons are protected from retaliation. In the event of retaliation, the reporting person or witness may fill out a Retaliation Protection Report Form, which is then reviewed by the Management Disciplinary Committee or the relevant Board Committee for approval of the CEO, the Chairman of the Board, or a designated representative.

Finally, through the Project One Meralco Governance, the Company assists its subsidiaries and affiliates in drafting and reviewing their own corporate governance policies in alignment with Meralco's current standards, including those concerning the protection of labor rights.

Protecting Employees from Harm

403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

One Meralco remains steadfast in its commitment to protecting its peoples' right to a safe and healthy working environment, as globally prescribed by the International Labor Organization and recognized by Philippine regulations. The Group sees safety as a corporate duty and a central imperative for its workforce and all other stakeholders.

Meralco's Organizational Safety and Business Continuity Management (OSBCM) organization drives the safety culture in the Company, coordinating all organizational safety and health-related tasks and initiatives. The different Environment, Safety, and Health (ESH) Committees across the utility's business units act as local champions and address employee concerns around safety and health. In addition, these champions organize monthly ESH general meetings which are open to all employees to keep them updated on safety and health standards and protocols.

Through its flagship safety awareness program, TARGET ZERO: Zero Incident, Zero Harm, Meralco aims to eliminate all work-related incidents.

This program is reinforced by several occupational safety and health (OSH) initiatives, including "*Unang Hakbang Para sa Kaligtasan*[21]": First Working Day Safety", an annual event held to review the previous year's safety performance and to recognize excellent safety performers, and "*Una sa Lahat—Safety*[22]", a communications campaign which advocates for risk management in times of natural calamities.

Meralco also leverages information technology to promote safety at work. For instance, the ESH Matters Portal is an online repository of safety performance data, procedures, and guidelines related to environment, safety, and emergency response. In addition, both the Hazard Hunter Mobile App and Incident Report Management System (IRMS) are platforms which enable employees to easily report safety hazards and incidents.

In 2020, One Meralco clocked in 32.7 million safe person-hours, an 8.5 percent increase compared with the 30.1 million safe person-hours in 2019. The Group also reduced its recordable work injuries in 2020 by 46.1 percent compared with the previous year, while the Distribution Utility attained a 38.9 percent reduction in work-related incidents—a testament to its high health and safety standards.

Moreover, due to its timely submission of OSH reportorial requirements of all Department of Labor and Employment (DOLE)-registered operating facilities in January 2020, Meralco achieved 100 percent compliance and passed all seven DOLE audits across its various operating facilities.

SELECTED OCCUPATIONAL SAFETY AND HEALTH METRICS

102-48

Number of OHS training hours

2020	**16,889**
2019	67,194
2018	14,220

Number of hours worked by all employees

2020	**32,674,050**
2019	30,104,929
2018	25,099,649

Number of safe man-hours

2020	**32,279,434**
2019	29,917,125
2018	25,202,515

Number of employees covered by the OHS management system

2020	**6,757**
2019	6,354
2018	6,175

Meralco's organizational safety and health initiatives in 2020 were also recognized by various bodies in 2021. The Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES) awarded the Company's ESH Committees and Safety Officers a total of nine Corporate Safety & Health Excellence Awards and six Outstanding Safety & Health Professional Awards for achieving zero lost time incidents across Meralco facilities. Furthermore, Meralco garnered five wins in the 18th Philippine Quill Awards for its safety programs, namely the "*Una Sa Lahat—Safety*" communication campaign, the IRMS, the "*Araw ng mga Lineman*[23]" event, the National Simultaneous Earthquake Drill, and the One Meralco COVID-19 Online Awareness Roadshows.

By advocating and working towards safety and health, Meralco continues to reduce risks and protect its employees as they perform their roles and responsibilities in the quest for excellent service delivery.

[21] Literal translation: First Step to Safety
[22] Literal translation: First of All—Safety
[23] Literal translation: Linemen Day. It is an annual event that pays tribute to Meralco's linemen for their service.

16,889
OSH TRAINING HOURS

Building Capabilities for Emergencies and Hazards

403-5

One Meralco provides mandatory OSH training programs to ensure that employees are knowledgeable on OSH standards and are prepared to stay protected from workplace hazards. Among these are workplace safety training sessions, including Basic Life Support, Industrial Personal Protective Equipment Usage, Basic OSH Principles, and Electrical Safety—all to make sure that safety remains a top priority for all its employees. In 2020, a pertinent module on Work Safety Protocols on COVID-19 was added to the roster.

Furthermore, the Group conducts additional skills training on defensive driving, working at heights, and heavy equipment and basket truck operations, among other specialized competency programs. In 2020, One Meralco organized 21 OSH trainings for its employees, resulting in 16,889 training hours.

Drills are also a regular component of Meralco's OSH capability-building program. Employees become prepared to face fire, earthquake, bomb threats, chemical spills, and other hazards through their participation in responsive and practical simulations and assessments. In 2020, One Meralco conducted a total of 118 drills composed of 103 earthquake drills, 13 fire drills, and two chemical spill drills in order to stay well prepared for worst case scenarios in light of the many natural calamities that pummel the Philippines every year.

Keeping Meralco's Employees Safe amid a Pandemic

In 2020, safety took on even greater importance to One Meralco because of the risks posed by the coronavirus. COVID-19 prompted Meralco to quickly enhance its safety protocols and policies, not simply by augmenting existing rules and guidelines but by developing new ones to effectively ensure the safety and well-being of its entire workforce across its operations.

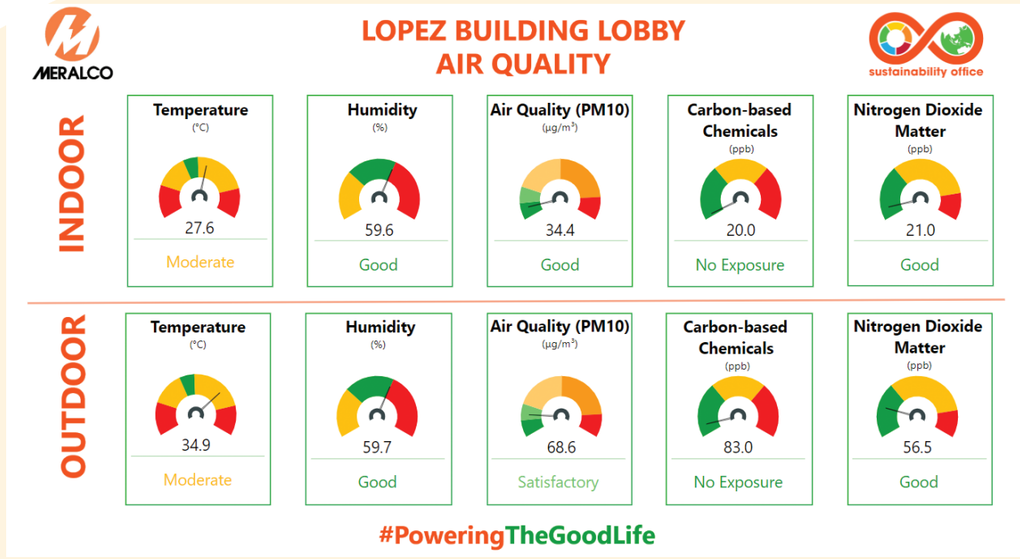
More specifically, Meralco developed and implemented its COVID-19 OSH Program, through which minimum health standards and infection management protocols were set to prevent and control the spread of infection in all its operating facilities.

COVID-19 Personal Protective Equipment (PPE) Guidelines were also established to ensure proper selection, distribution, and use of PPE based on work activity and risk exposure profiles of Meralco employees and service providers.

Work from Home Enablement

To keep employees and their families safe from the virus, Meralco immediately adopted different working arrangements such as flexible hours and remote working modes. To enable continued collaboration and communications during such Work from Home arrangements, Meralco promoted the use of Microsoft Teams, a part of the Office 365 platform, to facilitate online meetings and messaging. Other communication platforms, such as Workplace and Viber, were also utilized within teams and work groups.

Furthermore, during the initial Enhanced Community Quarantine period in 2020, over two thousand VPN accesses were granted to provide secure pathways to on-premise systems, ensuring the continuity of operations.



ENSURING CLEAN AND SAFE AIR IN THE WORKPLACE

Ensuring the health and well-being of its employees is central to Meralco's People pillar. In support of this and on top of the Company's safety measures, in February 2020, Meralco started closely monitoring air quality through the installation of sensors in strategic locations across its 23-hectare Meralco Operating Center headquarters.

Implemented in partnership with its energy solutions subsidiary MServ, the air quality monitoring drive equips Meralco with important air quality data such as indoor and outdoor temperatures, humidity, particulate matter, VOC (volatile organic compound) content, and nitrogen dioxide. Having these pieces of information helps the Company provide the thousands who frequent the compound a safer and healthier environment, especially in light of scientific findings that air pollution and unhealthy air temperatures have been linked to lung cancer and multiple respiratory and cardiovascular illnesses.

"The safety and health of our employees are of paramount importance. Our air quality monitoring initiative will not only help ensure a safe working environment for our people but also contribute to nurturing a healthy workforce to service our customers. This is a crucial component of our drive towards sustainability," said Meralco President and CEO Atty. Ray C. Espinosa.

Beyond publishing information gathered from the sensors on TV displays in locations such as building lobbies, The Company also provides employees the ability to pull real time air quality information through Meralco's CODE Light Bot, accessible via personal computer or mobile devices.

Sustainability initiatives such as this are important not only for Meralco employees to feel safe but also for the Company to do its share in improving and protecting the environment.

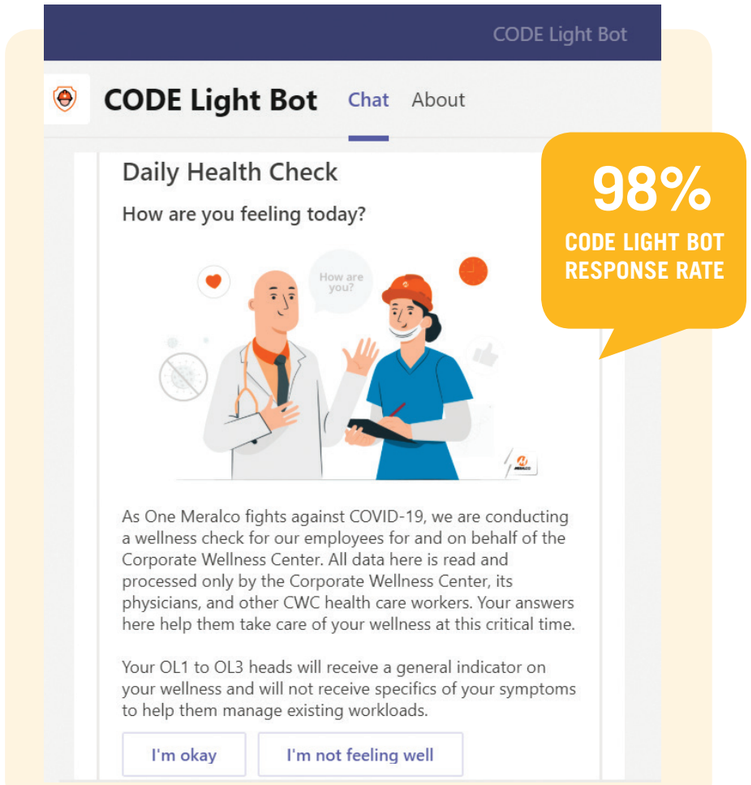
CODE Light Bot for Work-Health Monitoring

In 2020, Meralco launched CODE (Care Operations for Disasters and Emergencies) Light Bot, a digital initiative to minimize and manage incidents of COVID-19 among its workforce. CODE Light Bot enabled the Company to have a bird's eye view of the health status of its employees, especially during the months of community quarantine. In addition, the chatbot helped curb virus transmission through its contact tracing feature, which allowed Meralco to track and properly manage employees who had direct contact with a COVID-19 patient.

A vital daily tracker tool, CODE Light Bot prompts employees every morning via MS Teams to report their work and health status. Users enter their work arrangement, declare symptoms, if any, and provide information on exposure and self-quarantine, as applicable. All submitted data is read and processed by Meralco's Corporate Wellness Center while supervisors receive general wellness indicators of their subordinates to guide them in managing workloads for the day. In addition, the CODE Light Portal was also set up to provide relevant information on COVID-19, including memos, advisories, relevant government announcements, and health tips.

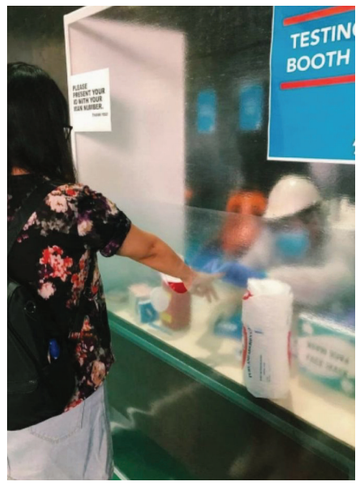
CODE Light Bot received a high response rate of 98 percent from 5,700 users within days of its launch in April 2020. It was also rolled out across One Meralco, covering subsidiaries such as MIESCOR, MServ, Spectrum, Bayad, Customer Frontline Solutions, and Radius.

Consistently used until today, the chatbot supports the Group's goal of keeping all employees as safe and healthy as possible during these unprecedented times.



Rapid Testing for Employees

Fully leveraging and maximizing the value of its digital assets, Meralco developed its own Rapid Testing System in May 2020, supporting the Company's Corporate Wellness Center in conducting onsite rapid testing for employees and contractors while also recording test results and generating "Fit to Work" notices, as appropriate. Within a month of launching the system, Meralco successfully conducted over 14 thousand rapid tests which were used in baselining, screening, and monitoring of cases. Through Meralco's initiatives such as this, the Company was able to keep cases and infection rates at a minimum.



SAFETY FIRST: KEEPING THE ON-SITE WORKFORCE SAFE IN LIGHT OF COVID-19

In the face of serious health risks due to the coronavirus, Meralco developed virtual and remote work protocols to keep employees safe. The Company invested in resources such as additional 828 laptops to enable its employees and staff to effectively and efficiently work from home.

Some employees, however, were still asked to report to work on-site. As such, Meralco promptly established a clear set of safety protocols to protect the 2,521-strong skeletal workforce who continued to manage Meralco's offices and the more than 700 frontliners who took on critical posts on the field to ensure uninterrupted and reliable electricity supply.

For one, Meralco ensured that employees observed strict physical distancing guidelines at all times within its premises. The Company also supplied over 29 thousand face masks, nearly nine thousand disinfectants and sanitation tools, 200 thermoscanners, and 900 personal protective equipment for its on-site workers. In addition, Meralco provided shelter, food and vitamins, and hygiene kits for those who were asked to remain in the office during ECQ. To further prevent the spread of the virus in its facilities, the Company installed protective barriers, disinfected shower rooms, and placed hazard mats at office entrances.

Early detection and response are essential to prevent the spread of COVID-19. As such, Meralco built its first line of defense to detect and monitor cases regularly by having employees undergo a daily health check through the CODE Light Bot. Also, in partnership with the Pasig City Health Office, the Company required onsite employees and contractors to undergo rapid testing regularly. To complement all this, Meralco provided free online medical consultations through the COVID-19 hotline for employees with symptoms.

Meralco put in place various safety protocols and initiatives to ensure business continuity and to guarantee worker safety, which remains a top priority.

Investing in Excellence and Growth

Human capital development is essential in fostering the Company's culture of excellence and high performance, and in promoting and advancing its sustainability agenda. To this end, One Meralco endeavors to support the career development of all its people while also nurturing and caring for their holistic personal well-being.

Developing Professional Competence

Professional development in Meralco is driven through capability-building as well as through performance management mechanisms.

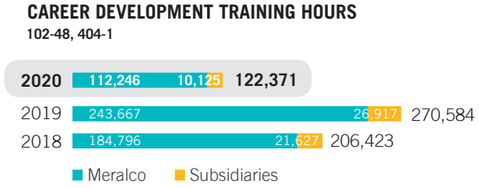
Training

404-1, 404-2

The Company ensures employee competency development through various training and educational opportunities that enable and support career advancement. In particular, Meralco pays close attention to honing its people's technical and leadership proficiencies. In 2020 alone, over 100 topics on technical and leadership development were the subject of the Company's learning and development initiatives.

On the technical capability-building front, Meralco, offers myriad training courses for different job functions. For employees in the Customer Retail Services group, for instance, there are available modules on Sales and Strategic Relationship Management, Service Delivery, and Marketing. Likewise, Networks personnel can undergo training in areas like Underground Distribution Facilities, Special Line Equipment, and various Engineering disciplines. Courses such as Risk Management, IT Strategy and Architecture, and Performance-based Regulation target the segment of Meralco's workforce in Shared Services (i.e., Finance, Human Resources, Sustainability, etc.).

CAREER DEVELOPMENT TRAINING HOURS
102-48, 404-1



To enhance the leadership competencies of its workforce, Meralco is intentional in including in its curriculum courses such as Driving and Managing Change, Creativity and Innovation, Crisis Leadership, Disciplines of Execution, and Coaching.

In addition, Meralco offers courses to develop other core skills, like Influencing, Tactical and Strategic Negotiation, and Professional Image Enhancement, and conducts writing and presentation workshops. In 2020, the Working in the New Normal Series was introduced to aid employees across all levels to cope and thrive amid the pandemic and work from home arrangements.

Complementing these curricula are two distinctive leadership development programs tailored for managers—Breakthroughs and New Frontiers. Breakthroughs is designed to provide incoming first line supervisors with a strategic mindset and essential leadership skills, such as people management and decision making. On the other hand, New Frontiers, co-implemented with the Asian Institute of Management, aims to equip incoming middle managers with the necessary capabilities, like business acumen, strategic thinking, and grit to help the Company achieve business growth. Both programs consist of a combination of lectures and real-life cases, where participants are grouped together to collectively and collaboratively apply their classroom learnings in addressing real challenges of the Company or in proposing new innovations. Going forward, sustainability will become a theme for these Action Learning projects.

122,731
CAREER DEVELOPMENT TRAINING HOURS

In addition to building fundamental technical, leadership, and core skills, Meralco, beginning 2020, focused on honing the sustainability acumen of the Group's employees. This is achieved primarily through the Powering the Good Life webinar series. Each webinar covers key sustainability topics and features both external experts and internal leaders as speakers. The speaker presentations are then followed by an open forum to sustain engagement and a synthesis talk in the end to highlight key takeaways and ensure learnings.

Meralco held four PGL webinars in 2020: "UN SDGs × Business: How Can It Work?" in September, "Race to Zero Waste" in October, "Partnering for the 4Ps" (Leaders' Forum) in November, and "Towards a Gender-Inclusive Workplace" in December.

Overall, in 2020, employees of One Meralco received an average of 10.3 hours of training per person, amounting to 122,371 training hours in total, which is lower than that of 2019 at 270,584 hours. The decline in training hours was primarily a result of the cancellation of certain in-person programs due to community quarantine. Nevertheless, training sessions were maintained and conducted online through Microsoft Teams.

The Company's training and development strategies enable its employees to reach higher levels of professional excellence by equipping them with the necessary knowledge and skills to thrive and better adapt to the new normal.

LEADERS' FORUM: PARTNERING FOR THE 4Ps

Meralco constantly engages business leaders and its industry peers to collectively advance efforts needed to achieve national and global sustainability goals. As an example, in November 2020, Meralco organized a Leaders' Forum, under the Powering the Good Life webinar series. With the theme "Partnering for the 4Ps", the forum welcomed esteemed leaders from the power, manufacturing, and technology sectors who have made firm commitments to sustainability in their respective fields.

At the Forum, First Philec President Ariel Ong, Multisys Founder and CEO Dave Amirol, and Meralco's very own President and CEO, Atty. Ray C. Espinosa, shared and discussed with the Group's top leaders not only their respective companies' sustainability strategies, but also how they leveraged key partnerships to enable and deliver greater positive impact.

The three business leaders portrayed their advocacies with passion as they spoke about what sustainability means to them, what they and their organizations have achieved thus far, and ultimately, their visions towards sustainable development. The forum also emphasized that sustainability is an imperative that goes well beyond environmentalism or protecting Mother Earth. At its core, sustainability is about creating better lives for humanity and for the planet. Finally, the leaders shared the view that sustainability supports advancement for all—promoting and committing to sustainability is a win not only for a select few, but a victory for everyone.

The forum was attended by over 300 leaders of One Meralco and achieved a high satisfaction rating of 94 percent.

Through forums such as this, Meralco highlights its belief that delivering value across the 4Ps of Power, Planet, People, and Prosperity can be greatly amplified through a fifth P—Partnerships.

Indeed, subscribing to the principles of SDG 17: Partnerships for the Goals, Meralco will continue to work hand in hand with like-minded institutions, cognizant that true sustainable development cannot be achieved by working in silos, but rather through collective vision and action.

SustainABILITY: BASELINING AND BUILDING ONE MERALCO'S SUSTAINABILITY ACUMEN

For sustainability to be truly embedded in its core strategies and operations, One Meralco recognizes that it must first build its employees' knowledge and grasp on sustainability principles. The Group must also ensure that its people clearly understand the Powering the Good Life sustainability agenda; only then can they communicate it, live it, and advance it.

In the course of four weeks, Meralco conducted a survey, aptly called SustainABILITY, to gauge and baseline its employees' sustainability literacy and engagement. A total of 686 employees across all job grades, positions, and business units of One Meralco were randomly selected to participate in the survey.

SustainABILITY unearthed a number of important insights. First, it revealed that 86 percent of the respondents deem sustainability to be important to their jobs and to the organization and fully support the Meralco's sustainability goals. On sustainability topics of greatest interest to employees, resource conservation and efficiency, renewable energy, and waste management topped the list. With respect to awareness on current initiatives, Meralco's Green Mobility Program (transitioning to electric vehicles) and the Group-wide Ban on Singe-Use Plastics (SUP) gained the highest scores. Finally, the survey also showed high participation rates with regard to the Company's current sustainability projects, revealing that at least 33 percent of the survey respondents are motivated by personal advocacy.

Baseline findings such as these are important for Meralco to determine not only how best to further embed sustainable values in its organization but also how to rally employees behind its sustainability aspirations. The results of SustainABILITY will serve as the basis for the Company's future sustainability programs and initiatives, as well for as its internal engagement plan to win the hearts and minds of its people.

Performance Management

Apart from learning and development programs, individual performance management is integral to the professional growth and progression of employees. With this in mind, Meralco implements a robust performance management system that adopts a set of formal and informal activities, in support of the achievement of individual, team, and corporate objectives. The Company ingrains the philosophy that performance management is not owned by a specific department or team but by all employees, and that the alignment of individual performance goals to those of the business is crucial to organizational success.

Meralco's comprehensive approach to individual performance management involves several steps across planning and alignment, monitoring and development, evaluation, and rewards. To enable this process, the Company puts in place specific tools and mechanisms such as structured mid-year and year-end performance reviews as well as coaching and mentoring sessions through one-on-one conversations between employees and their supervisors.

On the technology front, Meralco utilizes a cloud-based system, internally called appRACE, that simplifies and digitizes the individual performance management process, fosters a culture of meritocracy, and motivates and engages its employees. A digital innovation that enables the Company to power up its human technology, appRACE is conveniently accessible through both desktop and mobile app.

Meralco's performance management system allows employees to track their progress vis-à-vis both individual goals and corporate objectives, and strengthens performance as individuals, as teams, and as a Company.

Caring for Complete Personal Development

Fueling the creativity, drive, and passion that push Meralco's sustainability vision and aspirations forward goes beyond the professional development realm. Equally important in the full actualization of employees' potential is self-improvement and development on a personal level. To this end, Meralco provides avenues to help its people grow and become better versions of themselves. Inwardly, Meralco takes cares of their physical, mental, spiritual, and emotional well-being through a comprehensive wellness program. Outwardly, the Company enriches their souls by providing opportunities to volunteer, help, and give back to communities in need.

ORANGE FIT

BE HAPPY BE HEALTHY BE BRIGHT

Holistic Wellness

Meralco places great importance on the holistic well-being of its employees. Through its overarching wellness program, Orange Fit, the Company nurtures the physical, spiritual, mental, and emotional health of its workforce.

Meralco's Orange Fit Center is a state-of-the-art sports and fitness facility, wherein employees can step up their physical activity through various sports, such as basketball, volleyball, football, badminton, and tennis. It also includes a gym complete with exercise machines, weights, and other essential equipment for those who prefer individual workouts. In addition, the Center is complemented by Orange Lanes (dedicated walking/jogging paths) around the Meralco compound.

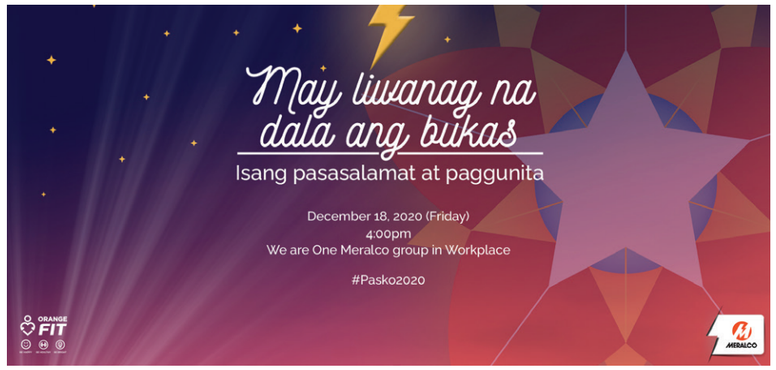
Orange Fit further espouses physical health by institutionalizing employee sports, hobby and interest clubs, after-work partnerships with yoga studios and gyms across Mega Manila (e.g., Urban Ashram, OneLife Studios, 360 Fitness, Arrowland by Gandiva, Elorde Boxing Gym, Electric Studio), employee sports events (e.g., sports fests, inter-office sports competitions), and bi-weekly group exercises such as Zumba and Crossfit.

During the pandemic, Orange Fit continued to service Meralco employees through various online programs and activities. The Orange Fit Communities program enabled employees to share with each other their hobbies, interests, and exercise routines via video. Live Zumba classes likewise encouraged employees to dance and exercise from their homes three times a week.

Spirituality, especially during uncertain and challenging times, is also crucial to a person's internal well-being. Meralco protects its employees' rights to practice different religions and beliefs and provides ample and suitable channels for worship. In 2020, the Orange Fit program started offering mid-day meditation guides and prayers to help employees power through the workday. Equally important is the provision of emotional and mental wellness services. Especially during the pandemic, Meralco's counselors and medical experts were available to provide relief to many employees experiencing heightened levels of anxiety, stress, and loneliness.

Emotional support was also boosted through camaraderie, as the Company continued to hold its annual corporate events, albeit online through MS Teams. The Meralco Cooltural Festival, which took place in October, highlighted the talents of its employees and provided additional entertainment through online games, quizzes, and raffles. In December, Meralco employees got together remotely for the One Meralco Salu-Salo to celebrate Christmas with their work family. These events helped to promote a sense of normalcy—even if just momentarily—and lifted spirits dampened by the health crisis.

Through the provision of well-rounded and all-encompassing personal development initiatives, Meralco is able to foster the passion, drive, and excellence in its people: key ingredients to reaching its goals towards a better world.



Joining Hands to Spark Change

Little is more powerful than joining hands to help those in need, especially when it is ingrained in the Filipino spirit of bayanihan.[24] Every year, One Meralco's employees unite and volunteer, channeling their life-giving energy to support those in greatest need through One Meralco Foundation's employee volunteerism programs such as disaster relief initiatives, the Teacher-Frontliner Program (provision of back-to-school kits for teachers), and One for Trees (reforestation program).

In 2020, while many of these programs had to take a back seat due to health and movement restrictions brought by the pandemic, Meralco's employees continued to find new ways to share their resources in the spirit of helping and giving. For example, through Operation Brotherhood, employees volunteered to address and resolve voluminous customer questions and concerns that the Company received via email and social media during the height of the ECQ—all this in spite of the prevailing demands of their day jobs. Moreover, through fund-raising programs, Meralco employees were able to provide financial relief to those in dire need during the unprecedented health crisis.

Meralco will continue to create gateways for employees to transform not just the lives of others, but also their own, as they find fulfilment in spreading hope and light to the darkest communities or in the gloomiest of times.

[24] *Bayanihan* means working together as a community to achieve a common goal.

MERALCO EMPLOYEES RAISE FUNDS FOR COVID-19 AID

This spirit of *bayanihan* and *malasakit* was even more apparent in 2020, through the new and creative ways help was given, and in the number of people who were protected and fed in the darkest days of the pandemic.

In 2020, when the pandemic hit the country, many employees of Meralco's service providers lost income as the government implemented limited business operations during the Enhanced Community Quarantine (ECQ) period. In response, the Group launched the programs A Day to Give and Share a Leave, whereby Meralco employees freely pledged at least one day of their salary or leave equivalent to help their sister and brother messengers, meter readers, and other field workers. Donations hit a record total of PhP27.9 million, which was distributed to over six thousand daily wage earners.

Moreover, Meralco employees also banded together to provide aid to various communities, handing out food packs and grocery items to address the rise in hunger in the metropolis and supporting around 14 thousand marginalized and low-income households.

The act of uniting for the greater good can be a powerful tool to build trust, to bond, and to help employees understand their larger roles towards advancing progress. By providing employees with avenues to volunteer and be of service, Meralco spreads hope and positivity in the middle of uncertain times.

PhP27.9M
DONATED TO SERVICE PROVIDERS' EMPLOYEES

SHARE A LEAVE
A DAY TO GIVE

PROSPERITY

Creating better lives for all

The Sustainable Development Goals (SDGs) aim to "provide a shared blueprint for peace and prosperity for people and the planet, now and into the future."[25]

With the SDGs as its guidepost, One Meralco's vision for sustainable development and true prosperity follows one core principle: no one is left behind.

Meralco's strategic pillars of Power, Planet, and People, therefore, enable its fourth pillar, Prosperity, to materialize this aim—by delivering economic and non-economic value particularly to the vulnerable and marginalized in society, so that more Filipinos are able to experience, grow, and pass on Prosperity to the next generations.

In enabling people to live prosperous lives, Meralco creates shared and lasting value for its customers, constituents, and communities, by using its core strengths and by channeling its deepest convictions.

In 2020, Meralco enhanced its customer service and care by leveraging digital innovation—introducing new touchpoints through which customers transact, receive updates, and learn about sustainable practices, such as energy-efficient consumption. Meanwhile, the Company deepened its sustainability engagement and conversations with its suppliers with the launch of the Meralco Supplier Sustainability Scorecard (MS^3)—incentivizing those in its supply chain and business network to align with Meralco's sustainability principles and standards. Furthermore, to uplift the lives of those on the margins, the Company continued investing in the youth by providing clean power to off-grid and remote public schools as well as by giving teachers learning materials and multimedia equipment to better enhance their quality of instruction. Meralco likewise progressed its efforts in electrifying the households of low-income families, small enterprises, and far-flung communities—so they too may reap the gains of sustainable progress.

The tumultuous year that was 2020—marked by extreme natural disturbances and a pandemic—brought even greater significance and meaning to Meralco's vision of Prosperity for all. The urgency and scale of the crisis spurred Meralco to focus on those in greatest need.

By optimizing its electricity pricing and providing rate relief and payment installment plans to its customers, Meralco helped ease the economic blows many small and medium enterprises (SME) and low-income households faced during the year. Understanding that power is critical in times of emergency, Meralco also ensured that energy kept flowing to vital institutions—including hospitals, medical facilities, and emergency quarantine shelters.

The Group also paid close attention to the country's heroic frontliners, donating thousands of personal protective equipment so they may be supported in saving the lives of thousands more Filipinos.

In addition, to help the local government units (LGUs) in their COVID-19 response, Meralco ferried medical health workers with eSakay electric jeeps and converted its own company facilities into temporary shelters for neighboring frontliners. The Company also donated personal computers to aid the government in COVID-19 data processing and mass-testing. Lastly, to help the hungry, Meralco distributed food packs to thousands of marginalized families and displaced citizens across Metro Manila and neighboring provinces.

While Meralco supported and sustained many in 2020, fostering Prosperity is a long-term vision—it focuses not only on addressing current imperatives, but also on meeting the needs of future generations.

As the country continues to suffer from the scourge of COVID-19,

Meralco will expand its earnest efforts for the welfare of its customers, constituents, and communities while supporting the government in rebuilding the nation for a brighter and more sustainable tomorrow.

[25] The 17 Goals. Retrieved from https://sdgs.un.org/goals.

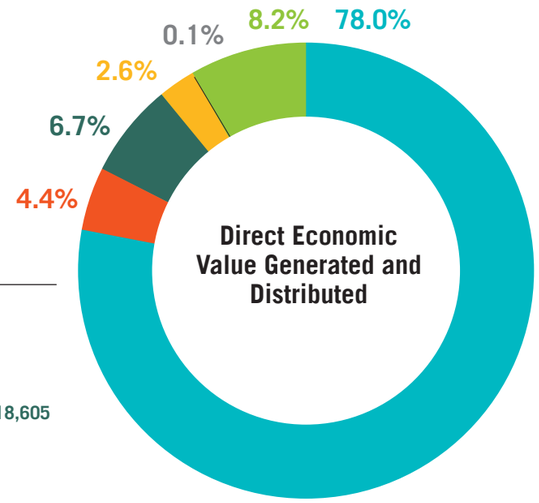
Delivering Economic Value

102-7, 201-1

At a fundamental level, One Meralco generates financial value for its stakeholders in the form of employee wages, government taxes, and investor returns.

91.8%

OF TOTAL DIRECT ECONOMIC VALUE DISTRIBUTED TO STAKEHOLDERS



ECONOMIC VALUE (in PhP million)

- Operating costs (including payment to suppliers) **216,692**
- Employee wages and benefits **12,301**
- Payments to providers of capital (investors and shareholders) **18,605**
- Payments to government (taxes) **7,335**
- Community investments (expenses for CSR projects) **170**
- Economic value retained (profits) **22,826**

Economic value measures the benefits derived from goods and services by an individual or organization. One Meralco ensures that the value it generates flows equitably to all its stakeholders, to truly contribute to sustainable development. In 2020, the Group distributed 91.8 percent of its total direct economic value generated or revenues, equivalent to PhP255.1 billion, to its various stakeholders.

The Group's economic value decreased by 13.8 percent to PhP278 billion in 2020 from PhP323 billion in 2019 due to a marked decline in energy sales as a result of pandemic restrictions on commerce and industry and exacerbated by three major weather disturbances that ravaged the franchise area in the latter half of 2020.

Operating costs also decreased by 14.6 percent to PhP217 billion in 2020 from PhP254 billion in 2019 owing to lower generation costs from the implementation of new Power Supply Agreements (PSA), reduced Wholesale Electricity Spot Market (WESM) prices driven by lower demand in Luzon, and decreased fixed costs and avoided charges from force majeure claims invoked by Meralco on its power suppliers.

Employee wages and benefits likewise diminished by 6.1 percent to PhP12 billion in 2020 due to reduced operations across the Group as a consequence of COVID-19-related lockdowns and quarantine measures as well as reduced overtime clocked in by employees under work-from-home (WFH) arrangements.

In 2020, Meralco's payments made to providers of capital declined by 5.6 percent to PhP19 billion in 2020 from PhP20 billion in 2019 prompted by the decrease in the consolidated core net income of the Group for the year.

Investments in corporate social responsibility, however, increased to PhP170 million, higher by 16.5 percent vis-à-vis the previous year primarily driven by projects focused on helping essential and vulnerable groups cope with the socioeconomic constraints caused by the COVID-19 crisis.

Finally, capital expenditures likewise increased by three percent in 2020 to build, rehabilitate, and upgrade existing distribution lines and transformers and to expand current delivery-point substations to address the increasing capacity requirements of customers under WFH and distance learning set-ups.

Beyond all these economic and financial gains, however, is the enduring value that the Group creates for its customers and communities through the provision of affordable, reliable, and high-quality products and services to empower and help them prosper under all conditions. This is what fuels sustainable economic growth and what gives Meralco's work greatest meaning.

Sustaining Customers, Business Partners, and Communities

One Meralco creates lasting value by empowering its customers through innovation, by enabling its suppliers in their own sustainability journeys, and by providing timely and much-needed relief to countless Filipino communities in order to accelerate progress for a better tomorrow.

Transforming Customer Service

Meralco's power comes from its customers, who are its reason for being. Because its customers are central to all that the Group does and achieves, Meralco consistently innovates and transforms its processes and systems by harnessing innovation and technology to provide them with the best possible service and meet their ever-evolving needs.

By leveraging innovation for good, the Group interacted more intimately with its customers in 2020. Through new digitization initiatives, customers were increasingly empowered to transact with the Company anytime, anywhere. In addition, by creating more touchpoints for customers to engage with Meralco, the Company reached higher levels of service excellence.

The Group also heightened its efforts to help customers better understand their consumption patterns, encouraging them to apply energy efficiency measures both at home and at work.

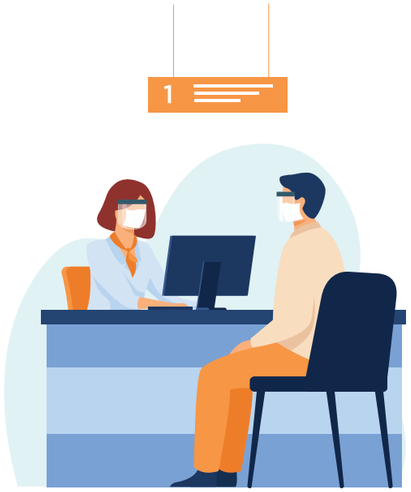
Reinvigorating Customer Care and Support

Sustaining Meralco's thrust to put the customer first and in support of **SDG 9: Industry, Innovation, and Infrastructure**, the Company revitalized its customer care and support services with the establishment of a Customer Care Group in 2020. This Group was put in place to deliver the highest levels of customer experience via reliable and responsive service, addressing customer inquiries received through its hotline, email, and official social media accounts with urgency and *malasakit*.

To enable its Customer Care Group, the latest contact center automation tools were deployed to increase the efficiency and effectiveness with which agents handle concerns across Meralco's customer journeys—from service application, billing, and payments through to service restoration and inquiry handling. As an example, an auto dialer feature was implemented to automate agent call-backs to customers. An interactive voice response (IVR) blaster was also launched to automate the sending of voice messages to groups of customers.

Since Meralco's creation of the Customer Care Group, several key metrics dramatically improved. In particular, answer rate increased from an average of 62.2 percent from May to July 2020 to 99.6 percent in December 2020. Likewise, within the same period, waiting time was reduced from 122.69 seconds to only 2.43 seconds (within the top incentive Level A established by the Energy Regulatory Commission for distribution utilities), and handling time was optimized from 12 minutes and 19 seconds to 10 minutes and 20 seconds.

Going forward, Meralco's Customer Care Group will continue to elevate customer experience by further enhancing existing touchpoints through technology, improving frontline customer agent capabilities, and delivering stellar service especially in moments that matter.



Improving Customer Billing Experience

2020 also witnessed Meralco embark on an initiative to improve the billing experience of its customers, through the ongoing enhancement of the Meralco bill and through the introduction of the breakthrough Customer Account Number (CAN).
In 2020, Meralco launched an effort to revamp the Meralco bill not only to streamline and enhance its format thereby improving communications, but also to provide vital information and analysis that could help customers better manage consumption.

Targeted to be rolled out by the second half of 2021, the new Meralco bill will be larger (from its current size of 8"×8.5" to 8"×11") and re-laid out, making it more legible and easier on customers' eyes. The front of the bill will contain a QR code to facilitate faster bill tracking and processing; while the back of the bill will include important data on historical consumption and payments. Finally, the revamped bill will have a sustainability section to help customers understand the impact of their consumption on the environment.

The most notable improvement in the Meralco bill is the inclusion of the CAN, which was launched in 2020 to promote faster and easier bills payment.

PAYING BILLS CAN BE EASY!

In 2020, Meralco made making payments easier for customers through the launch of its Customer Account Number (CAN). CAN is a 10-digit permanent number tagged to a specific customer—akin to having a Meralco ID for paying bills. Easily seen at the top left portion of the Meralco bill, the CAN does not expire nor change every month unlike the old ATM and Meralco Reference Numbers that were 16 and 26-digits long.

CAN may be used on all authorized payment platforms, either online or through Meralco's Business Centers.

For customers who prefer to pay online, they need only to scan the CAN barcode when paying with Meralco's partners such as PayMaya, GCash, Coins.ph, and thus far 29 BancNet partners.

With CAN, Meralco has made making payments easier and more convenient than ever for its customers, who need only to remember one number to settle their Meralco bills anytime, anywhere.

Widening Meralco's Reach Through Social Media

Social Media was front and center for Meralco in 2020, in ensuring that customers were kept updated on important announcements and in inviting the public to learn more about the Company's sustainability initiatives. As a testament to Meralco's efforts in this realm, SocialBakers, a global analytics company that monitors social media performance, recognized Meralco in its "Top 10 Most Socially Devoted" industrial brands globally for most of 2020.

Facebook was the Company's go-to channel in 2020, as evidenced by the cumulative reach of Meralco's posts, totaling 137 million—more than double the Company's reach of 61 million in 2019. The #KeepingTheLightsOn Facebook campaign provided customers with important announcements regarding Meralco's operations during the periods of enhanced community quarantine (ECQ). The campaign had an average reach of three million users—over 200 times higher than Facebook's default reach of 14 thousand, reflecting customers' hunger for information.

As a reflection of the success of its Facebook strategy, Meralco's Facebook followers grew by 75 percent in 2020—to 1.4 million from 0.8 million followers the year prior. Meralco's Twitter account likewise grew to nearly 2.2 million followers in 2020 against 2.17 million in 2019.

With posts on Facebook and Twitter helping to address customer queries on billing, payments, and operations, Meralco's customer sentiment was net positive at +3 percent, according to the internet marketing tool Salesforce Social Studio.

Meralco's Instagram account also grew to 16 thousand followers—up from six thousand in 2019. The page continued to highlight Meralco's initiatives on Sustainability, advise customers on Bright Ideas energy efficiency tips, and provide timely messages through moment marketing. With a skew to millennials, Meralco's Instagram account hoped to inform, inspire, and create affinity with its younger customers.

Correspondingly, Meralco communicated with the business community through LinkedIn, to feature relevant solutions that promoted and helped ensure safety and business continuity.

Throughout the year, Meralco's social media platforms were integral in communicating and engaging with its customers—helping them to navigate the new normal through information and bits of inspiration.

Revving Up Meralco's Digital Platforms

Digital platforms have become increasingly vital in delivering excellent customer service.

Through its website, Meralco kept customers abreast of timely advisories and Frequently Asked Questions (FAQs) on important matters related to their electricity service. In 2020, the number of visitors to the site increased six-fold compared with 2019.

Meralco Online likewise continued to provide customers with convenience at their fingertips. The platform, accessible through Meralco's website, allowed consumers to view and pay their bills, report outages, and receive important notifications, in the comfort and safety of their own premises.

In 2020, Meralco Online gained an additional 1,772,393 active accounts (averaging 147,699 incremental accounts monthly) versus 385,000 subscribers in 2019. Its most popular and most used functionality was Online Payment, which processed 2,604,551 transactions with a value of PhP11.7 billion in 2020. This illustrates Filipino consumers' adoption of web-based payments and other transactions, hastened by COVID-19.

By making its website and Meralco Online more accessible and user-friendly, Meralco empowered millions of its customers to oversee and manage their transactions away from the dangers and risks posed by the coronavirus.

Bolstering Energy Efficiency Awareness

Meralco aims to enlighten consumers on electricity costs and energy efficiency to help them make informed choices in managing their own consumption. As such, in 2020, the Company continued to enhance and promote various initiatives in this space.

Meralco's Bright Ideas is a customer information drive, which imparts knowledge on small behavioral changes that customers can adopt and embrace to save on energy. Examples include the use of inverter appliances, aircon rightsizing, and keeping refrigerators only 2/3 full. Bright Ideas is featured on the Meralco website and can also be found in the Meralco bill as well as in Meralco Advisory TV and print commercials.

Through these campaigns, Meralco promotes better energy consumption and conservation habits among its consumers, further strengthening the Company's thrust towards helping its stakeholders in their own sustainability journeys.

The Company also continued to enlighten consumers on the energy ratings of commonly used appliances via its Orange Tag program. The Orange Tag is literally a label attached to appliances, bearing their estimated costs of operations from an electricity spend standpoint, as measured and tested by the Meralco Power Lab. The program's objective is to help consumers make better choices on appliance purchases, armed with full knowledge of different brands' energy consumption profiles.

Finally, 2020 saw Meralco launch its Power Ideas information campaign page on its website—this time targeting its corporate partners. Power Ideas sought to help businesses in their energy conservation efforts by providing short, powerful videos on energy efficiency.

POWER UP FORUM: COLLABORATING WITH INDUSTRY PARTNERS

The Power Up Forum series is a string of interactive and tailored workshops specifically serving Meralco's corporate partners. These sessions allow the Company to engage with corporate leaders, sharing relevant updates on electricity standards and best practices in energy management, among other topics. The series also serves as an important platform for business and government leaders to converge and discuss relevant matters and concerns affecting the Philippine energy sector and the country.

In 2020, Power Up Forum was renamed Power Up Live as the events switched from face to face to digital in light of pandemic constraints. Topics such as Republic Act No. 11285 (or the Energy Efficiency and Conservation Act), Retail Competition and Open Access (RCOA), and power supply forecasts were discussed in the workshops and sessions. In total, in 2020, the Company organized 25 Power Up Live webinars for 3,200 business owners and decision makers.

Power Up Live was also especially key in engaging the business community on Meralco's initiatives during the pandemic—such as the provision of financial assistance and relief and the introduction of CAN—all geared towards uplifting businesses during the most volatile and uncertain of times.

Moreover, Meralco's Power Up Forum – Sustainability Edition was recognized under the Leadership Communication category of the 18th Philippine Quill Awards. The winning event staged in the 3rd quarter of 2019 successfully engaged Meralco's top stakeholders in meaningful conversations on how well-crafted sustainability strategies not only support business growth but, more importantly, help communities thrive.

3,200
ATTENDEES OF 25 POWER UP WEBINARS

Sharing Sustainability with Suppliers

102-9, 204-1

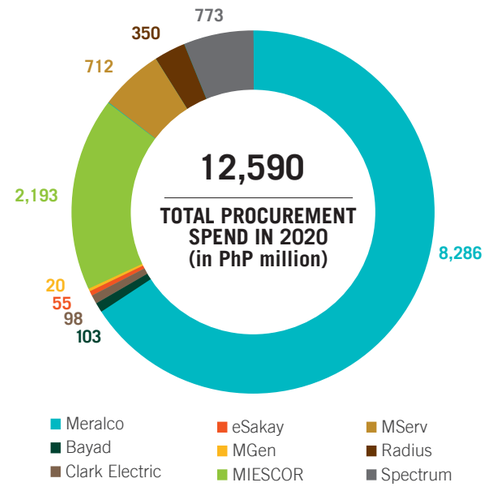
Inasmuch as One Meralco focuses on nurturing sustainability from within, it also sees significant opportunities to look outwards, inspiring those within its sphere of influence to be more sustainable, starting with its supply chain.

Supporting Local Suppliers

In 2020, One Meralco spent a total of nearly PhP12.6 billion on the procurement of goods and services, supported by a total of 4,202 vendors that supplied the requirements of its various business units and companies.

Through its procurement activities, the Group helps prosper the lives of Filipinos by sourcing more than a majority of its needs locally. In 2020, 84.4 percent of the Group's suppliers were either Filipino companies or had operations within the Philippines. By buying locally, the Group contributed to creating thousands of jobs and helped ensure that most of the value generated and spent remains within the country—thereby spurring local economic growth and recovery.

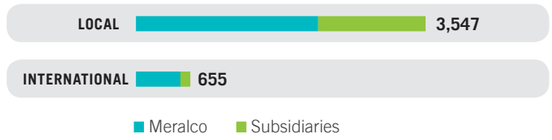
Beyond supporting local suppliers in 2020, the Company moved to more deeply embed sustainability in its supply chain. This was the spirit behind the launch of the Meralco Supplier Sustainability Scorecard (MS^3) program.



NUMBER OF SUPPLIERS IN 2020

Based on Classification

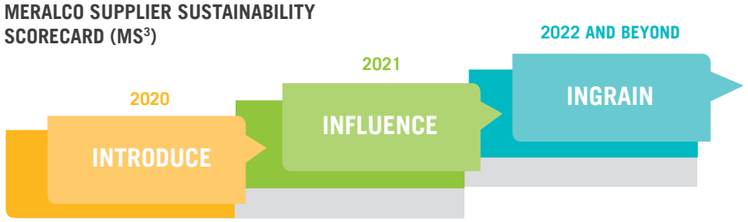
Based on Location



SUPPORTED
3,547
LOCAL SUPPLIERS IN 2020

[26] Tier 1 suppliers are companies that deal directly with Meralco and its subsidiaries
[27] Non-Tier 1 suppliers are usually foreign companies (principals) that have local representatives transacting with Meralco and its subsidiaries, but purchases are awarded to the principals.

MERALCO SUPPLIER SUSTAINABILITY SCORECARD (MS³)



Ingraining Sustainability in the Supply Chain with MS³

With its position as the Philippines' premier electric distribution utility, Meralco saw a distinctive opportunity to enlarge the scope, influence, and impact of its sustainability agenda—in particular among the Company's business partners in its supply chain. This gave birth to the Meralco Supplier Sustainability Scorecard (MS³).

MS³ was established to inculcate sustainability in Meralco's supply chain in three distinct waves: Introduce in 2020, Influence in 2021, and Ingrain in 2022 and beyond. The "Introduce" wave focused on gathering data and baselining the sustainability performance of Meralco's top suppliers based on an initial set of sustainability criteria. The "Influence" wave in 2021 is building on the baseline, establishing sustainability standards, and assessing all of Meralco's suppliers based on the said sustainability criteria and requirements. A passing score in the assessment will be a prerequisite for suppliers' continuing accreditation with Meralco. "Ingrain" beginning in 2022 will be focused on driving sustainability excellence in Meralco's supply chain through continuous improvement measures such as expanding sustainability requirements and increasing sustainability standards.

Progress on the implementation of the program has been swift since it began in 2020, with many suppliers welcoming and lauding the Company's efforts. Thus far, a total of 124 suppliers have been baselined and activities have begun on MS³'s Introduce wave. Moving forward, Meralco will continue to guide, support, and collaborate with its suppliers to help them develop their own sustainability commitments and initiatives in support of the UN SDGs.

Established to assess vendors on key sustainability criteria as part of their continuing accreditation, MS³ provides Meralco a better view of its suppliers' EESG policies, processes, and initiatives.

THE GOOD STORE: LEAPING INTO A SUSTAINABLE SHOPPING EXPERIENCE

On leap day, February 29, 2020, Meralco launched The Good Store, transforming one of its parking lots in the Meralco Operating Center into a green marketplace designed to bring eco-friendly businesses and their sustainable products closer to Meralco employees and to the Company's neighboring communities.

Over 40 small and medium enterprises with eco-friendly products participated in the launch. Among them were Econest (a business producing cassava plastic bags that dissolve in hot water) and Matenara (an enterprise that offers zero-waste lifestyle choices such as hair and skin care solutions and pet care products in recyclable and reusable packaging). Some of the participating merchants also offered convenient refilling stations for laundry detergents, dishwashing liquids, shampoos, and conditioners. Given Meralco's ban on SUPs in all of its facilities, The Good Store asked all market patrons to bring eco-bags for shopping as well as their personal containers and tumblers for food and drinks.

Beyond showcasing earth-friendly goods, sustainably farmed produce, and solutions for zero-waste consumer-advocates, The Good Store also served as a venue for connecting sustainable enterprises with like-minded customers over shared values on alternative lifestyles and local community support.

Apart from marketing products, The Good Store also served as a platform for sustainability awareness-building and education for younger market patrons. During the launch, a theater workshop for children was staged by Sipat Lawin to entertain kids while showing them glimpses of and means towards "The Good Life".

Meralco President and CEO Atty. Ray C. Espinosa inaugurated The Good Store, together with government officials led by ERC Chairperson Agnes Devanadera and Mayors Antolin Oreta, Lani Mercado-Revilla, and Frederick Vida of Malabon, Bacoor, and Mendez Cities, respectively. In her speech, Chairperson Devanadera applauded Meralco for the initiative, "I am happy to note that in the corporate world, especially in the energy sector, we have the lead corporation, Meralco, that is undertaking this kind of sustainability program."

Meralco looks forward to once again opening The Good Store in the near future as the nation moves into its better normal.

Fostering Communities

203-1, 203-2, 413-1

Meralco is committed to sustaining communities and empowering future generations, leveraging electricity as a means and enabler for progress. By electrifying marginalized households helping uplift them from poverty and by energizing schools to support the country's youth, the Group does its share in providing the benefits of development to more Filipinos.

Beyond electrification, Meralco also creates value in communities by fostering disaster resilience and by responding swiftly when called to assist, as the Company and its employee-volunteers, heed the call of public service in the darkest of times.

By supporting communities, Meralco aids in building a stronger and more resilient nation, now and for the brighter days ahead.

Lighting Up Homes and Bridging Gaps in Inclusion

203-1

In 2020, through the Meralco Electrification Program (MEP), the Company energized 261 sites within its franchise area, bringing light to 11,354 households residing in the margins and peripheries. These sites were previously in the dark for years and now enjoy the benefits of reliable electricity, bringing ease to their daily lives, and enabling economic opportunities for growth.

In certain cases, Meralco utilizes solar photovoltaic and microgrid technologies in its electrification efforts—particularly to energize far-flung communities beset with constraints for overhead line extensions or grid-connections. This electrification approach uses clean energy as a driver for progress, powering businesses and brightening homes in these communities.

Lastly, One Meralco Foundation spent PhP16.2 million for its Household Electrification Program to provide electricity access to low-income families within Meralco's franchise area. The program funded the installation of service entrance, metering centers, breaker walls, and intermediate polls for 6,999 low-income households.

11,354

HOUSEHOLDS ELECTRIFIED

EMPOWERING COMMUNITIES IN ATIMONAN THROUGH LIVELIHOOD OPPORTUNITIES

ATIMONAN ONE ENERGY, INC.

MGen aspires to set a standard of excellence not only in its power plant operations but also in developing and engaging host communities to make them more progressive and sustainable.

As part of its continuing efforts to transform Atimonan into a thriving community, MGen—through its subsidiary Atimonan One Energy, Inc. (A1E)—provided new homes to 47 families, now organized as the New Carinay Homeowners Association, Inc. (NCHAI).

Beyond housing, NCHAI benefited from various training sessions on livelihood and enterprise development, enabling several families to run their own small-scale businesses in food catering, boat rental services, small-scale construction, property maintenance, and repair.

Furthermore, with support from its national and local government partners, A1E revived Atimonan Coastal Food Production Association (ACFPA), to help provide families of fishermen with added sources of income especially outside of the fishing season. Through the initiative, the ACFPA now produces and markets quality Spanish-style sardines branded as Aplaya, which can be bought across 10 stores in Atimonan, two stores in Subic, and soon in local stores across Quezon Province.

A1E also collaborated with local government leaders and with Grandt Planners, Inc., a third-party urban planning expert, to develop a Comprehensive Land Use Plan (CLUP), which serves as the municipality's guide on the allocation and proper use of its land resources. The CLUP aids in charting the town's development as an agro-industrial center, growing through agriculture and tourism, all while planning strategies to increase the socioeconomic benefits for its residents.

As A1E develops its energy project to help address the growing energy demand of the country, the Company also continues to build a brighter tomorrow for its host community in Atimonan through responsible and sustainable development programs.

Supporting the Next Generation by Energizing Schools

203-1, 203-2

Promoting the attainment of inclusive and quality education for all, as prescribed by **SDG 4: Quality Education**, is a cause Meralco holds close to its heart.

Recognizing that education is one of the most powerful instruments for sustainable development, the Company supports nation-building by powering schools and empowering teachers so that the youth may be granted opportunities to thrive and excel.

While many schools across the Philippines lack regular amenities, public schools in far-flung or island communities lack something even more basic—electricity. This is why, since 2011, Meralco has continually increased its efforts to bring sparks of joy to public schools which lack access to electricity due to their distance to mainline grids.

In 2020, the Company, through OMF, spent over PhP4.6 million, in addition to PhP616,500 donation from the Meralco Employees Fund for Charity, to energize and donate learning technology to off-grid public schools.

By providing accessible and clean energy through 1-kW solar photovoltaic (PV) power systems per school, Meralco empowered 4,489 students and 175 teachers from over 15 schools, bringing lasting impact to these students' lives.

Moreover, through the provision of learning materials, the program enabled teachers to innovate, practice new teaching methods, and offer new topics to their students. In addition, through the donation of educational multimedia equipment, teachers were able to use the internet and Microsoft Office programs to better visualize and communicate their lessons. These provisions helped enhance the ability of their students to think critically and to expand their creative skills.

4,489
STUDENTS AND
175
TEACHERS EMPOWERED

Continuing efforts such as these aim to promote the education sector's access to energy that is reliable and clean while enhancing the quality of life of children and families, especially those in far-flung areas.

Supporting Blended Learning

203-1, 203-2

COVID-19 jarred the country's education system, forcing teachers and students to adapt to the new normal. In order to continue educating despite the physical restrictions, remote learning arrangements were adopted to keep children and their teachers safe from the coronavirus.

In support of **SDG 4: Quality Education**, Meralco, through the One Meralco Foundation, implemented its back-to-school program, Teacher Frontliner. Recognizing the vital role of teachers in implementing the Department of Education's new blended learning parameters, this initiative donated over PhP1.2 million and supported 2,596 teachers from over 58 public schools.

Through the initiative, which was fully funded by Meralco employee donations, teachers received a backpack containing a custom-designed face mask, a face shield, and a hand sanitizer. Meralco thus helped teachers carry on their important duties in the new normal while, at the same time, providing an avenue for volunteerism among its employees.

REWARDING EXCELLENCE AMONG THE YOUTH

In support of its thrust for education, the Company established the MVP Academic Achievement Awards in 2011. The program extends one-time grants to academically excellent elementary, high school, and college children of Meralco employees in the rank-and-file and supervisory levels. The grant is used exclusively for the purpose of subsidizing tuition fees, and for purchasing books, laptops or other school supplies needed by the grantee.

In 2020, the Company donated over PhP4.6 million as financial aid to 279 deserving employee dependents (including 210 honorees and 69 top achievers) who displayed stellar academic performance for the school year.

Through this program, Meralco hopes to help ignite the passion of the youth to achieve greater levels of scholastic excellence.

279
ACADEMIC ACHIEVERS RECEIVED FINANCIAL AID

Re-energizing Calamity-Struck Communities

203-1

The Philippines, located along the Ring of Fire and the typhoon belt, is particularly prone to natural calamities and extreme weather events. Yearly, the country is hit by multiple typhoons, floods, droughts, and earthquakes—often leaving millions displaced and out of livelihood.

As such, Meralco ensures the timely delivery of support and assistance to communities affected by disasters and calamities through its power restoration projects and relief operations—within and beyond the bounds of its franchise area.

Under its Power Restoration Project and Relief Operations, Meralco promptly assists electric cooperatives in immediately restoring power services in areas affected by the disasters. In parallel, the Company swiftly responds and extends assistance to hard-hit areas through the distribution of relief packages to calamity victims.

In 2020, the Company supported and sustained over 25 thousand families affected by storms and other natural calamities, including the Taal Volcano eruption. Additionally, Meralco enabled organizations and government units to provide faster relief and rehabilitation programs through its expedient service restoration efforts.

.

PROVIDING RELIEF FOLLOWING TAAL'S AWAKENING

At the start of 2020, a destructive explosion of the Taal Volcano displaced hundreds of thousands of families living in the volcano island and in the surrounding provinces of Batangas, Laguna, and Cavite within Taal's 14-kilometer radius. As a consequence, people lost their homes, livelihood, and income.

Meralco was quick to mobilize its people and assets to respond to the needs of those greatly affected by the eruption. In particular, through One Meralco Foundation, the Company deployed solar-powered charging stations which benefitted at least three thousand families seeking refuge at the evacuation center in Alfonso, Cavite. Additional mobile phone charging stations, were also set up in other evacuation centers. This enabled people to communicate and to access vital post-disaster information.

To further provide immediate relief, food packs were also distributed to evacuee families in the municipalities of Laurel, Talisay, Agoncillo, and Lemery in Batangas. In partnership with Meralco's Business Centers and Sector Offices in Batangas province, the Company's foundation also brought relief packs to over a thousand families temporarily staying at the Batangas Sports Complex and the City Evacuation Center and PUP Gymnasium in Sto. Tomas, Batangas.

Meralco employees added a human touch to the Company's response effort by helping in various ways such as preparing and distributing relief packs as well as raising funds for the benefit of the affected families.

Restoring Power Beyond Its Borders

203-1

At the end of 2020, Super Typhoon Rolly (international codename "Goni") hit the country's Bicol region—with the heavy downpour destroying properties, submerging communities, and damaging electric posts and cables. Two weeks later, Typhoon Ulysses (international codename "Vamco") hammered the same region, adding more damage to the cities and rural areas already struggling to cope and rebuild.

Despite Bicol being outside of the Company's service area, Meralco, along with OMF, joined the Power Restoration Rapid Deployment (PRRD) Task Force Kapatid 2020 to help expedite the restoration of electricity service in these battered areas.

To aid in the relief efforts, Meralco deployed a 206-strong contingent of engineers, linemen, and support personnel as well as 65 vehicles and mechanized equipment to help restore power for 24 days in the Bicol region, particularly in Albay, Catanduanes, and parts of Camarines Sur. To facilitate the restoration, Meralco coordinated closely with the Department of Energy, the National Electrification Administration, the Philippine Rural Electric Cooperatives Association Inc., and the various electric cooperatives in Bicol.

Natural calamities and the pandemic may have dimmed 2020, but it was the light ignited by the valiant efforts of Meralco's employees who responded to the challenges with commendable resilience and ingenuity, sparked by values of *bayanihan* and *malasakit* for customers, communities, and the country, that made the year truly meaningful and enlightening.

Building a Better Normal Beyond Energy

203-1

Beyond power provision, One Meralco also enables prosperity by advancing solutions in telecommunications and financial technology, thereby connecting more people and bridging gaps in financial inclusion. Through these ventures, the Group is able to help more Filipinos harness opportunities arising from digital transformation, thereby opening new pathways for value creation and progress.

Bridging More People Through Connectivity

203-1

High-quality connectivity has increasingly become a critical driver of sustainable growth, enabling people to work and learn from home and helping businesses recover and find resilience amid the difficulties of operating during a global health crisis.

Radius Telecoms (Radius), a wholly owned subsidiary of Meralco, responded to these urgent needs through its operations of one of the largest end-to-end fiber optic networks in the country—providing reliable, fast, and secure connectivity solutions to nearly 600 business customers from essential industries, including banking, retail, and telecommunications.

Aside from servicing the corporate sector, Radius is also increasingly meeting the demands of individual consumers. Radius' subscriber base increased exponentially in 2020—with its broadband subscribers jumping by 93 percent in one year alone—signaling the clear rise in demand for connectivity as digital platforms became even more essential to communicate, operate, and educate during a period marked by lockdowns and movement restrictions.

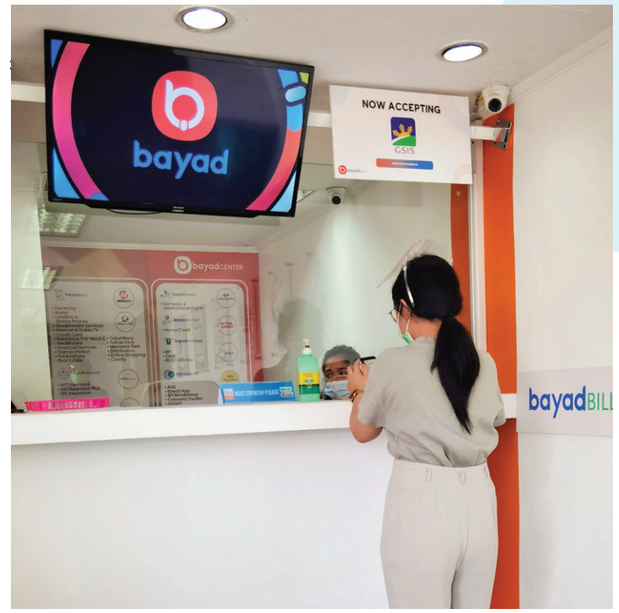
Leveraging its pure fiber-optic network, Radius not only enables its customers to connect at greater speeds and with increased ease and security but also provides the highest service reliability in the market at 99.9 percent. Furthermore, the Company commits to one of the fastest service restoration times in the industry at four hours.

Broadening its network and operations was also a priority of Radius in 2020, increasing its presence in the Mega Manila area and extending its reach to Clark and Cebu City. Apart from doubling its core network capacity to 100 gigabytes versus 50 gigabytes in 2019, the Company installed 264 kilometers of core fiber optic connections, 10 nodes, and three data centers as well as commissioned seven optical line terminal nodes.

As connectivity became an essential service during the health crisis, Radius provided free connectivity services to COVID-19 recovery sites across Metro Manila, allowing recovering patients as well as medical health workers to connect with their families and friends while in confinement.

As the digital age brings more opportunities for growth and expansion, Radius will continue to be a driver for progress—connecting people, igniting innovation, and addressing the connectivity needs of the nation to not only recover but also transform and evolve in the wake of a better normal.

radius
Igniting Innovation



Providing Inclusive Financial Solutions

203-2

Financial inclusion pertains to the efforts that make financial products and services accessible and affordable to all individuals, especially vulnerable sectors. Effective access means that these financial solutions are appropriately designed and responsive to the varied needs of individuals and businesses—whether for payments, saving, financing, investing, or getting insured.

According to the Bangko Sentral ng Pilipinas' (BSP) 2019 Financial Inclusion Survey, 71 percent of the total adult population of the Philippines, or 51.2 million, remain unbanked. Not having enough money remains the topmost reason for not having an account (45 percent), followed by a perceived lack of need for it (27 percent), and not having documentary requirements available (26 percent).

Bayad fully supports the BSP's push for financial inclusion in the country. Its commitment to elevate every Filipino's financial experience by designing and bringing to market innovative products and services is aligned with its end-goal of empowering individuals to make better, informed choices. These wise choices will, in turn, promote their economic welfare towards the ultimate objective of raising their productivity and standards of living.

As Bayad pivots into a full-service financial technology (fintech) company, fully leveraging digitization and advancements in technology, it aims to significantly contribute to the dream of financial inclusion in the Philippines.

In 2020, Bayad brought its digital channels and financial services closer to Filipinos when the need for convenience and safety were paramount. Through its Bayad App—an "all-in-one *pera*[28]" transaction mobile application that provides an accessible, easy, and reliable way of paying bills, sending and receiving money, purchasing mobile load, and managing funds, among others—the Company saw a marked increase in total daily average payment transactions, from 34 thousand in the first quarter of 2020 to 86 thousand by the end of the year.

Moreover, in collaboration with Bayad's franchisees and various Local Government Units (LGUs), off-site payment counters and agents were also mobilized and activated in various barangays, village clubhouses, and LGU One-Stop Shops, so that individuals would not have the need to go to commercial, more crowded places to pay their bills—thus helping ensure their safety from the coronavirus.

Further, Bayad forged strategic alliances with GrowSari and the Bank of the Philippine Islands (BPI) to service more sari-sari store partners and to facilitate easier and faster remittances to BPI banks.

A year into the fight against COVID-19 and towards a new and better normal, Bayad has made it even more convenient for Filipinos to pay their bills and to avail of micro-financial services with the launch of its Bayad Online channels—an extension of the Bayad centers offering the same hassle-free and reliable payment services and carrying the trust, reliability, and security that the Bayad brand has been known for.

[28] Translation: money/payment

Uplifting a Nation in Crisis

203-1

2020 will go down in history as the year the dark shadow of COVID-19 was cast across the world, threatening lives, halting human activities, collapsing heath systems, and bringing down economies. It was also the year that tested Meralco's resolve and resilience, amid business disruptions resulting from community quarantine restrictions across its franchise area.

Yet, despite the challenges, 2020 was also the year when, in refusing to let darkness prevail, Meralco's light shone the brightest, helping the country and supporting those hardest-hit by the pandemic—frontliners, farmers, and underprivileged families.

"You are the bearers of torches that give light to the dark corners of our country—not just mirrors passively reflecting the light of others."

—Manuel V. Pangilinan on the Group's fight against COVID-19

Supporting and Safeguarding Customers

Serving Customers at Business Centers

Given the safety and health concerns arising from the COVID-19 pandemic, Meralco continued to put its customers first by quickly adopting new health protocols and guidelines to minimize transaction time, manage queues, and be of greatest help in addressing queries and concerns.

To optimize customers' time, flyers and other informational materials on commonly raised concerns were made available to them as soon as they arrived on-site. The Company also augmented its frontline Business Center (BC) customer care staff with field representatives and engineers to ably and promptly address specific technical concerns. In parallel, BC staff distributed customer concern forms, so that they could write down their queries and drop them in designated boxes outside the BCs. This would then trigger BC representatives to call them back or to respond to them via email.

In support of enhanced customer convenience and safety, Meralco installed tents outside its BCs where customers could be physically distanced and comfortably sit in line while being provided with snacks and water. All those who entered the BC premises (which were regularly and thoroughly disinfected) were screened for temperature and asked to follow physical distance markers.

Beyond regular Business Center operations, Meralco also proactively visited homeowners' associations, subdivisions, and barangays to engage more closely with customers, addressing their questions and resolving their concerns.

Finally, to further improve customer service at its Business Centers while adhering to safety protocols, Meralco also launched two innovative programs in 2020—the Online Customer Appointment system and the Virtual Customer Assistant.

Online Scheduling for Convenience and Safety

To help customers avoid long queues, Meralco launched the Online Customer Appointment (OCA) system on Meralco's website in 2020. Through this feature, customers could book appointments at Business Centers ahead of time, making their visits faster and at schedules most convenient to them.

OCA allowed for enhanced safety for both the customer and frontline personnel, as it greatly reduced the number of people within BCs at any given point in time. In 2020, the OCA handled 3,170 requests with a turn-up rate of 78 percent as of March 2021. This innovative approach was positively received by customers, as shown in the rating of 4.7 points on a 5-point scale on ease of use, 4.3 on effectiveness, and 4.4 on value. Moving forward, Meralco will continue to innovate to provide customers enhanced and safer service.

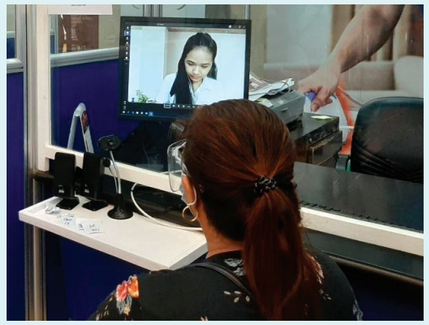
THE VIRTUAL CUSTOMER ASSISTANT (VCA): CONNECTING THROUGH VIDEOCONFERENCING

During the months of community quarantine, customers continued to visit Meralco Business Centers to process transactions such as bills payment and service applications, notwithstanding the risks posed by the coronavirus. Given the skeletal workforce deployed in BCs during this period, Meralco developed and implemented an innovative solution to support customers remotely—for their and the Business Center's employees' safety alike.

Meralco launched its Virtual Customer Assistant (VCA) system in 2020, enabling customers to be assisted by customer care representatives (CCRs) via video conferencing. Despite not being onsite at the BCs, these CCRs ably addressed customer concerns without unduly exposing customers and themselves to health risks.

To materialize this operationally, Meralco's ICT team deployed desktop computers configured with web cameras and speakers to its CCRs for their videoconferencing activities via Microsoft Teams.

By deploying virtual customer care representatives, the Company created strategic extensions to its frontliner personnel on-site. As such, more customers were



attended to, enabling more transactions and queries to be processed in a given time frame. This, in turn, led to shorter customer waiting times and significantly decreased health exposure, especially for customers accustomed to going to brick-and-mortar payment sites to engage with Meralco.

Since this digital innovation's launch in June 2020, a total of 92 VCAs have been deployed across 56 collecting offices, supporting Meralco's customers with better and more flexible service.

Protecting Heroes

In 2020, Meralco and its employees extended support to health workers and frontliners as well as to their medical facilities in the thick of the battle against the coronavirus.

277,450
PPE PROVIDED TO FRONTLINERS

Through the One Meralco Foundation, the Company supported brave frontliners battling COVID-19 by providing 277,450 personal protective equipment (PPE), and by donating more than two thousand liters of ethyl alcohol in various COVID-19 referral hospitals.

Meralco, together with PLDT-Smart Foundation, also donated hospital beds and equipment to the East Avenue Medical Center (EAMC) in Quezon City for its COVID-19 section. In addition, Meralco and PLDT-Smart Foundation, in partnership with EEI Corporation, set up a pop-up molecular laboratory at the EAMC for its reverse transcriptase-polymerase chain reaction (RT-PCR) tests, helping increase the Center's capacity to serve patients afflicted with the virus.

By helping protect and preserve the safety and health of these modern heroes and by supporting key medical facilities, Meralco aided in providing healing and relief to the thousands of Filipinos who contracted COVID-19.

NURTURING FRONTLINERS AT 'HOME'

To support the government in its COVID response, Meralco looked within its own walls to address temporary housing needs of health workers, in particular, those from its neighbor, The Medical City (TMC). As the TMC frontliners looked for a place to stay after their long shifts, Meralco heeded the call and opened the doors of its own Multi-Purpose Hall—situated just 10 minutes away from the hospital.

In order to make all 32 frontliners feel at home, Meralco converted the hall into a temporary shelter equipped with ample provisions for beddings, amenity kits, home-cooked meals, home appliances, exercise equipment, shower and toilet facilities, 30 Smart SIM cards, internet access, and a television with Netflix.

"These frontliners treat COVID-19 patients, and we wanted to do our best to make them feel loved, safe, and cared for."

—Atty. Ray C. Espinosa

100
PERSONAL COMPUTERS DONATED

PhP27.9M
RAISED FROM CASH DONATIONS

Aiding Medical Research and Development

The availability of timely and accurate data is crucial in finding and implementing solutions to a deadly virus. However, many key research facilities and laboratories in the country lacked the necessary equipment to deliver vital information required by government agencies in the battle against COVID-19.

Meralco, with the help of OMF, donated 50 personal computers (PC) to critical institutions to help expand and speed up their efforts on research and testing.

In March 2020, 20 PCs were donated to the Philippine Genome Center for their use in genome sequencing of the coronavirus. The following May, 30 PCs were donated to the Swabbing Centers and Laboratories of the Subic Bay Metropolitan Authority as they partnered with the Philippine Red Cross to provide mass testing in the Subic Bay Freeport Zone and surrounding communities.

Meralco continues to find ways to support medical and research organizations, so that their findings and analyses could reach the government and the public promptly, hopefully saving even more lives.

Alleviating Hunger and Providing Urgent Support

In support of **SDG 1: No Poverty**, OMF, in 2020, provided food packs and sanitary kits to communities most adversely impacted.

During the most restrictive periods of community quarantine, Filipinos at the bottom of the economic pyramid—who were already living hand to mouth even before the pandemic struck—lost all sources of income and livelihood. As incidences of poverty and hunger grew at alarming rates, OMF acted swiftly to provide for the food requirements and other necessities of these Filipino families.

As early as the first week of the community quarantine, OMF distributed nearly eight thousand food packages to street dwellers in Metro Manila as well as to under-privileged families in Mandaluyong, Marikina, Caloocan, Navotas, Antipolo, and Calabarzon. Close to a thousand beneficiaries received grocery gift certificates while 700 more families received sanitation packages from OMF in partnership with Caritas Manila.

Furthermore, Meralco launched two fund-raising programs, A Day to Give and Share a Leave, to support the employees of its service providers who lost their livelihood during community quarantine. Through these initiatives, the Meralco family came together and raised PhP27.9 million that went to cash donations for its service providers' daily wage earners.

FROM FARMERS TO FRONTLINERS

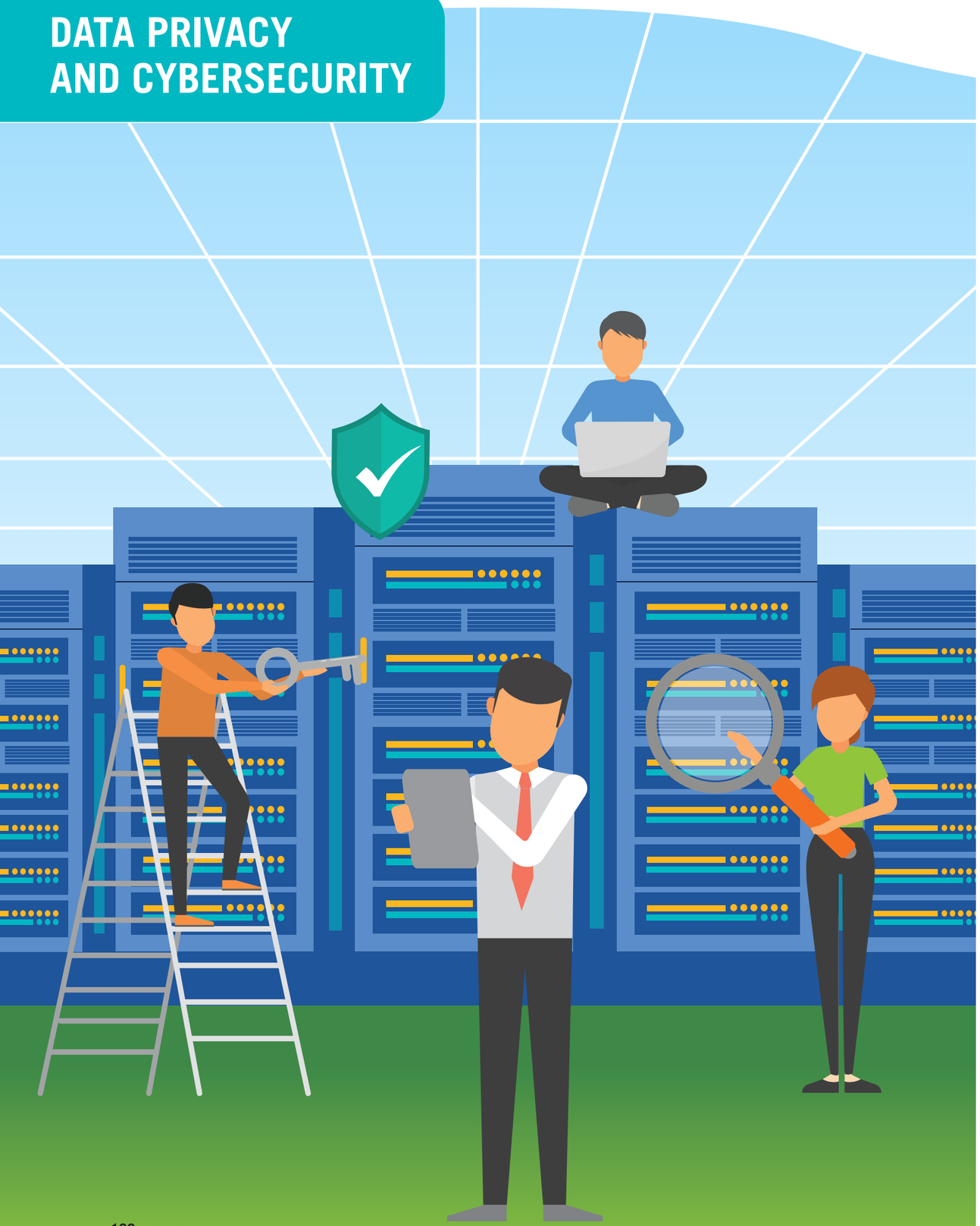
Inasmuch as there was a sharp rise in hunger incidence in city centers during the pandemic, many farmers from rural areas also faced problems selling their produce due to supply chain disruptions and restrictions on mobility.

To help address this gap, Meralco, through OMF and Bayad, launched "From Farmers to Frontliners" in 2020 to support the livelihood of vegetable farmers from Kabayan, Benguet province. At the same time, the program provided nutritious food to health workers, frontliners, and homeless families living in temporary shelters across the Meralco service area.

Through this program, more than five tons of fresh produce were procured from Benguet and distributed to at least 15 thousand frontliners and three thousand marginalized families at greatest risk of contracting the virus.

In 2020, this effort was feted with a Bronze Stevie by the International Business Awards (IBA) under the Most Valuable Non-Profit Response category. One of the IBA jurors commented, "This was very heartwarming. Helping frontline health workers by helping poor farmers should be considered a very proud achievement."

DATA PRIVACY AND CYBERSECURITY



Securing and Sustaining Digital Infrastructure

Technology is a key enabler and driver for the achievement of the Sustainable Development Goals. However, in introducing and advancing technological innovations, it is important to maintain and promote privacy and digital security imperatives, as these are aligned with fundamental human rights.

In recent years, data privacy and cybersecurity have become growing areas of concern for many businesses that rely on complex digital systems to support their operations. Recognizing this, Meralco continues to improve functions and processes in these two areas as the technological landscape gets increasingly more dynamic and as new potential threats surface.

Meralco also ensures organization-wide compliance by training its employees on the Group's data protection measures and cybersecurity policies. With personnel who are highly equipped to respond to and address rising threats and imminent breaches, Meralco further cements its responsibility towards its customers and all other stakeholders.

Data Privacy: Safeguarding Stakeholder Rights

418-1

Protecting Customer Privacy

Meralco takes its responsibility towards its customers' data protection and privacy seriously. To keep customer data confidential and secure, Meralco implements a set of data privacy policies that adhere to Philippine data privacy laws. These policies demonstrate Meralco's continued commitment to protecting its data subjects and to handling data breaches effectively. To this end, Meralco now applies Privacy by Design[29] throughout its digital systems and platforms and requires third parties to comply with its data privacy policies.

Moreover, through these policies, Meralco ensures that data subject rights are exercised throughout Meralco's customer-facing processes, both for individual customers and for representatives of corporate customers. Customers may also raise data privacy concerns to Meralco's Data Privacy Office for assessment and resolution.

Securing Other Stakeholders' Data Rights

Meralco guarantees the exercise of data subject rights through multiple avenues that ensure accountability in data quality. At the start of every year, Meralco employees acknowledge the existence of their own data subject rights. Beginning 2021, employees will also commit to adhere to fundamental data privacy principles and to respect the rights of Meralco's data subjects.

This holistic approach to data privacy also extends to Meralco's stockholders, ensuring that the challenges brought about by COVID-19 do not hamper efforts to obtain proper consent when necessary and to fully inform shareholders of the data involved, the processing to be done, and the means used to protect their data.

In addition, Meralco now requires its suppliers to comply with its data privacy laws, including the enforceability of stakeholders' data subject rights.

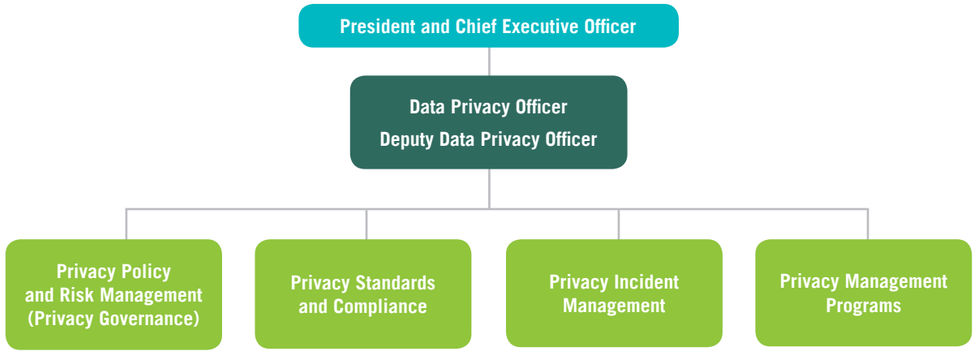
[29] Privacy by Design is a framework based on proactively embedding privacy into the design and operation of IT systems, networked infrastructure, and business practices (from Deloitte's *Privacy by Design: Setting a new standard for privacy certification*).

Institutionalizing Data Protection

To institutionalize its efforts towards data protection, Meralco established a Data Privacy Office (DPO) in 2020 as a first-level organization responsible for data privacy compliance and investigations as well as for building a culture that values, upholds, and fosters data privacy across One Meralco and its processes.

The DPO, which reports directly to the President and CEO, is composed of four sub-units: Privacy Policy and Risk Management, Privacy Standards and Compliance, Privacy Incident Management, and Privacy Management Programs—all geared to ensure that data is properly secured and managed to protect the Company and its stakeholders.

STRUCTURE OF THE DATA PRIVACY OFFICE



To optimize Meralco's data security and protection, the DPO consistently evaluates the Company's risks to data privacy through the Privacy Risk Management Process, which was recently revised in January 2021. Through the Preliminary Assessment Tool and Privacy Impact Assessment form, the Company is able not only to identify possible data privacy risks but also to implement sustainable mitigation solutions before fully launching a project. To date, no personal data breach requiring mandatory notification to the National Privacy Commission (NPC) has been reported by the Company.

In 2020, the DPO updated the data privacy manual of the Company, reviewed contracts to ensure that there are appropriate data privacy clauses, and refreshed the privacy risk management process.

The DPO also provides privacy advisory support and develops training needs analysis for line organizations and subsidiaries.

To effectively implement data protection throughout all its business units, Meralco equips its employees with knowledge and skills in data privacy and protection through a series of training sessions and workshops, beginning with a training module on the fundamental principles of data privacy and on the pillars of compliance prescribed by the NPC.

In 2020, a total of 87 employees underwent data privacy training, equivalent to 174 hours of learning. Basic data privacy training is now part of the orientation program for new employees. Meralco aims to train 100 percent of its employees on data privacy in 2021.

Also in 2021, the Data Privacy Office aims to create a data privacy dashboard to monitor all of Meralco's data, automate data tracking, and update the Meralco data privacy website. Furthermore, it aims to build Company-wide understanding of proper ways to handle customer data through the provision of data privacy manuals for employees and supply chain partners.

The DPO also works in partnership with other entities within the Metro Pacific Group on their data privacy requirements, particularly for COVID-19 vaccination programs.

As the Company further expands its digital channels and platforms, it will likewise continue to strengthen its data privacy systems to ensure that stakeholder data is always kept safe and secure.

To know more about Meralco's Privacy Policy, follow this link: https://company.meralco.com.ph/privacy-policy.

Cybersecurity: Strengthening Digital Infrastructure

418-1

Ensuring Cybersecurity Readiness

Meralco understands the great importance of securing its data and digital networks against cyber threats and risks to ensure business continuity and to protect its information assets and critical infrastructure. As such, the Company aligns itself with the latest international and national standards on information security and conducts regular external and internal audits to test the strength of its current protective digital systems.

The Company recently updated its Information Security Policy Manual to maintain alignment with the industry's security standards as mandated by regulatory bodies. The manual guides employees in supporting Meralco's information security efforts and in managing and protecting its information assets. It also directs the Company's future security plans and initiatives.

To ensure cybersecurity preparedness, Meralco developed a Cybersecurity Roadmap in 2020, covering important issues such as governance, security engineering, and incident response for its information technology (IT) and operational technology (OT) environments. While 90 percent of all roadmap-linked projects were implemented in 2020, the few remaining projects were deferred due to restrictions caused by the pandemic.

Assessing Cybersecurity Risks

The identification of cybersecurity risks is crucial in developing the Company's cybersecurity strategies and corresponding digital infrastructure. Meralco performs regular risk assessments and penetration tests by external parties on both its IT and OT systems to uncover the vulnerabilities of the Company's systems and data.

To maximize the effectiveness of protective mechanisms, a cybersecurity assessment is embedded in the lifecycle of projects, from the early stages to the final phase. At the beginning of a project, the security design is reviewed to identify the security control requirements while further vulnerability scanning and penetration tests are conducted. These are done to remediate and resolve any issues found. Throughout project implementation, security advisories and threat bulletins are constantly monitored to enable immediate response to emerging or imminent risks.

Responding to Cyber Threats

418-1

Meralco prepares itself to handle and respond to cyberattacks and data breaches through the establishment of its Cyber Incident Response Center (CIRC) in 2020. In case of a security breach, employees report to the CIRC, the unit responsible for handling the analysis and investigation of cyber-related incidents and for implementing the necessary containment and remediation measures to address the identified threats.

To actively and promptly respond to suspicious incidents, Meralco's Cyber Incident Management Plan outlines the Company's response strategies as well as communication and escalation protocols. The response mechanisms and procedures are tested through the Cyber Crisis Simulation exercise to ensure the effectiveness of the system. In 2020, while One Meralco encountered security incidents, these were all addressed, contained, and mitigated in a timely manner through the aforementioned established systems and capabilities.

Meralco continues to enhance its security systems and controls to defend its networks against security threats and vulnerabilities. To this end, a Cyber Resiliency Team will be established in 2021 to anticipate and prepare for future threats.

Strengthening Cybersecurity Systems

Meralco constantly finds innovative solutions to improve the cybersecurity posture of the Company. In 2020, apart from establishing the CIRC, Meralco enhanced the skills and resources of its Cybersecurity Group and acquired a Next-Generation Security Information and Events Management (NG SIEM) system to improve incident monitoring and response. The Company's Information Security Manual was also revised to adapt to emerging business needs and enhance security for mobility needs, especially given the work-from-home demands of the pandemic.

To secure its data network and control systems, Meralco implemented cloud security solutions to protect the Company's cloud-based information assets while the Privileged Access Management (PAM) project ensured proper access controls. Security projects with both IT and OT components were also implemented by the Company to ensure coherence in its cybersecurity strategy, including the enhancement of the perimeter security of OT systems through the acquisition of Next-Generation Firewalls for its SCADA.

Against a backdrop of evolving cyber threats and risks, the Company undertook necessary regulatory filings for the continued and successful implementation of its Cybersecurity Roadmap.

Developing a Cybersecurity-Ready Workforce

To educate employees and further safeguard the Company from cyber threats, Meralco has put into effect an Information Security Awareness, Training, and Education Policy to prepare employees for cybersecurity challenges and risks. Employee responsibilities in protecting the confidentiality, integrity, and availability of Meralco's information assets are also included in the training programs in accordance with the Company's Code of Right Employee Conduct (COREC).

In addition, employees perform an annual declaration of commitment to the COREC to constantly remind them of their duties and responsibilities in preserving Meralco's information assets.

Meralco ensures that even new employees are prepared to tackle cybersecurity challenges. An introduction to the Company's information security policies and the employees' corresponding roles and responsibilities are embedded in Meralco's Orange Plug-In onboarding program.

In 2020, the Company provided cybersecurity training to more than eight thousand employees to equip them with practical knowledge on data security risks and procedures. In fact, each employee underwent a four-hour training program on the fundamentals of cybersecurity.

Meralco's Cybersecurity Group also conducted awareness campaigns and roadshows from October to November 2020 to inform employees of updates in the Company's Information Security Policy Manual. To complement this, regular Security Advisory e-Cards containing information on security policies and threats, practical tips and guidance, and relevant topics were emailed to employees.

In celebration of Cybersecurity Awareness Month in October 2020, webinars were conducted on various cybersecurity topics such as cybersecurity as a business management issue, proactive approaches to cybersecurity, and building a cybersecurity culture.

Certifying Information Security Management Systems

Meralco strives to secure crucial information assets by subjecting its IT infrastructure and information security management systems to scrutiny and audit through certification programs. The Company is currently preparing for the ISO 27001 Certification for Information Security Management Systems (ISMS). As part of its preparation, an external assessment will be conducted to produce an independent review of the Company's information security controls.

In 2020, the Company underwent an external audit to assess and test its security controls, particularly on in-scope applications. This complemented its regular internal audit to review the compliance and implementation of its cybersecurity policies and controls.

To further enhance its cybersecurity practice, Meralco also refers and subscribes to the National Institute of Standards and Technology (NIST) and the North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) for its cybersecurity standards and programs.

In light of the rapidly evolving nature of the digital space, Meralco will continue to strengthen and upgrade its IT and OT cybersecurity infrastructure to effectively protect the data rights of its customers, employees, and other stakeholders while safeguarding the Company's information assets from cyber threats.

Keeping Above Board

Good governance is one of the hallmarks of an accountable and responsive organization. It drives responsible management practices that heighten corporate and board performance, sustain operational growth, and ensure stakeholder engagement.

As Meralco deepens its commitment to sustainable growth and development, good corporate governance remains the ethical compass of the Company, through which stakeholder value and welfare are fostered and long-term strategic objectives achieved.

Responsible Corporate Governance

102-17, 102-26, 102-28, 102-33, 205-1, 205-2, 205-3

Meralco recognizes the value-creating opportunities that good governance creates and leverages these to bring prosperity to stakeholders while promoting environmental protection and social justice.

Anchored on the principles of Fairness, Accountability, Integrity, Transparency, and Honesty (FAITH), Meralco's governance framework, policies, and programs enable effective management and monitoring of corporate performance, reinforce accountability, protect stakeholder welfare, and enhance ethical culture in the workplace, all while ensuring full commitment to the Group's social and environmental responsibilities.

Meralco's Manual of Corporate Governance as well as its Code of Ethics exemplify the high standards of behavior and professional conduct its Management and employees aspire to achieve at all times. The Manual of Corporate Governance fosters a culture of integrity and states the responsibilities of the Board of Directors, Management, and the Company to stockholders and all other stakeholders. In parallel, the Code of Ethics guides its leadership, management, and employees in decision-making, transactions, and interactions, ensuring alignment with the Company's core principles in performing their respective duties. Furthermore, all of Meralco's programs and policies against unethical conduct, such as the Anti-Bribery and Corruption Policy, emanate from the Manual and the Code.

Applying Meralco's principles and standards into practice requires constant awareness-building across different units. Accordingly, Meralco's Corporate Governance and Compliance Office (CGCO) regularly conducts onboarding sessions for its corporate officers as well as corporate governance orientation programs for all its employees. These programs enable Meralco's workforce to have a firm grasp of the depth and breadth of Meralco's businesses (with a view towards stakeholder identification and engagement), regulatory environment, and high standards of governance.

Before the pandemic, the CGCO organized site visits and in-person roadshows to orient employees on Meralco's corporate governance standards in the workplace. However, during the strictest period of quarantine, orientations on governance and trainings on compliance requirements were conducted virtually, ensuring continued employee engagement. In addition, interactive informational videos were developed, and other digital platforms were maximized to reach all Meralco's employees, especially those working from home.

To ensure full awareness of the governance policies, all officers and employees are required to show their compliance through regular disclosures. HRExpress is a customized online facility through which they are able to signify their Commitment to Corporate Governance, submit their Conflict of Interest Disclosure and Full Business Interest Disclosure forms, and divulge gifts or tokens received from third parties through the online Gift Registry. In 2020, 100 percent of Meralco's workforce complied with the annual corporate governance requirements.

Meralco also ensures open communication lines are in place, keeping Management abreast of employee concerns. Receipt of whistleblowing reports is indicative of employees' heightened awareness on governance policies, trust in Management, and confidence in the established whistleblowing procedures. The "e-Report Mo" Whistleblowing Program provides a secure platform for reporting unsatisfactory conduct, questionable accounting and auditing matters, and other unethical behavior in or by Meralco. Below is a summary of "e-Report Mo" cases received by the CGCO in the last three years:

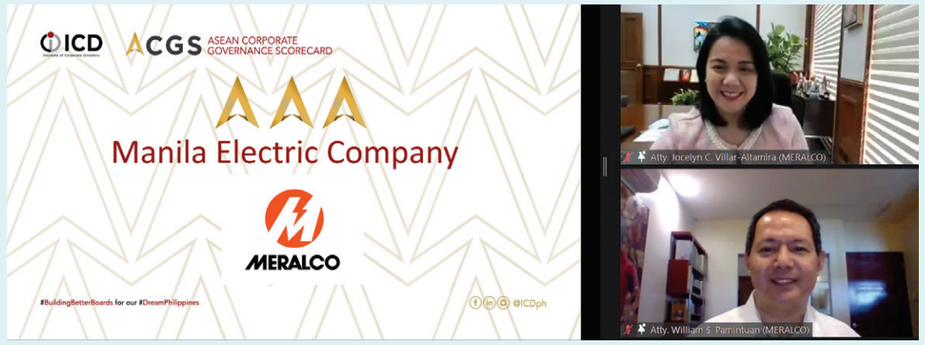
e-REPORT MO SUMMARY

	2018	2019	2020
TOTAL REPORTS RECEIVED	15	9	10
REPORTS RECEIVED BY COMMUNICATION MEDIUM			
Email	4	5	5
Letter	1	0	0
Phone/SMS	10	4	4
Personal	0	0	1
Website/Portal	0	0	0
REPORTS RECEIVED BY TYPE			
Violation of CG Rules	0	1	1
Violation of COE/COREC	9	7	9
Financial & Procedural Malpractice	1	1	0
Illegal acts prejudicial to the image/welfare of the company	1	0	0
Others	4	0	0
REPORTS RECEIVED BY STATUS			
On-going Investigation	0	0	1
Policy Improvement/Corrections	0	0	0
Reprimand/Warned (Confirmed)	0	0	0
Penalized (Confirmed)	0	0	0
Case Closed (Referred to other Office for Action)	13	3	9
Case Closed	2	6	0

To gauge the effectiveness of ethics-related objectives, programs, and activities of the Company, CGCO launched an online Ethical Climate Survey in 2020 which enabled employees to assess and relay to the Management and Board of Directors their perception of Meralco's corporate governance environment—particularly the company culture, policies and procedures, whistleblowing process, information and communication, and monitoring of compliance. The results of the Survey will serve as the basis of the Company's future programs and initiatives on governance.

To read about Meralco's Corporate Governance Programs, Code of Business Conduct and Ethics, and other pertinent policies, please visit: https://company.meralco.com.ph/corporate-governance/corporate-governance-in-meralco.

MERALCO AWARDED FOR GOOD GOVERNANCE IN ASEAN



Good corporate governance entails a dance of check and balance in assuring that the best interests of the Company are met while in pursuit of its triple bottom line. By placing sustainability at the core of Meralco's business, the Company ensures that its corporate governance is geared toward the achievement of economic, social, and environmental value, through the foundational principles of transparency and accountability.

As a testament to its excellence in corporate governance, Meralco was conferred an ASEAN Asset Class Award by the ASEAN Capital Markets Forum in December 2020 for being one of the Philippines' publicly listed companies that attained high scores in the 2019 ASEAN Corporate Governance Scorecard (ACGS) regional assessment.

The ACGS is an assessment tool based on publicly available information and benchmarked against international best practices on corporate governance. This is supported by a rigorous methodology developed by corporate governance experts across the region to evaluate the corporate governance standing and performance of publicly listed companies in six participating ASEAN member countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. The tool also promotes well-governed ASEAN companies as an investment asset class. On February 19, 2021, Meralco also garnered a Three-Golden Arrow Award in the ACGS Golden Arrow Awards, organized by the Institute of Corporate Directors (ICD), a non-profit organization dedicated to the professionalization of corporate directorship.

Meralco will continue to pursue excellence in corporate governance to accelerate the Group's achievement of its sustainability agenda and to further contribute to the Sustainable Development Goals.

Sustainability Governance

Sustainability Committee at the Board of Directors

Institutionalizing and further heightening its sustainability commitment and corporate ESG imperative, Meralco established a Board-level Sustainability Committee in March 2021 to ensure oversight of its sustainability agenda and performance from the highest decision-making body of the Company.

Meralco's Sustainability Committee is responsible for overseeing the sustainability strategy, framework, policies, and programs of Meralco and its subsidiaries. The Committee also accounts for and monitors the Company's economic, environmental, and social performance in alignment to the United Nations' Sustainable Development Goals, with the aim of delivering long-term value to all its stakeholders.

In bringing these objectives to light, the Sustainability Committee is structured as a stand-alone body (as opposed to a committee that carries other responsibilities such as Audit, Risk, and Nomination & Governance, for instance) to ensure the requisite focus and close attention to sustainability matters. The Committee is composed of five Directors, one of whom is independent. The Chief Sustainability Officer serves as the non-voting representative of the Management to the Sustainability Committee.

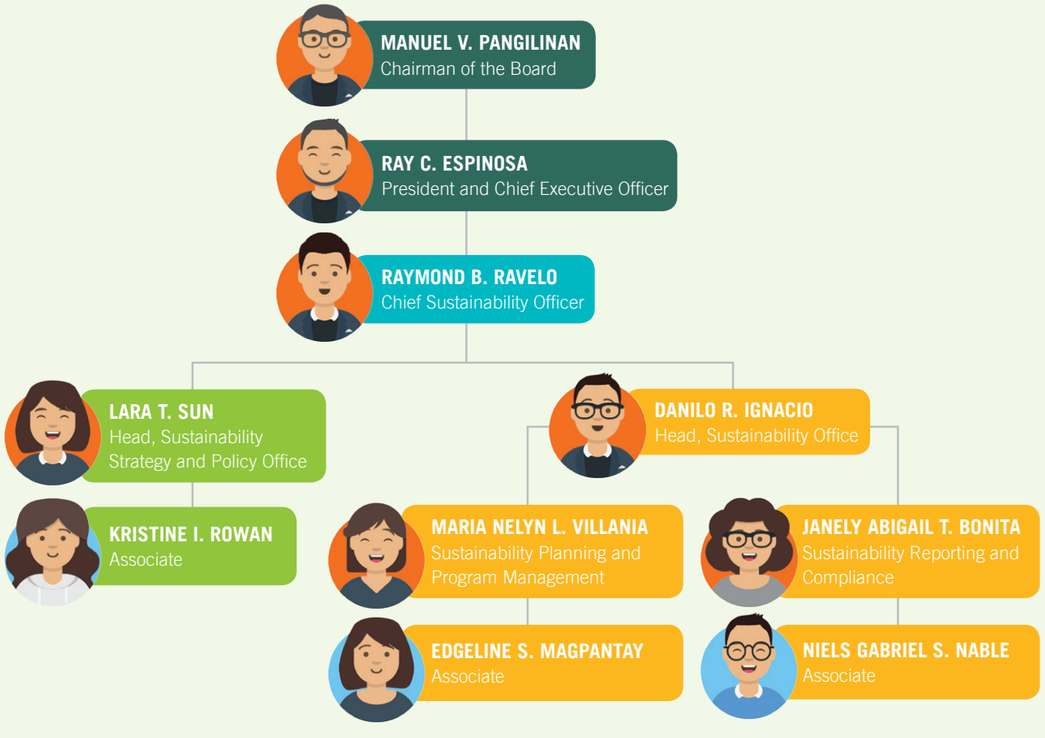
Sustainability Office

102-32

For Meralco, embedding sustainability at its core is an essential pathway toward future-proofing the organization.

The Sustainability Office (SO), established in 2019, leads One Meralco in introducing, integrating, and institutionalizing economic, environmental, social, and governance parameters into the Group's strategy and operations in ways that are also congruent with the UN SDGs. In support of Meralco's goal to constantly uphold sustainable and responsible business standards, the SO drives and monitors the Group's sustainability efforts toward clear outcomes and measurable results.

The SO was formed immediately after President and CEO Atty. Ray C. Espinosa, assumed office in 2019 and placed sustainability at the top of his agenda. Subsequent to the establishment of this dedicated office, Mr. Raymond B. Ravelo was appointed as Chief Sustainability Officer, reporting directly to the CEO, effective January 1, 2020.



Meralco's Sustainability Office is composed of three main organizations:

Strategy and Policy

This organization is responsible for developing Meralco's sustainability agenda and integrating it into the Group's corporate objectives and strategies. It also spearheads the development and periodic update of Meralco's long-term sustainability strategy and serves as the custodian of Meralco's 2030/2050 Sustainability Playbook. It likewise identifies metrics across the 4Ps (e.g., GHG emissions, waste, household electrification, gender diversity) and determines appropriate baselines and targets that accurately assess the Group's sustainability performance.

As a thought partner and adviser to line leaders, this office supports and enables line organizations to ideate, develop, and monitor sustainability strategies and programs at the business unit level, ensuring alignment with and promotion of corporate sustainability goals and thrusts. In addition, the team is responsible for generating awareness on sustainability both within the Group as well as among external stakeholders and the general public, employing various communication channels like Meralco's digital assets, webinars, TV, and print.

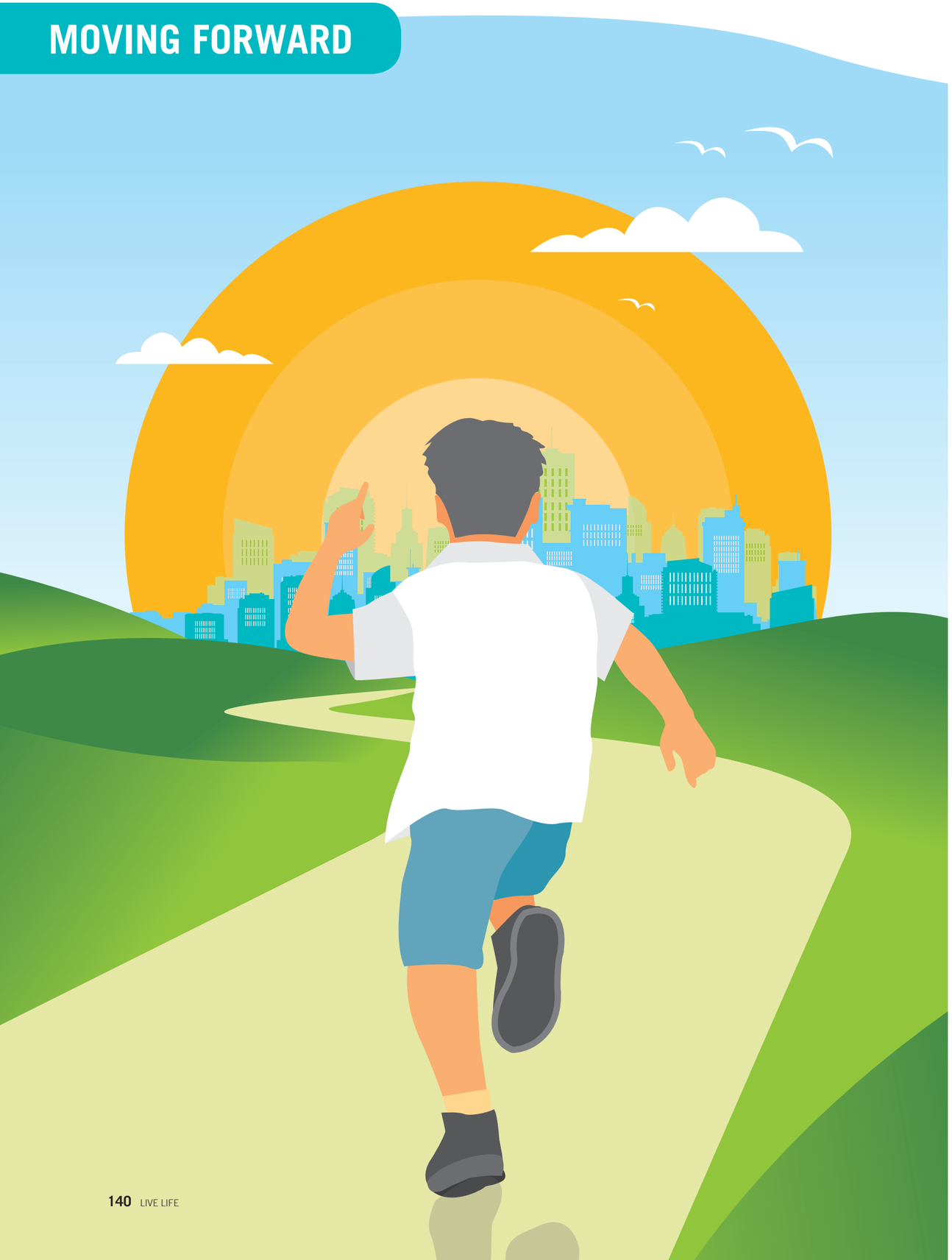
Planning and Program Management

This organization is tasked to lead and guide the effective and efficient execution of sustainability programs across One Meralco. The team drives and integrates key cross-functional and cross-organizational programs, such as Green Mobility (facilitating the transition of the Company's vehicle fleets to electric vehicles), Resource Conservation and Efficiency (housing initiatives that help lower the Company's electricity consumption), and Race to Zero Waste (minimizing the Company's waste generated and maximizing waste diverted away from landfills).

It also assists and empowers line organizations in implementing their sustainability initiatives through targeted support of specific workstreams, the provision of sustainability frameworks and tools, and the sharing of subject matter expertise. Lastly, the team fosters partnerships with external organizations (e.g., government agencies, other corporates) to promote not only knowledge and best practice sharing but also alliance-building towards the collective achievement of the Sustainable Development Goals.

Reporting and Compliance

This organization is in charge of measuring and monitoring sustainability performance as well as ensuring accountability and transparency across One Meralco. It is also responsible for capturing and codifying the Group's sustainability efforts and outcomes through the Meralco Sustainability Report in compliance with the requirement of the Securities and Exchange Commission (SEC). In addition, this unit coordinates and integrates Meralco's responses and submissions to ESG agencies, which are used to evaluate the Company's overall sustainability performance. Lastly, it oversees and drives Meralco's partnerships with local and international sustainability associations and organizations, ensuring the Company's contributions to these communities of sustainability advocates and practitioners.



Lighting the Path to a Brighter Normal

The events of 2020—a volcanic eruption, strong typhoons, and a global health crisis—tested and challenged One Meralco more greatly than in recent years. But in the same light, it also ushered in many distinctive opportunities for the Group to power good lives for Filipinos.

As this sustainability report, *Live Life*, illustrates, Meralco contributed to sustaining the lives of millions of people even in the darkest days of 2020—using its sustainability agenda as its guiding light.

By advancing high-impact initiatives centered around Power, Planet, People, and Prosperity, One Meralco accelerated its transition towards greener and cleaner sources of energy; monitored and managed its emissions and waste and even reduced its energy consumption; created a more inclusive and safer workplace; and helped improve the lives of all its stakeholders so that no one was left behind.

As the pandemic continues to wreak havoc on the world and on the country in 2021, and as the immediate future remains volatile and uncertain, it has become undeniable that sustainable development is indeed the best—if not the only—way forward.

As the Group moves towards a brighter normal, it will continue to define its long-term sustainability goals with two destinations in mind: 2030 and 2050. In the decade ahead, the Group commits to serving the country's growing energy demand with greener power to propel the Philippines' rise to becoming a top emerging economy. By 2050, the Group aspires to transition to Net Zero and position itself as a sustainability leader in the energy sector.

Marching towards these important goals, One Meralco will continue to use energy to deliver sustainable, enduring, and meaningful progress—uplifting and enabling many more Filipinos to power better lives not only for themselves today but, more importantly, for their children's tomorrow.

APPENDICES

List of Abbreviations

A1E	Atimonan One Energy, Inc.
ACFPA	Atimonan Coastal Food Production Association
ACGS	ASEAN Corporate Governance Scorecard
ACU	Air-conditioning unit
ADMS	Advanced Distribution Management System
AFA	Alternative Factory Accreditation
AFAT	Alternative Factory Acceptance Test
AI	Artificial intelligence
AMI	Advanced Metering Infrastructure
ANA	Advanced Network Automation
ASEAN	Association of Southeast Asian Nations
ASRRAT	Asia Sustainability Reporting Rating
Bayad	CIS Bayad Center, Inc.
BC	Business Center
BCDA	Bases Conversion and Development Authority
BCM	Business continuity management
BESS	Battery energy storage system
BSP	Bangko Sentral ng Pilipinas
CAIDI	Customer Average Interruption Duration Index
CAN	Customer Account Number
CBA	Collective Bargaining Agreement
CCR	Customer care representative
CCTP	Customer Centricity Transformation Program
CCTV	Closed circuit television
CDDCP	Cash Dividend Direct Credit Program
CEO	Chief Executive Officer
CEZ	Cavite Economic Zone
CFS	Customer Frontline Solutions
CGCO	Corporate Governance and Compliance Office
CIRC	Cyber Incident Response Center
Clark Electric	Clark Electric Distribution Corporation
CLUP	Comprehensive Land Use Plan
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
COD	City of Dreams
Comstech	Comstech Integration Alliance, Inc.
CORA	Communities Organized for Resource Allocation
COREC	Code of Right Employee Conduct
CREM	Competitive Retail Electricity Market
CSEZ	Clark Special Economic Zone
CSP	Competitive Selection Process
DOE	Department of Energy
DOLE	Department of Labor and Employment
DOTr	Department of Transportation
DPO	Data Privacy Office
DT	Distribution transformer
E^3	eSakay eMobility Exclusives
EAMC	East Avenue Medical Center
ECQ	Enhanced Community Quarantine
EESG	Economic, environmental, soclal, and governance
EPC	Engineering, procurement, and construction
ePUV	Electric public utility vehicle

LIST OF ABBREVIATIONS

ERC	Energy Regulatory Commission
eSakay	eSakay, Inc.
ESG	Environmental, social, and governance
ESH	Environment, safety, and health
ESS	Energy storage system
EV	Electric vehicle
FAITH	Fairness, Accountability, Integrity, Transparency, and Honesty
FAQ	Frequently asked question
FIT-All	Feed-in Tariff Allowance
FLISR	Fault Location, Isolation, and Service Restoration
GCSS	Gaia Corporate Sustainability Solutions
GETI	Global Energy Talent Index
GHG	Greenhouse gas
GMBD	Guaranteed Minimum Billing Demand
GPS	Global Positioning System
GRI	Global Reporting Initiative
HELE	High-efficiency, low-emissions
HEP	Household Electrifcation Program
HVAC	Heating, ventilation, and air conditioning
IBA	International Business Awards
ICD	Institute of Corporate Directors
ICT	Information and communications technology
IMCS	Integrated Mobile Computing System
IPTV	Internet Protocol Television
IRMS	Incident Report Management System
ISMS	Information Security Management System
ISO	International Standards Organization
IT	Information technology
IVR	Interactive Voice Response
IVVO	Integrated Volt-VAR Optimization
LED	Light-emitting diode
LGU	Local government unit
LPIP	Lightning Protection Development Program
LRES	Local Retail Electricity Supplier
LRMC	Light Rail Manila Corporation
LRT	Light Rail Transit
LRTA	Light Rail Transit Authority
MBI	MIESCOR Builders, Inc.
MECQ	Modified Enhanced Community Quarantine
MEP	Meralco Electrification Program
Meralco	Manila Electric Company
MGen	Meralco PowerGen Corporation
MGreen	MGen Renewable Energy, Inc.
MIESCOR	Meralco Industrial Engineering Services Corporation
MIT	Massachusetts Institute of Technology
MLI	MIESCOR Logistics, Inc.
MMDA	Metropolitan Manila Development Authority
MOC	Meralco Operating Center
MRail	MRail, Inc.
MS^3	Meralco Supplier Sustainability Scorecard
MServ	Meralco Energy, Inc.
NCC	New Clark City
NCHAI	New Carinay Homeowners Association, Inc.
NEA	National Electrification Association
NERC CIP	North American Electric Reliability Corporation Critical Infrastructure Protection
NG SIEM	Next-Generation Security Information and Events Management
NGO	Non-governmental organization
NIST	National Institute of Standards and Technology
NPC	National Privacy Commission
OCA	Online Customer Appointment
OFT	One for Trees
OHDT	Overhead distribution transformer
OMF	One Meralco Foundation
OPI	Orange Plug-in
OPI+	Orange Plug-in Plus
OSBCM	Organizational Safety and Business Continuity Management
OSH	Occupational safety and health
OT	Operational technology
PAM	Privileged Access Management
PC	Personal computer
PCAB	Philippine Contractor Accreditation Board
PE2	Philippine Energy Efficiency Alliance
PELCO II	Pampanga II Electric Cooperative
PEZA	Philippine Economic Zone Authority
PGL	Powering the Good Life
PHILGBC	Philippine Green Building Council
PhP	Philippine peso
PICC	Philippine International Convention Center
PISI	Philippine Iron and Steel Institute
PNP	Philippine National Police
PPE	Personal protective equipment
PRRD	Power Restoration Rapid Deployment
PSA	Power Supply Agreement
PUV	Public utility vehicle
PUVMP	Public Utility Vehicle Modernization Program
PV	Photovoltaic
Radius	Radius Telecoms, Inc.
RCE	Resource Conservation and Efficiency Program
RCOA	Retail Competition and Open Access
RE	Renewable energy
RPA	Robotic Process Automation
RPS	Renewable Portfolio Standards
RZW	Race to Zero Waste Program
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SASB	Statistical Accounting Standards Board
SBPL	San Buenaventura Power Limited Company
SCADA	Supervisory Control and Data Acquisition
SDG	Sustainable Development Goal
SD-WAN	Software Defined-Wide Area Network
SEC	Securities and Exchange Commission
SERVE	Stockholders Electronic Registration and Voting Express
SF_6	Sulfur hexafluoride
SHAPES	Safety and Health Association of the Philippine Energy Sector, Inc.
Shin Clark	Shin Clark Power Holdings, Inc.
SLTEC	Southern Luzon Thermal Energy Corporation
SME	Small and medium enterprise
SMS	Short messaging service
Spectrum	MSpectrum, Inc.
STP	Sewage treatment plant
SUP	Single-use plastic

TCFD	Task Force for Climate-related Financial Disclosures
TMC	The Medical City
TRACI	Talent Resourcing Automated Communication and Information
UN	United Nations
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNEP	United Nations Environment Programme
Vantage Energy	Vantage Energy Solutions and Management, Inc.
VCA	Virtual Customer Assistant
VOC	Volatile Organic Compound
VPN	Virtual Private Network
WBCSD	World Business Council for Sustainable Development
WEPs	Women's Empowerment Principles
WFH	Work from home
WRI	World Resources Institute
WWF	World Wide Fund for Nature

Units of Measurement

°C	degrees Celsius
GB	Gigabyte
GJ	Gigajoule
GWh	Gigawatt-hour
kg	Kilogram
km	Kilometer
kW	Kilowatt
kWh	Kilowatt-hour
kWp	Kilowatt-peak
m^3	Cubic meter
MVA	Megavolt-ampere
MW	Megawatt
MWh	Megawatt-hour
tCO_2e	Tonnes of carbon dioxide equivalent

Material Topics

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
ECONOMIC			
Direct economic contribution	One Meralco	With Performance as one of its Corporate Values, One Meralco ensures that it delivers the best value that helps develop economic systems at the local, national, and global level.	Economic Performance GRI 201
Indirect economic contribution	One Meralco	With *Malasakit* (lit. 'concern') as one of its Corporate Values, One Meralco believes that it is within its responsibility to go beyond generating financial value for its stakeholders. As such, the Group strives to implement services and programs that uplift the economic conditions of its stakeholders.	Indirect Economic Contribution GRI 203 Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.4
Effective demand-side management	Meralco, Clark Electric, MEP, Shin Clark	Meralco, Clark Electric, MEP, and Shin Clark recognize that the supply of electricity in the Philippines is much lower than the demand. As such, the Companies ensure that demand-side management is introduced to customers while aiming at reducing total costs of meeting energy demand, thereby ensuring reliability of electricity.	End-Use Efficiency and Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3
Power supply availability & reliability	Meralco, Clark Electric, MEP, Shin Clark	Recognizing that electricity is an essential need of society, Meralco, Clark Electric, MEP, and Shin Clark ensure that their services are affordable, accessible, and reliable for their customers.	Grid Resiliency SASB IF-EU-550a.1
Energy affordability	Meralco, Clark Electric, MEP, Shin Clark		Energy Affordability SABS IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
ENVIRONMENTAL			
Optimization of operations & prudent resource management	One Meralco	One Meralco embraces environmental stewardship. As a conglomerate that heavily relies on natural resources to deliver its products and services, it commits to be mindful in prudently utilizing its natural capital.	Energy GRI 302 Water and Effluents GRI 303 Biodiversity GRI 304 Emissions GRI 305 Effluents and Waste GRI 306 Greenhouse Gas Emissions & Energy Resource Planning SASB IF-EU-110a.1 SASB IF-EU-110a.2 SASB IF-EU-110a.3 SASB IF-EU-110a.4 Air Quality SASB IF-EU-120a.1 Water Management SASB IF-EU-140a.1 SASB IF-EU-140a.2 SASB IF-EU-140a.3
Effective environmental impact management	One Meralco	As in any business, One Meralco's operations generate waste that result in pollution. The Group thus believes that proper management systems and preventive measures shall be set in place to reduce its ecological impact.	
Integration of climate action into business strategy	One Meralco	With Accountability as one of its Corporate Values, One Meralco acknowledges that it is part of the sector that produces the highest amount of GHG emissions in the world. As such, the Group strives to lower its emissions to help mitigate climate change.	
SOCIAL			
Provision of employee training & career development	One Meralco	With Empowerment as one of its Corporate Values, One Meralco engenders an environment that allows its employees to advance their professional careers.	Training and Education GRI 404
Workplace safety	One Meralco	One Meralco treats its employees as its most valued resource, treating them with dignity and full consideration of their interests. The Group thus recognizes that keeping its employees safe, through health and safety management systems and policies, is its due diligence to its workers.	Occupational Health and Safety GRI 404 Workforce Health and Safety SASB IF-EU-320a.1
Workplace management	One Meralco	One Meralco realizes that its employees are essential in achieving its goals. The Group thus commits to adopting global best employee management practices to ensure employee satisfaction.	Employment GRI 401 Diversity and Equal Opportunity GRI 405 Non-discrimination GRI 406

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
SOCIAL			
Effective service delivery & customer communication	One Meralco	With Customer Service as one of its Corporate Values, One Meralco puts prime importance in efficiently addressing the needs of its customers as well as providing necessary and correct information to ensure inclusivity, reliability, and good customer experience.	Energy Affordability SASB IF-EU-240a.3 SASB IF-EU-240a.4 End-use Efficiency & Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3 Grid Resiliency SASB IF-EU-550a.2
Strengthened cybersecurity and customer privacy	Meralco	As Meralco adopts efforts to digitalize many of its systems, the Company prioritizes data privacy and data breach prevention through secure cyber systems.	Customer Privacy GRI 418 Grid Resiliency SASB IF-EU-550a.1
Proactive community engagement	One Meralco	With *Makabayan* (lit. patriotic) as one of its Corporate Values, One Meralco seeks to create shared value in the communities, especially those that are poor and marginalized, within or near its areas of operation.	Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4
GOVERNANCE			
Strict compliance with laws & regulations	One Meralco	One Meralco is heavily regulated by the government and thus ensures that the Group strictly adheres to national policies and regulations, and that it maintains good relations with local regulatory agencies.	General Disclosures GRI 102-16 to 102-37 Anti-corruption GRI 205 Anti-competitive Behavior GRI 206
Observance of ethical business practices	One Meralco	With Integrity as one of its Corporate Values, One Meralco conducts all of its business operations and transactions in an ethical manner.	
Effective & efficient risk management	One Meralco	With the ever-evolving industry landscape, One Meralco recognizes it is essential to have foresight of risks inherent to its various businesses and how these change over time.	
Robust corporate governance	One Meralco	One Meralco ensures that its competitiveness and profitability are sustained in a manner that puts forward the best interest of its stakeholders through a robust corporate governance.	

Stakeholder Engagement

STAKEHOLDER GROUP	CONCERNS RAISED	ONE MERALCO'S RESPONSE	MODES OF ENGAGEMENT
Customers	- Online and face-to-face payment method availabiliity - Affordability and quality of services offered by the Group - Disconnection and restoration of electricity services - Inquiries on electricity efficiency and conservation - Information on COVID-19-related actions and responses - Guidance on actions to be taken in cases of typhoons	- Launch of the Customer Centricity Transformation Program (CCTP) for immediate response to customer complaints and feedback - Introduction of the Customer Account Number (CAN), Virtual Customer Assistant (VCA), and Online Customer Appointment (OCA) features - Relaunch of the Meralco Website and Meralco Mobile App - Launch of Power Up Live to inform customers about energy-related policies, requirements, and solutions	- Meralco Business Centers and Bayad Centers - Meralco hotline - Social media (Facebook, Twitter, Instagram, Linkedin) - Email and SMS - Letters and notifications by postal mail - Meralco Online and Meralco Mobile App - Television, radio, and print media - Customer satisfaction surveys
Communities	- Frontliner support - Social and environmental impact of business operations - Continued CSR initiatives amid the COVID-19 pandemic	- Collaboration with LGUs in CSR program implementation - Community involvement in CSR initiatives planning involving climate change mitigation, disaster relief and resilience, livelihood, and education - COVID-19 related relief to frontliners and local communities	- Community visits - LGU consultations - SMS and phone communications
Employees	- Salaries and benefits - Training and career development opportunities - Job promotion opportunities - Workplace safety and environment - Work-life balance - Improvement of office systems and protocols - Internal communication structure and channels - Grievance mechanisms - COVID-19 related concerns in the workplace (e.g., working from home, social distancing measures, PPE availability)	- Regular review of compensation packages - Regular professional training and career growth opportunities - Recognition programs - Online team-building and social activities - Regular review and improvement of communication structure and channels - Improvement of HR policies and programs - Updates through internal memos - Launch of the Code Light Bot and remote working arrangements	- Union and town hall meetings - Online programs, seminars, and discussions - Employee performance evaluation - One Meralco Pulse Surveys (biennial) - CBA negotiations (every three years)
Investors & Shareholders	- Return on investment - Company performance and growth - Transparency and due diligence	- Online communications with investors on shareholders on latest developments by the company - Implementation of the Cash Divident Direct Credit Program (CDDCP) - Launch fo the Stockholders' Electronic Registration and Voting Express system for investor concerns - Timely and transparent disclosures	- Investor meetings and conference calls - Annual Stockholders' Meeting
Government & Regulators	- Compliance to regulations and policies - Payment of taxes - Energy price, availability, and reliability - Renewable energy integration	- Regular review of internal company policies and systems to ensure compliance to regulations and policies - Punctual payment of taxes to government - Transparent disclosure in Annual Report and Sustainability Report - Internal and external audits - Close collaboration with government agencies to ensure uninterrupted power supply during the community quarantine period	- Meetings - Conferences - Correspondence through emails and phone calls - Hearings
Suppliers & Contractors	- Return on investment - Company performance and growth - Transparency and due diligence - Non-physical accreditation procedures during the pandemic	- Launch of the Meralco Supplier Sustainability Scorecard (MS^3) - Formulation of online bidding procedures - Developed Alternative Factory Accreditation (AFA) and Alternative Factory Acceptance Test (AFAT) procedures for testing of incoming products - Timely and transparent disclosures	- Accreditation process - Online meetings and calls

ESG Performance Index

POWER

ENERGY SALES (in GWh)						
	Meralco			Clark Electric		
	2018	2019	2020	2018	2019	2020
Residential	13,550	14,581	16,479	6	8	9
Commercial	17,211	18,172	14,490	251	311	277
Industrial	12,887	13,394	11,958	269	265	218
Flat Streetlights	138	138	140	1	1	1
TOTAL	**43,786**	**46,285**	**43,067**	**527**	**585**	**505**

NUMBER OF CUSTOMER CONNECTIONS PER TYPE						
	Meralco			Clark Electric		
	2018	2019	2020	2018	2019	2020
Residential	6,085,023	6,338,287	6,573,953	812	1,004	1,059
Commercial	512,422	526,720	539,912	1,236	1,268	1,311
Industrial	10,351	10,568	10,667	155	154	156
Flat Streetlights	4,735	4,691	4,842	80	92	87
TOTAL	**6,612,531**	**6,880,266**	**7,129,374**	**2,283**	**2,518**	**2,613**

DISTRIBUTION SYSTEM ASSETS						
	Meralco			Clark Electric		
	2018	2019	2020	2018	2019	2020
Length of power lines (in km)	18,748	19,137	19,436	202	213	218
Number of substations	121	125	122	5	4	4
Total substation capacity (in MVA)	18,010	18,576	19,242	279	266	283
Number of poles	804,633	825,589	839,176	3,213	3,410	3,479
Number of distribution transformers	188,901	196,592	201,287	1,768	1,914	1,975

DISTRIBUTION RELIABILITY METRICS						
	Meralco			Clark Electric		
	2018	2019	2020	2018	2019	2020
System Average Interruption Frequency Index (SAIFI, in number of times)	1.80	1.77	1.50	2.11	2.36	3.29
System Average Interruption Duration Index (SAIDI, in minutes)	196.63	188.36	163.00	181.24	143.81	111.44
Customer Average Interruption Duration Index (CAIDI, in minutes)	109.18	106.48	108.62	34.55	35.39	28.92

SYSTEM LOSS METRICS						
	Meralco			Clark Electric		
	2018	2019	2020	2018	2019	2020
System loss (% against energy sold)	5.67%	5.54%	6.08%	2.77%	2.15%	2.10%
Financial savings of customers due to lower system loss vs. ERC system loss cap (in PhP million)	6,116	5,153	3,221	155	159	112

FUEL MIX						
	Meralco			Clark Electric		
	2018	2019	2020	2018	2019	2020
Natural Gas	40%	40%	39%	No available data		0%
Coal	29%	31%	35%			100%
Multi-fuel	31%	28%	26%			0%
Liquid Fuel	0%	1%	0%			0%

STORM HARDENING METRICS (MERALCO)			
	2018	2019	2020
Number of poles replaced	7,956	7,803	2,604
Length of conductors upgraded (in spans)	25,218	20,291	12,111
Number of DT primary lead wires upgraded	46,308	56,611	30,422
Number of line and equipment covers installed	10,363	7,860	2,213
Number of wooden crossarms converted to fiberglass	9,252	6,330	6,263

LIGHTNING PROTECTION IMPROVEMENT PROGRAM METRICS (MERALCO)			
	2018	2019	2020
Number of surge arresters used for installation or replacement	10,227	14,377	7,397
Number of poles used for pole grounding correction	13,218	15,445	8,470
Length of system neutrals installed (in spans)	1,793	2,083	1,213
Length of overhead shield wires installed (in spans)	5,269	3,446	2,051
Number of remote-controlled line reclosers installed	637	777	91
FRC SAIFI due to lightning (sustained interruptions due to lightning)	1	1	0

PLANET

FUEL CONSUMPTION BY DIESEL-POWERED GENERATOR SETS (in liters)			
	2018	2019	2020
MERALCO	**27,668.00**	**43,296.00**	**44,349.00**
SUBSIDIARIES	**-**	**367,169.01**	**40,776.20**
Clark Electric	-	-	641.20
MGen	-	-	120.00
MIESCOR	-	367,164.03	40,014.80
Meralco Ecozone Power	-	4.98	-
TOTAL	**27,668.00**	**410,465.01**	**85,125.20**

FUEL CONSUMPTION BY DIESEL-POWERED GENERATOR SETS (in GJ)			
	2018	2019	2020
MERALCO	**1,059.50**	**1,657.96**	**1,698.28**
SUBSIDIARIES	**-**	**14,060.19**	**1,561.46**
Clark Electric	-	-	24.56
MGen	-	-	4.60
MIESCOR	-	14,060.00	1,532.31
Meralco Ecozone Power	-	0.19	-
TOTAL	**1,059.50**	**15,718.14**	**3,259.74**

EMISSIONS FROM FUEL CONSUMPTION BY DIESEL-POWERED GENERATOR SETS (in tCO_2e)			
	2018	2019	2020
MERALCO	**74.49**	**116.57**	**119.40**
SUBSIDIARIES	**-**	**988.55**	**109.18**
Clark Electric	-	-	1.12
MGen	-	-	0.32
MIESCOR	-	988.54	107.73
Meralco Ecozone Power	-	0.01	-
TOTAL	**74.49**	**1,105.12**	**228.58**

FUEL CONSUMPTION BY GASOLINE-POWERED GENERATOR SETS (in liters)			
	2018	2019	2020
MERALCO	**20,089.00**	**17,555.00**	**12,289.00**
SUBSIDIARIES	**-**	**65,405.68**	**-**
Clark Electric	-	16.39	-
MIESCOR	-	65,389.29	-
TOTAL	**20,089.00**	**82,960.68**	**12,289.00**

FUEL CONSUMPTION BY GASOLINE-POWERED GENERATOR SETS (in GJ)			
	2018	2019	2020
MERALCO	**696.27**	**608.44**	**425.93**
SUBSIDIARIES	**-**	**2,266.91**	**-**
Clark Electric	-	0.57	-
MIESCOR	-	2,266.34	-
TOTAL	**696.27**	**2,875.35**	**425.93**

EMISSIONS FROM FUEL CONSUMPTION BY GASOLINE-POWERED GENERATOR SETS (in tCO_2e)			
	2018	2019	2020
MERALCO	**45.93**	**40.13**	**28.10**
SUBSIDIARIES	**-**	**149.52**	**-**
Clark Electric	-	0.02	-
MIESCOR	-	149.49	-
TOTAL	**45.93**	**189.65**	**28.10**

FUEL CONSUMPTION BY DIESEL-POWERED VEHICLES (in liters)			
	2018	2019	2020
MERALCO	**2,866,405.00**	**3,047,381.00**	**3,024,789.30**
SUBSIDIARIES	**408,415.00**	**1,471,372.70**	**2,115,712.32**
Bayad	-	156,644.70	14,156.22
Clark Electric**	-	36,406.49	7,211.20
Comstech**	-	-	1,300.60
Meralco Ecozone Power	-	1,915.86	4,949.20
MGen	-	-	23,888.40
MIESCOR United***	-	781,657.08	1,501,711.00
MIESCOR	-	553,825.00	1,108,916.00
MBI	-	217,602.08	375,175.60
MLI	-	10,230.00	17,619.00
MRail	-	-	3,240.00
MServ	-	71,095.57	101,301.00
Radius	-	16,980.00	57,400.70
Shin Clark**	-	-	1,838.00
Other Affiliates and Subsidiaries*	408,415.00	406,673.00	398,716.00
TOTAL	**3,274,820.00**	**4,518,753.70**	**5,140,501.62**

*Data was lifted from Meralco's iFleet system.
**Emissions from Clark Electric (65 percent), Comstech (60 percent), and Shin Clark (60 percent) were based on Meralco's equity share
*** Restatement from last year due to the inclusion of subsidiary data (MBI, MLI) and equity share calculations on emissions for Clark Electric (65 percent) and Shin Clark (60 percent)

FUEL CONSUMPTION BY DIESEL-POWERED VEHICLES (in GJ)			
	2018	2019	2020
MERALCO	**109,764.70**	**116,694.90**	**115,829.79**
SUBSIDIARIES	**15,639.64**	**56,344.02**	**81,018.04**
Bayad	-	5,998.47	542.09
Clark Electric**	-	1,394.13	276.14
Comstech**	-	-	49.80
Meralco Ecozone Power	-	73.36	189.52
MGen	-	-	914.77
MIESCOR United***	-	29,932.39	57,505.78
MIESCOR	-	21,207.90	42,464.28
MBI	-	8,332.75	14,366.79
MLI	-	391.74	674.69
MRail	-	-	124.07
MServ	-	2,722.50	3,879.17
Radius	-	650.22	2,198.07
Shin Clark**	-	-	70.38
Other Affiliates and Subsidiaries*	15,639.64	15,572.94	15,268.23
TOTAL	**125,404.34**	**173,038.92**	**196,847.83**

*Data was lifted from Meralco's iFleet system.
**Emissions from Clark Electric (65 percent), Comstech (60 percent), and Shin Clark (60 percent) were based on Meralco's equity share
*** Restatement from last year due to the inclusion of subsidiary data (MBI, MLI) and equity share calculations on emissions for Clark Electric (65 percent) and Shin Clark (60 percent)

EMISSIONS FROM FUEL CONSUMPTION BY DIESEL-POWERED VEHICLES (in tCO_2e)			
	2018	2019	2020
MERALCO	**6,182.42**	**6,572.76**	**6,524.04**
SUBSIDIARIES	**880.89**	**3,146.06**	**4,555.14**
Bayad	-	337.86	30.53
Clark Electric**	-	51.04	10.11
Comstech**	-	-	1.68
Meralco Ecozone Power	-	4.13	10.67
MGen	-	-	51.52
MIESCOR United***	-	1,685.92	3,238.98
MIESCOR	-	1,194.52	2,391.77
MBI	-	469.34	809.20
MLI	-	22.06	38.00
MRail	-	-	6.99
MServ	-	153.34	218.49
Radius	-	36.62	123.81
Shin Clark**	-	-	2.38
Other Affiliates and Subsidiaries*	880.89	877.14	859.97
TOTAL	**7,063.32**	**9,718.82**	**11,079.17**

*Data was lifted from Meralco's iFleet system.
**Emissions from Clark Electric (65 percent), Comstech (60 percent), and Shin Clark (60 percent) were based on Meralco's equity share
*** Restatement from last year due to the inclusion of subsidiary data (MBI, MLI) and equity share calculations on emissions for Clark Electric (65 percent) and Shin Clark (60 percent)

FUEL CONSUMPTION BY GASOLINE-POWERED VEHICLES (in liters)			
	2018	2019	2020
MERALCO	**164,101.00**	**194,567.00**	**167,695.50**
SUBSIDIARIES	**179,296.00**	**454,072.44**	**484,062.20**
Clark Electric**	-	3,439.45	1,848.50
eSakay	-	-	5,720.60
Meralco Ecozone Power	-	-	122.60
MGen	-	21,140.95	8,050.00
MIESCOR United**	-	190,602.59	270,997.30
MIESCOR		113,434.07	167,496.30
MBI		66,768.52	98,189.00
MLI		10,400.00	5,312.00
MServ	-	-	70,574.50
Radius	-	46,680.00	6,770.70
Spectrum	-	22,074.45	-
Other Affiliates and Subsidiaries*	179,296.00	170,135.00	119,978.00
TOTAL	**343,397.00**	**704,115.55**	**651,757.70**

*Data was lifted from Meralco's iFleet system.
**Restatement from last year due to the inclusion of subsidiary data (MBI, MLI) as well as application of the equity share approach on the accounting of emissions of Clark Electric (65 percent) and Shin Clark (60 percent).

FUEL CONSUMPTION BY GASOLINE-POWERED VEHICLES (in GJ)			
	2018	2019	2020
MERALCO	**5,687.61**	**6,743.53**	**5,812.19**
SUBSIDIARIES	**6,214.25**	**15,737.78**	**16,578.93**
Clark Electric**	-	119.21	64.07
eSakay	-	-	198.27
Meralco Ecozone Power	-	-	4.25
MGen	-	732.73	279.01
MIESCOR United**	-	6,606.13	9,392.54
MIESCOR		3,931.53	5,805.28
MBI		2,314.14	3,403.15
MLI		360.46	184.11
MServ	-	-	2,446.05
Radius	-	1,617.89	234.67
Spectrum	-	765.08	-
Other Affiliates and Subsidiaries*	6,214.25	5,896.74	4,158.34
TOTAL	**11,901.86**	**24,404.07**	**22,391.11**

*Data was lifted from Meralco's iFleet system.
**Restatement from last year due to the inclusion of subsidiary data (MBI, MLI) as well as application of the equity share approach on the accounting of emissions of Clark Electric (65 percent) and Shin Clark (60 percent).

EMISSIONS FROM FUEL CONSUMPTION BY GASOLINE-POWERED VEHICLES (in tCO_2e)			
	2018	2019	2020
MERALCO	**300.63**	**356.45**	**307.22**
SUBSIDIARIES	**328.47**	**829.65**	**885.61**
Clark Electric**	-	4.10	2.20
eSakay	-	-	10.48
Meralco Ecozone Power	-	-	0.22
MGen	-	38.73	14.75
MIESCOR United**	-	349.18	496.46
MIESCOR	-	207.81	306.85
MBI	-	122.32	179.88
MLI	-	19.05	9.73
MServ	-	-	129.29
Radius	-	85.52	12.40
Spectrum	-	40.44	-
Other Affiliates and Subsidiaries*	328.47	311.69	219.80
TOTAL	**629.10**	**1,287.73**	**1,192.83**

*Data was lifted from Meralco's iFleet system.
**Restatement from last year due to the inclusion of subsidiary data (MBI, MLI) as well as application of the equity share approach on the accounting of emissions of Clark Electric (65 percent) and Shin Clark (60 percent).

AMOUNT OF ENERGY GENERATED BY MGEN'S THERMAL PLANTS (in GWh)		
	2019	2020
SBPL	3,073.00	3,073.00
GBPC	3,851.00	3,859.92

AMOUNT OF ENERGY GENERATED BY MGEN'S THERMAL PLANTS (in GJ)		
	2019	2020
SBPL	11,062,800.00	11,062,800.00
GBPC	13,863,600.00	13,895,712.00

EMISSIONS FROM FUEL COMBUSTION BY MGEN'S THERMAL PLANTS (in tCO_2e)		
	2019	2020
SBPL	815,369.32	1,911,109.23
GBPC	682,038.00	479,524.02

Note: Emissions computed were based on MGen's equity share of SBPL at 51 percent and MGen's equity share of GBPC at 14 percent.

EMISSIONS FROM SF_6 LEAKAGE (in tCO_2e)			
	2018	2019	2020
MERALCO	7,520.00	5,030.88	5,773.95
Clark Electric	-	34.83	34.83
TOTAL	**7,520.00**	**5,065.71**	**5,808.78**

Emissions from Clark Electric (65 percent) were based on Meralco's equity share.

[1] Only 51 percent of emissions were accounted based on MGen's equity share to SBPL
[2] Only 14 percent of emissions are accounted based on MGen's equity share to GBPC
[3] Emissions from Clark Electric (65 percent), Comstech (60 percent), and Shin Clark (60 percent) were based on Meralco's equity share
[4] Restatement from last year due to updating of subsidiary data (including CFS, Bayad, Meralco Ecozone Power, Radius, MBI, MLI), and the inclusion of SBPL and GBPC into the final tally

ELECTRICITY CONSUMPTION OF COMPANY-OWNED FACILITIES (in kWh)			
	2018	2019	2020
MERALCO	**61,211,482.00**	**60,396,685.00**	**57,960,354.00**
SUBSIDIARIES	**415,566.00**	**3,161,938.97**	**2,034,330.20**
Bayad	-	230,957.00	62,976.00
Clark Electric	415,566.00	425,831.00	448,755.00
eSakay	-	205,920.00	118,015.20
Meralco Ecozone Power	-	61,643.68	73,624.00
MGen	-	2,443.00	101,508.00
MIESCOR	-	981,848.00	1,060,749.70
MServ	-	111,192.72	116,470.00
Radius	-	1,133,301.57	23,781.30
Shin Clark	-	8,802.00	28,451.00
TOTAL	**61,627,048.00**	**63,558,623.97**	**59,994,684.20**

ELECTRICITY CONSUMPTION OF COMPANY-OWNED FACILITIES (in GJ)			
	2018	2019	2020
MERALCO	**220,361.34**	**217,428.07**	**208,657.27**
SUBSIDIARIES	**1,496.04**	**11,382.98**	**7,323.59**
Bayad	-	831.45	226.71
Clark Electric	1,496.04	1,532.99	1,615.52
eSakay	-	741.31	424.85
Meralco Ecozone Power	-	221.92	265.05
MGen	-	8.79	365.43
MIESCOR	-	3,534.65	3,818.70
MServ	-	400.29	419.29
Radius	-	4,079.89	85.61
Shin Clark	-	31.69	102.42
TOTAL	**221,857.37**	**228,811.05**	**215,980.86**

EMISSIONS FROM ELECTRICITY CONSUMPTION OF COMPANY-OWNED FACILITIES (in tCO_2e)			
	2018	2019	2020
MERALCO	**43,594.82**	**43,014.52**	**41,279.36**
SUBSIDIARIES	**192.38**	**2,143.59**	**1,328.88**
Bayad	-	164.49	44.85
Clark Electric*	192.38	197.13	207.74
eSakay	-	146.66	84.05
Meralco Ecozone Power	-	43.90	52.44
MGen	-	1.74	72.29
MIESCOR	-	699.27	755.47
MServ	-	79.19	82.95
Radius	-	807.14	16.94
Shin Clark*	-	4.07	12.16
TOTAL	**43,787.20**	**45,157.80**	**42,608.25**

*Emissions from Clark Electric (65 percent) and Shin Clark (60 percent) were based from Meralco's equity share.
Restatement from last year due to addition of subsidiary data (including Bayad, Meralco Ecozone Power, MGen, Radius, Shin Clark) and equity share calculations for Clark Electric (65 percent) and Shin Clark (60 percent)

SYSTEM LOSS (in kWh)			
	2018	2019	2020
MERALCO	2,619,039,398.00	2,694,326,017.00	2,762,319,283.00
Clark Electric	15,021,431.00	12,890,000.00	7,053,018.05
Shin Clark	-	39,522.00	-
TOTAL	**2,634,060,829.00**	**2,707,255,539.00**	**2,769,372,301.05**

SYSTEM LOSS (in GJ)			
	2018	2019	2020
MERALCO	9,428,541.83	9,699,573.66	9,944,349.42
Clark Electric	54,077.15	46,404.00	25,390.86
Shin Clark	-	142.28	-
TOTAL	**9,482,618.98**	**9,746,119.94**	**9,969,740.28**

EMISSIONS FROM SYSTEM LOSS (in tCO_2e)			
	2018	2019	2020
MERALCO	1,865,279.86	1,918,898.99	1,967,323.79
Clark Electric*	6,953.87	5,967.17	5,023.16
Shin Clark	-	16.89	-
TOTAL	**1,872,233.73**	**1,924,883.05**	**1,972,346.95**

*Emissions from Clark Electric were based from equity shar. Restatement from last year due to recalculation for Clark Electric (65 percent) data based on Meralco's equity share

POWER SOLD FROM NON-RENEWABLE SOURCES (in GWh)			
	2018	2019	2020
MERALCO	43,786.11	46,285.83	43,067.00
Clark Electric	526.95	585.01	328.25
Shin Clark	-	0.87	-
TOTAL	**44,313.06**	**46,870.84**	**43,395.25**

POWER SOLD FROM NON-RENEWABLE SOURCES (IN GJ)			
	2018	2019	2020
MERALCO	157,629,985.20	166,628,988.00	155,041,200.00
Clark Electric	1,897,021.19	2,106,029.97	1,181,700.00
Shin Clark	-	3,132.00	-
TOTAL	**159,527,006.39**	**168,735,017.97**	**156,222,900.00**

EMISSIONS FROM POWER SOLD FROM NON-RENEWABLE SOURCES (in tCO_2e)			
	2018	2019	2020
MERALCO	31,184,465.41	32,393,054.43	29,621,786.79
Clark Electric	243,941.12	270,817.90	233,779.65
Shin Clark	-	24.00	-
TOTAL	**31,428,406.52**	**32,663,896.33**	**29,855,566.44**

Restatement from last year due to addition of Shin Clark to 2019 total, and recalculating of emissions for Clark Electric based on equity share.

POWER PURCHASED FROM MGEN THEN SOLD TO CONSUMERS (in GWh)		
	2019	2020
MERALCO	802.74	1,475.05
Clark Electric	-	-
TOTAL	**802.74**	**1,475.05**

POWER SOLD FROM RENEWABLE SOURCES (in kWh)			
	2018	2019	2020
Spectrum	2,293,578.00	8,256,880.80	1,633,486.25

FUEL CONSUMPTION FROM DIESEL-POWERED EMPLOYEE VEHICLES (in liters)			
	2018	2019	2020
MERALCO	**513,046.00**	**536,110.00**	**309,753.00**
SUBSIDIARIES	**-**	**86,427.43**	**-**
Other Subs and Affiliates	-	8,364.00	-
Clark Electric	-	8,160.00	-
eSakay	-	520.00	-
Meralco Ecozone Power	-	-	-
MIESCOR	-	68,499.43	-
Radius	-		-
Shin Clark	-	884.00	-
TOTAL	**513,046.00**	**622,537.43**	**309,753.00**

FUEL CONSUMPTION FROM DIESEL-POWERED EMPLOYEE VEHICLES (in GJ)			
	2018	2019	2020
MERALCO	**19,646.33**	**20,529.53**	**11,861.53**
SUBSIDIARIES	**-**	**23,518.85**	**-**
Other Subs and Affiliates	-	20,529.53	-
Clark Electric	-	312.48	-
eSakay	-	19.91	-
Meralco Ecozone Power	-	-	-
MIESCOR	-	2,623.08	-
Radius	-	-	-
Shin Clark	-	33.85	-
TOTAL	**19,646.33**	**44,048.39**	**11,861.53**

EMISSIONS FROM FUEL CONSUMPTION BY DIESEL-POWERED EMPLOYEE VEHICLES (in tCO_2e)			
	2018	2019	2020
MERALCO	**1,106.57**	**1,156.31**	**668.09**
SUBSIDIARIES	**-**	**179.49**	**-**
Other Subs and Affiliates	-	18.04	-
Clark Electric	-	11.44	-
eSakay	-	1.12	-
Meralco Ecozone Power	-	-	-
MIESCOR	-	147.74	-
Radius	-	-	-
Shin Clark	-	1.14	-
TOTAL	**1,106.57**	**1,335.80**	**668.09**

FUEL CONSUMPTION FROM GASOLINE-POWERED EMPLOYEE VEHICLES (in liters)			
	2018	2019	2020
MERALCO	**542,249.00**	**556,666.00**	**315,015.00**
SUBSIDIARIES	**-**	**117,143.69**	**-**
Other Subs and Affiliates	-	9,289.00	-
Clark Electric	-	32,640.00	-
eSakay	-	12,480.00	-
Meralco Ecozone Power	-	1,867.19	-
MIESCOR	-	3,507.50	-
Radius	-	57,360.00	-
TOTAL	**542,249.00**	**673,809.69**	**315,015.00**

FUEL CONSUMPTION FROM GASOLINE-POWERED EMPLOYEE VEHICLES (in GJ)			
	2018	2019	2020
MERALCO	**18,793.90**	**19,293.59**	**10,918.16**
SUBSIDIARIES	**-**	**4,060.10**	**-**
Other Subs and Affiliates	-	321.95	-
Clark Electric	-	1,131.28	-
eSakay	-	432.55	-
Meralco Ecozone Power	-	64.72	-
MIESCOR	-	121.57	-
Radius	-	1,988.05	-
TOTAL	**18,793.90**	**23,353.69**	**10,918.16**

EMISSIONS FROM FUEL CONSUMPTION BY GASOLINE-POWERED EMPLOYEE VEHICLES (in tCO_2e)			
	2018	2019	2020
MERALCO	**993.40**	**1,019.81**	**577.10**
SUBSIDIARIES	**-**	**193.68**	**-**
Other Subs and Affiliates	-	17.02	-
Clark Electric	-	38.87	-
eSakay	-	22.86	-
Meralco Ecozone Power	-	3.42	-
MIESCOR	-	6.43	-
Radius	-	105.08	-
TOTAL	**993.40**	**1,213.48**	**577.10**

Restatement from last year due to addition of employee commuting data for eSakay, Meralco Ecozone Power, MIESCOR, and Radius.

FUEL CONSUMPTION BY RENTED/CONTRACTOR-OWNED DIESEL-POWERED VEHICLES IN 2019 (in liters)	
Comstech	3,187.00
Meralco Ecozone Power	4,185.70
MServ	16,322.25
Radius	4,500.00
TOTAL	**28,194.95**

FUEL CONSUMPTION BY RENTED/CONTRACTOR-OWNED DIESEL-POWERED VEHICLES IN 2019 (in GJ)	
Comstech	122.04
Meralco Ecozone Power	160.29
MServ	625.04
Radius	172.32
TOTAL	**1,079.68**

EMISSIONS FROM FUEL CONSUMPTION BY RENTED/CONTRACTOR-OWNED DIESEL-POWERED VEHICLES IN 2019 (in tCO_2e)	
Comstech	4.12
Meralco Ecozone Power	9.03
MServ	35.20
Radius	9.71
TOTAL	**58.06**

FUEL CONSUMPTION BY RENTED/CONTRACTOR-OWNED GASOLINE-POWERED VEHICLES IN 2019 (in liters)	
eSakay	624.00
MServ	12,774.00
Radius	1,800.00
Spectrum	11,037.23
TOTAL	**26,235.23**

FUEL CONSUMPTION BY RENTED/CONTRACTOR-OWNED GASOLINE-POWERED VEHICLES IN 2019 (in GJ)	
eSakay	21.63
MServ	442.74
Radius	62.39
Spectrum	382.54
TOTAL	**909.30**

EMISSIONS FROM FUEL CONSUMPTION BY RENTED/CONTRACTOR-OWNED GASOLINE-POWERED VEHICLES IN 2019 (in tCO_2e)	
eSakay	1.14
MServ	23.40
Radius	3.30
Spectrum	20.22
TOTAL	**48.06**

TOTAL EMISSIONS			
	2018	**2019**	**2020**
Scope 1	683,916.84	1,514,774.35	2,408,970.71
Scope 2	1,916,020.93	1,970,040.84	2,014,955.20
Scope 3	31,430,506.81	32,666,552.34	29,856,812.56
TOTAL	**34,030,444.58**	**36,151,367.53**	**34,280,738.47**

SCOPE 1+2 EMISSIONS INTENSITY			
	2018	**2019**	**2020**
Combined Scope 1 and Scope 2 absolute emissions	2,599,937.77	3,484,815.19	4,423,925.91
Total generated and distributed energy	44,803.71	47,217.88	43,967.58
EMISSIONS INTENSITY	**58.03**	**73.80**	**100.62**

EMISSION FACTORS		
EMISSION SOURCE	**VALUE**	**UNIT**
Gasoline consumption (vehicles)	0.001831991	tonnes CO_2e per liter
Gasoline consumption (generator sets and other equipment)	0.002286191	tonnes CO_2e per liter
Diesel consumption (vehicles)	0.002156857	tonnes CO_2e per liter
Diesel consumption (generator sets and other equipment)	0.002692357	tonnes CO_2e per liter
Electricity purchased from Luzon grid (including system loss)	0.0007122	tonnes CO_2e per kWh

WATER WITHDRAWAL (in cubic meters)				
		2018	2019	2020
MIESCOR	Non-renewable groundwater	31,650.90	38,736.40	34,938.70

Water withdrawn includes any water taken from any surface water or groundwater for use over a given reporting period.

WATER WITHDRAWAL (in cubic meters)				
		2018	2019	2020
MERALCO	Municipal water supplies or water utility providers	464,030.00	425,092.50	415,158.00
	Renewable groundwater	9,308.20	7,314.80	3,515.00
	Subtotal	**473,338.20**	**432,407.30**	**418,673.00**
SUBSIDIARIES				
Bayad	Municipal water supplies or water utility providers	-	328.00	275.00
Clark Electric		3,350.00	2,688.00	2,053.00
eSakay*		2.00	24.00	16.00
Meralco Ecozone Power		966.00	1,194.00	1,536.00
MGen (Head office)		198.00	212.00	218.00
MGen, SBPL**	Seawater or brackish water	-	131,787,000.00	212,000.00
MIESCOR	Non-renewable groundwater	22,155.60	27,115.50	24,457.10
MIESCOR, MBI	Municipal water supplies or water utility providers	16,199.00	11,760.00	11,462.00
MServ		1,700.00	850.00	538.70
Spectrum		2.00	2.00	-
Radius		260.00	324.00	303.40
Shin Clark***	Renewable groundwater	-	22.30	109.44
Subtotal		**44,832.60**	**131,831,519.80**	**252,968.64**
TOTAL		**518,170.80**	**132,263,927.10**	**671,641.64**

Water consumed is the amount of water used that is not returned to the original water source after being withdrawn.
*eSakay's 2018 number accounts for the month of December only.
**MGen's reported water consumption in 2019 includes seawater circulated into SBPL for power plant cooling via pass-through system. MGen's 2020 water consumption, on the other hand, is significantly lower as only the seawater extracted for the desalination plant (which has been treated and used for operations) was included.
***Shin Clark's 2019 data is only for three months of its operations in that year.

WATER DISCHARGED (in cubic meters)				
		2018	2019	2020
MIESCOR	Non-renewable groundwater	9,495.30	11,620.90	10,481.60

Water discharged is the amount of water used that is returned to the original water source after being withdrawn.

AMOUNT OF SOLID WASTE GENERATED (in tonnes)									
	Reused			Recycled			Composted		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
MERALCO	**-**	**-**	**-**	**-**	**16**	**483**	**N/A**		**934**
SUBSIDIARIES	**-**	**-**	**12**	**-**	**12**	**3,999**	**-**	**0**	**18**
Clark Electric	-	-	-	-	-	1	-	-	-
MGen	-	-	-	-	8	3,994	-	-	9
MIESCOR	-	-	12	-	4	4	-	-	9
TOTAL	**-**	**-**	**12**	**-**	**28**	**4,481**	**-**	**0**	**952**

AMOUNT OF SOLID WASTE GENERATED (in tonnes)									
	Collected by accredited hauler			Incinerated			Sent to landfill sites		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
MERALCO	**N/A**			**N/A**			**-**	**77**	**1,152**
SUBSIDIARIES	**-**	**-**	**79**				**-**	**12**	**10,008**
Clark Electric	-	-	72				-	0	-
MGen	-	-	1		N/A		-	7	10,006
MIESCOR	-	-	6				-	5	2
TOTAL	**-**	**-**	**79**	**-**	**-**	**-**	**-**	**89**	**11,159**

TOTAL SOLID WASTE GENERATED (in tonnes)			
	2018	2019	2020
MERALCO	**-**	**93**	**2,569**
SUBSIDIARIES	**-**	**24**	**14,115**
Clark Electric	-	0	73
MGen	-	15	14,010
MIESCOR	-	9	32
TOTAL	**-**	**117**	**16,684**

AMOUNT OF HAZARDOUS WASTES GENERATED, HAULED, AND TREATED BY MERALCO (in tonnes)			
	2019*	2020	
	Generated	Generated*	Hauled and treated*
Used oil		605.26	560.72
Grease waste		0.33	c/o canteen concessionaires
Oil-contaminated materials		14.26	1.16
Busted bulbs		11.26	1.30
Lead–acid batteries		33.16	Balik Baterya Program
Contaminated containers		1.72	0.58
Infectious waste		2.90	2.46
Electrical and electronic equipment		1.28	c/o printer service providers
TOTAL	**443.44**	**670.17**	**566.21**

*Restatement from last year due to updated number for Meralco's amount of hazardous waste generated in 2019

AMOUNT OF HAZARDOUS WASTES GENERATED BY SUBSIDIARIES IN 2020						
	in pieces			in tonnes		
	Busted bulbs	Lead–acid batteries	Toner cartridges	Used oil	Used ink	Mixed hazardous waste
Clark Electric	210	9	-	7.00	-	-
eSakay	-	180	-	-	-	-
MGen	-	-	-	-	-	-
Head office	48	-	24	-	-	-
SBPL	-	-	-	-	-	2,222.00
MIESCOR	-	2	-	3.00	3.00	-
MServ	2	-	-	-	-	-

TOTAL SOLAR CAPACITY SOLD BY SPECTRUM (in kWp)			
	2018	2019	2020
Residential	50	48	702
Commercial	5,394	7,398	11,183
TOTAL	**5,444**	**7,446**	**11,885**

BIODIVERSITY DATA (MGEN, SBPL)		
	2018	2019
Total number of critically endangered species affected by operations	2 - Bagtikan *(Parashorea malaanonan)*, Hawksbill sea turtle *(Eretmochelys imbricata)* – rescued	
Total number of endangered species affected by operations	1 - Narra (Pterocarpus)	
Total number of vulnerable species affected by operations	8 - Pakak *(Artocarpus altilis)*, Kalantas (Toona calantas), Kamagong *(Diospyros blancoi)*, White lauan *(Shorea contorta)*, Dao *(Myotis macrotarsus)*, Southeast Asian box turtle *(Cuora amboinensis)* – rescued, Philippine eagle-owl *(Bubo philippensis)* – rescued	1 - Philippine warty pig *(Sus philippensis)*
Total number of near threatened species affected by operations	1 - Pallid large-footed myotis *(Myotis macrotarsus)*	

PEOPLE

NUMBER OF PERMANENT AND PROBATIONARY EMPLOYEES			
	2018	2019	2020
MERALCO	**5,602**	**5,755**	**5,853**
SUBSIDIARIES**	**4,137**	**5,297**	**6,026**
CIS Bayad Center	845	1,344	2,355
Bayad	177	194	240
CFS	668	1,150	2,115
Clark Electric	64	64	64
Comstech	-	-	3
eSakay	2	3	6
MGen	71	67	68
MIESCOR United	2,596	3,140	2,793
MIESCOR	356	275	279
MBI	1,107	947	830
MLI	1,133	1,918	1,684
MRail	-	37	34
MServ*	377	396	431
Spectrum	24	60	60
Radius	158	186	212
TOTAL	**9,739**	**11,052**	**11,879**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)

NUMBER OF MALE EMPLOYEES			
	2018	2019	2020
MERALCO	**4,443**	**4,563**	**4,607**
SUBSIDIARIES**	**2,969**	**3,238**	**3,505**
CIS Bayad Center	263	324	678
Bayad	80	83	108
CFS	183	241	570
Clark Electric	48	48	48
Comstech	-	-	2
eSakay	1	1	2
MGen	41	37	35
MIESCOR United	2,240	2,380	2,226
MIESCOR	212	171	167
MBI	995	864	741
MLI	1,033	1,345	1,318
MRail	-	27	24
MServ*	259	265	316
Spectrum	19	42	42
Radius	98	114	132
TOTAL	**7,412**	**7,801**	**8,112**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)

NUMBER OF FEMALE EMPLOYEES			
	2018	2019	2020
MERALCO	**1,159**	**1,192**	**1,246**
SUBSIDIARIES**	**1,168**	**2,059**	**2,521**
CIS Bayad Center	582	1,020	1,677
Bayad	97	111	132
CFS	485	909	1,545
Clark Electric	16	16	16
Comstech	-	-	1
eSakay	1	2	4
MGen	30	30	33
MIESCOR United	356	760	567
MIESCOR	144	104	112
MBI	112	83	89
MLI	100	573	366
MRail	-	10	10
MServ*	118	131	115
Spectrum	5	18	18
Radius	60	72	80
TOTAL	**2,327**	**3,251**	**3,767**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)

NUMBER OF EMPLOYEES BY POSITION									
	Senior management			Middle management			Rank-and-file***		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
MERALCO	**637**	**683**	**690**	**668**	**712**	**696**	**4,297**	**4,360**	**4,467**
SUBSIDIARIES**	**73**	**79**	**97**	**224**	**168**	**360**	**3,840**	**5,050**	**5,569**
CIS Bayad Center	11	13	21	41	34	58	793	1,297	2,276
Bayad	8	10	17	15	13	30	154	171	193
CFS	3	3	4	26	21	28	639	1,126	2,083
Clark Electric	5	5	5	2	2	5	57	57	54
Comstech	-	-	1	-	-	-	-	-	2
eSakay	1	-	-	1	3	6	-	-	-
MGen	9	9	9	11	10	14	51	48	45
MIESCOR United	17	12	10	129	46	102	2,450	3,082	2,681
MIESCOR	5	6	4	24	28	84	327	241	191
MBI	10	3	3	89	12	12	1,008	932	815
MLI	2	3	3	16	6	6	1,115	1,909	1,675
MRail	-	10	11	-	-	-	-	27	23
MServ*	19	17	22	29	29	93	329	350	316
Spectrum	5	7	7	2	31	31	17	22	22
Radius	6	6	11	9	13	51	143	167	150
TOTAL	**710**	**762**	**787**	**892**	**880**	**1,056**	**8,137**	**9,410**	**10,036**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)
***Includes supervisors

NUMBER OF EMPLOYEES COVERED BY CBA			
	2018	2019	2020
MERALCO	**4,297**	**4,360**	**4,429**
SUBSIDIARIES**	**3,407**	**4,445**	**5,018**
CIS Bayad Center	768	1,264	2,276
Bayad	145	155	193
CFS	623	1,109	2,083
Clark Electric	48	43	44
Comstech	-	-	1
eSakay	-	-	-
MGen	10	9	45
MIESCOR United	2,202	2,703	2,183
MIESCOR	258	192	12
MBI	1,008	747	638
MLI	936	1,764	1,533
MRail	-	27	23
MServ*	239	236	274
Spectrum	2	22	22
Radius	138	141	150
TOTAL	**7,704**	**8,805**	**9,447**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)

NUMBER OF EMPLOYEES BY AGE RANGE									
	Under 30 years old			30 to 50 years old			Above 50 years old		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
MERALCO	**1,391**	**1,406**	**1,324**	**3,107**	**3,155**	**3,283**	**1,104**	**1,194**	**1,246**
SUBSIDIARIES**	**1,523**	**1,861**	**2,142**	**2,292**	**2,804**	**3,168**	**322**	**632**	**716**
CIS Bayad Center	482	908	1,552	347	420	777	16	16	26
Bayad	95	108	120	77	81	114	5	5	6
CFS	387	800	1,432	270	339	663	11	11	20
Clark Electric	15	13	10	34	36	34	15	15	20
Comstech	-	-	1	-	-	1	-	-	1
eSakay	-	-	4	2	3	2	-	-	-
MGen	5	5	5	59	52	55	7	10	8
MIESCOR United	729	632	276	1,623	1,977	1,921	244	531	596
MIESCOR	112	77	90	187	147	141	57	51	48
MBI	398	111	116	570	672	559	139	164	155
MLI	219	444	70	866	1,158	1,221	48	316	393
MRail	-	6	4	-	12	13	-	19	17
MServ*	199	173	150	148	190	246	30	33	35
Spectrum	17	41	41	6	15	15	1	4	4
Radius	76	83	99	73	99	104	9	4	9
TOTAL	**2,914**	**3,267**	**3,466**	**5,399**	**5,959**	**6,451**	**1,426**	**1,826**	**1,962**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)

NUMBER OF NEW EMPLOYEE HIRES			
	2018	2019	2020
MERALCO	**315**	**391**	**290**
SUBSIDIARIES**	**2,994**	**3,698**	**1,609**
CIS Bayad Center	710	1,046	1,319
Bayad	45	17	68
CFS	665	1,029	1,251
Clark Electric	8	3	3
Comstech	-	-	3
eSakay	-	2	3
MGen	2	-	-
MIESCOR United	2,226	2,564	204
MIESCOR	1,482	2,033	48
MBI	219	253	3
MLI	525	278	153
MRail	-	8	-
MServ*	-	-	2
Spectrum	16	21	11
Radius	32	54	64
TOTAL	**3,309**	**4,089**	**1,899**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)

NUMBER OF EMPLOYEE SEPARATIONS			
	2018	2019	2020
MERALCO	**252**	**238**	**230**
SUBSIDIARIES**	**2,859**	**2,280**	**1,411**
CIS Bayad Center	782	713	1,176
Bayad	60	25	25
CFS	722	688	1,151
Clark Electric	3	2	-
Comstech	-	-	-
eSakay	-	1	2
MGen	4	6	-
MIESCOR United	1,999	1,462	163
MIESCOR	1,776	1,182	39
MBI	14	24	40
MLI	209	256	84
MRail	-	2	3
MServ*	49	59	34
Spectrum	4	4	-
Radius	18	31	33
TOTAL	**3,111**	**2,518**	**1,641**

*MServ data for 2018 and 2019 exclude number of probationary employees.
**Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, and Spectrum)

MATERNITY LEAVE												
	Number of employees entitled to maternity leave			Number of employees who availed of maternity leave			Number of employees who returned after maternity leave			Number of employees who returned after maternity leave and still employed 12 months after		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
MERALCO	**1,159**	**1,192**	**1,208**	**54**	**87**	**122**	**54**	**87**	**121**	**54**	**85**	**-**
SUBSIDIARIES	**1,763**	**1,786**	**3,045**	**233**	**193**	**180**	**221**	**184**	**164**	**209**	**182**	**159**
CIS Bayad Center	220	212	1,390	128	107	104	119	99	94	119	100	94
Bayad	94	111	2	2	6	2	2	4	2	2	5	2
CFS	126	101	1,388	126	101	102	117	95	92	117	95	92
Clark Electric	16	16	13	2	-	1	2	-	1	2	-	1
eSakay	1	2	3	-	-	-	-	-	-	-	-	-
MGen	1	3	42	1	3	-	1	3	-	1	3	-
MIESCOR United	1,285	1,324	1,373	84	66	62	83	65	59	78	63	56
MIESCOR	499	512	585	23	25	25	23	25	25	18	23	23
MBI	95	88	75	7	8	7	6	7	4	6	7	3
MLI	691	724	713	54	33	30	54	33	30	54	33	30
MRail	-	3	4	-	-	1	-	-	1	-	-	-
MServ	163	149	176	10	10	10	10	10	8	8	9	7
Spectrum	5	17	18	-	3	-	-	3	-	-	3	-
Radius	72	60	26	8	4	2	6	4	1	1	4	1
Shin Clark	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**2,922**	**2,978**	**4,253**	**287**	**280**	**302**	**275**	**271**	**285**	**263**	**267**	**159**

PATERNITY LEAVE

	Number of employees entitled to paternity leave			Number of employees who availed of paternity leave			Number of employees who returned after paternity leave			Number of employees who returned after paternity leave and still employed 12 months after		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
MERALCO	**4,443**	**4,563**	**4,607**	**168**	**262**	**250**	**168**	**262**	**250**	**166**	**260**	**-**
SUBSIDIARIES	**5,696**	**6,507**	**7,126**	**291**	**307**	**166**	**291**	**307**	**166**	**283**	**294**	**160**
CIS Bayad Center	11	38	74	14	15	6	14	15	6	14	15	6
Bayad	-	27	-	3	4	4	3	4	4	3	4	4
CFS	11	11	74	11	11	2	11	11	2	11	11	2
Clark Electric	32	33	32	3	2	-	3	2	-	3	2	-
eSakay	1	1	2	-	-	-	-	-	-	-	-	-
MGen	1	3	46	1	3	-	1	3	-	1	3	-
MIESCOR United	4,983	5,768	5,345	260	269	132	260	269	132	255	259	126
MIESCOR	2,639	3,365	2,947	61	74	37	61	74	37	56	64	31
MBI	485	479	465	23	20	15	23	20	15	23	20	15
MLI	1,859	1,924	1,933	176	175	80	176	175	80	176	175	80
MRail	-	20	19	-	-	-	-	-	-	-	-	-
MServ	528	506	1,513	10	14	27	10	14	27	10	11	27
Spectrum	26	40	42	-	1	-	-	1	-	-	1	-
Radius	114	98	53	3	3	1	3	3	1	-	3	1
TOTAL	**10,139**	**11,070**	**11,733**	**459**	**569**	**416**	**459**	**569**	**416**	**449**	**554**	**160**

SOLO PARENT LEAVE

	Number of employees entitled to solo parent leave			Number of employees who availed of solo parent leave			Number of employees who returned after solo parent leave			Number of employees who returned after solo parent leave and still employed 12 months after		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
MERALCO	**35**	**37**	**58**	**35**	**37**	**58**	**35**	**37**	**58**	**34**	**36**	**-**
SUBSIDIARIES	**288**	**318**	**208**	**284**	**317**	**204**	**284**	**317**	**204**	**280**	**318**	**204**
CIS Bayad Center	16	10	10	12	10	11	12	10	11	12	10	11
Bayad	4	2	-	-	2	1	-	2	1	-	2	1
CFS	12	8	10	12	8	10	12	8	10	12	8	10
Clark Electric	-	-	-	-	-	-	-	-	-	-	-	-
Comstech	-	-	-	-	-	-	-	-	-	-	-	-
eSakay	-	-	-	-	-	-	-	-	-	-	-	-
MGen	-	-	4	-	-	1	-	-	1	-	-	1
MIESCOR United	270	304	190	270	304	190	270	304	190	268	304	190
MIESCOR	11	10	7	11	10	7	11	10	7	9	10	7
MBI*	2	2	2	2	2	2	2	2	2	2	2	2
MLI	257	292	181	257	292	181	257	292	181	257	292	181
MPower	-	-	-	-	-	-	-	-	-	-	-	-
MRail	-	1	-	-	-	-	-	-	-	-	1	-
MServ	-	1	2	-	1	1	-	1	1	-	1	1
Spectrum	-	-	-	-	-	-	-	-	-	-	-	-
Radius	2	2	2	2	2	1	2	2	1	-	2	1
TOTAL	**323**	**355**	**266**	**319**	**354**	**262**	**319**	**354**	**262**	**314**	**354**	**204**

*MBI emloyees only declare when they file for solo parent leave

OSH TRAINING HOURS			
	2018	2019	2020
MERALCO	**12,520**	**55,760**	**11,908**
SUBSIDIARIES*	**1,700**	**11,434**	**4,981**
Bayad	N/A	32	-
Clark Electric	36	740	56
eSakay	N/A	24	-
MGen	-	1,160	392
MIESCOR United	216	1,104	713
MIESCOR	-	720	561
MBI	N/A	N/A	-
MLI	216	384	152
MRail	232	788	-
MServ	1,096	7,266	3,340
Spectrum	120	280	480
Radius	N/A	40	-
Shin Clark	N/A	N/A	N/A
TOTAL	**14,220**	**67,194**	**16,889**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF HIGH-CONSEQUENCE WORK-RELATED INJURIES			
	2018	2019	2020
MERALCO	**11**	**10**	**11**
SUBSIDIARIES*	**2**	**1**	**2**
Bayad	N/A	N/A	N/A
Clark Electric	1	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	-	-	-
MIESCOR United	1	1	2
MIESCOR	1	-	2
MBI	N/A	N/A	-
MLI	-	1	-
MRail	-	-	-
MServ	-	-	-
Spectrum	-	-	-
Radius	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
TOTAL	**13**	**11**	**13**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF LOST WORKING DAYS DUE TO INJURIES			
	2018	2019	2020
MERALCO	**456**	**209**	**6,506**
SUBSIDIARIES*	**60**	**222**	**247**
Bayad	N/A	N/A	N/A
Clark Electric	60	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	N/A
MIESCOR United	-	150	41
MIESCOR	-	-	41
MBI	N/A	N/A	-
MLI	-	150	-
MRail	-	-	-
MServ	-	72	206
Spectrum	-	-	-
Radius	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
TOTAL	**516**	**431**	**6,753**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURY			
	2018	2019	2020
MERALCO	**-**	**-**	**1**
SUBSIDIARIES*	**-**	**-**	**-**
Bayad	N/A	N/A	N/A
Clark Electric	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	N/A	N/A	-
MLI	-	-	-
MRail	-	-	-
MServ	-	-	-
Spectrum	-	-	-
Radius	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
TOTAL	**-**	**-**	**1**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF SAFE MANHOURS			
	2018	2019	2020
MERALCO	**11,761,465**	**12,356,681**	**12,626,996**
SUBSIDIARIES*	**13,441,050**	**17,560,444**	**19,652,438**
Bayad	N/A	N/A	N/A
Clark Electric	102,867	109,867	462,421
eSakay	2,240	5,920	6,560
MGen	N/A	N/A	N/A
MIESCOR United	13,139,463	17,205,950	18,951,301
MIESCOR	7,427,587	10,677,910	8,732,755
MBI	N/A	N/A	4,428,684
MLI	5,711,876	6,528,041	5,789,862
MRail	75,376	109,931	91,877
MServ	-	-	-
Spectrum	121,104	121,104	125,280
Radius	N/A	N/A	N/A
Shin Clark	-	7,672	15,000
TOTAL	**25,202,515**	**29,917,125**	**32,279,434**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF INJURIES DUE TO PUBLIC ACTION			
	2018	2019	2020
MERALCO	**244**	**272**	**247**
SUBSIDIARIES*	**-**	**-**	**2**
Bayad	N/A	N/A	N/A
Clark Electric	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	N/A
MIESCOR United	-	-	2
MIESCOR	-	-	2
MBI	N/A	N/A	-
MLI	-	-	-
MRail	-	-	-
MServ	-	-	-
Spectrum	-	-	-
Radius	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
TOTAL	**244**	**272**	**249**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

RATE OF RECORDABLE WORK-RELATED INJURIES			
	2018	2019	2020
MERALCO	**5**	**5**	**4**
SUBSIDIARIES*	**598**	**11**	**6**
Bayad	N/A	N/A	N/A
Clark Electric	583	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	N/A
MIESCOR United	15	11	6
MIESCOR	11	7	3
MBI	N/A	N/A	-
MLI	4	4	3
MRail	-	-	-
MServ	-	-	-
Spectrum	-	-	-
Radius	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
TOTAL	**603**	**16**	**9**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF PUBLIC ACCIDENTS CAUSED BY THE COMPANY			
	2018	2019	2020
MERALCO	**104**	**178**	**133**
SUBSIDIARIES*	**57**	**-**	**37**
Bayad	N/A	N/A	N/A
Clark Electric	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	N/A
MIESCOR United	57	-	37
MIESCOR	57	-	15
MBI	N/A	N/A	22
MLI	-	-	-
MRail	-	-	-
MServ	-	-	-
Spectrum	-	-	-
Radius	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
TOTAL	**161**	**178**	**170**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF PUBLIC ACCIDENTS DUE TO COMPANY-OWNED EQUIPMENT AND FACILITIES			
	2018	2019	2020
MERALCO	**14**	**30**	**16**
SUBSIDIARIES*	**84**	**81**	**27**
Bayad	N/A	N/A	N/A
Clark Electric	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	N/A
MIESCOR United	84	78	27
MIESCOR	79	76	15
MBI	N/A	N/A	12
MLI	5	2	-
MRail	-	-	-
MServ	-	3	-
Spectrum	-	-	-
Radius	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
TOTAL	**98**	**111**	**43**

N/A - Data not available

*Restatement from last year due to inclusion of subsidiary data (including Bayad, eSakay, MBI, MLI, MServ, MRail, Spectrum, Shin Clark)

NUMBER OF CAREER DEVELOPMENT TRAINING HOURS			
	2018	2019	2020
MERALCO	**184,796**	**243,667**	**112,246**
SUBSIDIARIES*	**21,627**	**26,917**	**10,125**
CIS Bayad Center	215	5,992	1,483
Bayad	215	1,523	207
CFS	-	4,469	1,276
Clark Electric	316	1,324	876
eSakay	8	32	45
MGen	2,612	1,480	1,088
MIESCOR United	-	-	40
MIESCOR	-	-	40
MBI	-	-	-
MLI	-	-	-
MRail	-	1,016	-
MServ	18,476	17,073	6,593
TOTAL	**206,423**	**270,584**	**122,371**

CFS in 2018 had no recorded information for training hours.
No trainings were held in 2020 for MRail due to the COVID-19 pandemic.
MIESCOR did not have 2018 and 2019 data recorded and is strengthening its process to monitor training hours.
MBI and MLI did not have 2018, 2019, and 2020 data recorded and are enhancing processes to monitor training hours.
*Restatement from last year due to inclusion of subsidiary data (including MBI, MLI, MServ and MRail).

PROSPERITY

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (in PhP million)			
	2018	2019	2020
Direct economic value generated (revenues)	**308,181**	**322,592**	**277,928**
Economic value distributed	**282,538**	**296,476**	**255,102**
Operating costs (including payment to suppliers)	244,299	253,857	216,692
Employee wages and benefits	12,697	13,106	12,301
Payments to providers of capital (investors and shareholders)	17,108	19,706	18,605
Payments to government (taxes)	8,344	9,661	7,335
Community investments (expenses for CSR projects)	90	146	170
Economic value retained (profits)	**25,643**	**26,116**	**22,826**

NUMBER OF SUPPLIERS IN 2020						
	BASED ON CLASSFICATION			BASED ON LOCATION		
	TIER 1	NON-TIER 1	SUBTOTAL	INTERNATIONAL	LOCAL	SUBTOTAL
MERALCO	**2,650**	**131**	**2,781**	**538**	**2,243**	**2,781**
SUBSIDIARIES	**1,395**	**26**	**1,421**	**117**	**1,304**	**1,421**
Bayad	124	-	124	79	45	124
Clark Electric	166	-	166	5	161	166
eSakay	10	-	10	1	9	10
MGen	46	-	46	-	46	46
MIESCOR	586	6	592	11	581	592
MRail	17	-	17	-	17	17
MServ	361	-	361	1	360	361
Radius	75	10	85	10	75	85
Spectrum	10	10	20	10	10	20
TOTAL	**4,045**	**157**	**4,202**	**655**	**3,547**	**4,202**

TOTAL PROCUREMENT SPEND IN 2020 (in PhP million)	
MERALCO	**8,286**
SUBSIDIARIES	**4,304**
Bayad	103
Clark Electric	98
eSakay	55
MGen	20
MIESCOR	2,193
MServ	712
Radius	350
Spectrum	773
TOTAL	**12,590**

ONE MERALCO FOUNDATION (OMF) INITIATIVES						
Project Type	**Project Name**	**Project Objective**	**Expenditure (in PhP million)**	**Number of Beneficiaries/ Output**	**Type of Beneficiaries/ Output**	**Actual/Expected Impacts**
Community Electrification	Household Electrification Program	• To provide assistance to low-income families within the Meralco franchise area so that they can comply with the minimum requirements for electrification • To serve indigenous communities where solar PV technology is utilized	16,222,724	6,999	households	• Increased productivity due to energy access • Savings from electricity expenses versus previous rates through sub-metering • Safe electricity connection • Lowered electricity-related accidents • Electrification led to purchase of household appliances resulting to more productive household chores. • Easier to read at night and increased TV viewing, which led to increased awareness of current issues • Ignited entrepreneurial spirit as they established home-based businesses • Increased learning hours and sources of information (due to use of TV, radio, and the Internet)
	School Electrification Program	To improve the learning experience of students in off-grid public schools by providing an alternative source of electricity (usually solar energy) and modern learning hardware such as laptop computers and multimedia equipment	4,586,878	15	schools	• Technology has complemented the traditional teaching methodologies and yielded learning gains. • Teachers are able to offer topics they could not teach before as students can already view constellations, greenhouse gas emissions, etc. • Productivity increased since teachers and students are able to use various equipment. • Skills are enhanced and students become more creative and innovative in their schoolwork and assignments. • Improved school safety • Opened up more opportunities for schools as they can easily ask for donations since donors are encouraged by the availability of electricity
				175	teachers	
				4,489	students	

ONE MERALCO FOUNDATION (OMF) INITIATIVES						
Project Type	**Project Name**	**Project Objective**	**Expenditure (in PhP million)**	**Number of Beneficiaries/ Output**	**Type of Beneficiaries/ Output**	**Actual/Expected Impacts**
Energy Education	Energy Education Program[1]	• To develop learning resources on energy • To build the capacity of educators to teach the subject to promote deeper understanding of energy and campaigns for its sustainable use	212,493	97	principals	• Increased students' interest in science • Improved problem-solving skills, communication skills, teamwork, and research (many started their investigatory projects from the topics in the cards) • Social consciousness of students increased, which improved their behavior
				157	teachers	
Environmental Sustainability	One for Trees (OFT)[2]	To promote the preservation of Philippine biodiversity through reforestation and the empowerment of local communities to become stewards of the environment	9,512,539	87,271	trees	• Help revive or rehabilitate damaged and threatened forest and watersheds • Help farmers to have sustainable income while protecting forests and agro-forests

[1] In 2020, an alternative online capability-building program for teachers was implemented by OMF to help them navigate the new normal in education. Examples of responsible energy use and their relationships with the SDGs were incorporated.

[2] OFT started in 2020, but payment worth PhP9,512,539 was disbursed in Q1 of 2021. 6,200 trees in the last quarter of 2020, but planting period extended up to 1Q of 2021; to date 29,566 trees were planted through this program.

ONE MERALCO FOUNDATION (OMF) INITIATIVES						
Project Type	**Project Name**	**Project Objective**	**Expenditure (in PhP million)**	**Number of Beneficiaries/ Output**	**Type of Beneficiaries/ Output**	**Actual/Expected Impacts**
Grassroots Partnership	Community Relations Projects	To work hand-in-hand with government, private, and non-governmental organizations to implement advocacies in grassroots communities	726,182	228	LGUs/ community organizations	Strengthened partnership with local governments and organizations within Meralco's franchise area
Youth Development	MVP Academic Achievement Awards	To give one-time financial education grant to deserving academically excellent dependents of rank-and-file employees of Meralco and its subsidiaries	4,738,137	279	employee-dependents	• Advocate for academic excellence • Help employees defray the amount of school fees • Increased employee morale and encourage them to excellently perform in their jobs
Emergency Preparedness & Disaster Response	Relief Operations and Power Restoration Project	To deliver immediate relief to calamity victims and help electric cooperatives immediately restore power services in areas affected by disasters	7,848,893	25,143	families	Speedy restoration of power, resulting in better relief and rehabilitation programs delivery
				4,100	households	
Employee Giving & Volunteerism	Back-to-School Program-Teacher Frontliner	To provide protective equipment to teachers in public schools within the Meralco franchise area	1,237,075	2,596	teachers	• Recognize teachers' big role in implementing DepEd's blended learning in the "new normal" • Give opportunities to Meralco employees to support COVID-19 response projects • Encourage employees to actively participate in community programs
				58	schools	

ONE MERALCO FOUNDATION (OMF) INITIATIVES						
Project Type	**Project Name**	**Project Objective**	**Expenditure (in PhP million)**	**Number of Beneficiaries/ Output**	**Type of Beneficiaries/ Output**	**Actual/Expected Impacts**
COVID-19 Response[3]	Donations of PPE	To immediately address the current needs of workers combating COVID-19 from the frontlines as well as the needs of marginalized sectors	71,188,051	6,090	healthcare workers	• Provide PPE to support healthcare workers • Provided nutritious food to healthcare workers and the marginalized and at the same time help augment the income of local vegetable farmers • Provide cash assistance to "no-work, no-pay" workers workers of companies providing service to Meralco • Support to the transportation requirement of the frontline workers • Engaged employees and subsidiaries to contribute to the COVID-related employees fund raising campaigns
				26	hospitals	
				1	city health office	
				1	quarantine facility and isolation area	
	Donation of rapid test kits			1,640	LGU workers in Pasig City	
				10,520	frontliners from the energy industry	
	Donation of medical equipment to East Avenue Medical Center			1	hospital	
	Donation of alcohol to hospitals, health care facilities and the Armed Forces of the Philippines			21	hospitals and healthcare facilities	
				1	government institution (AFP)	
	Donation of food packs, provision of grocery gift checks and donation of sanitation kits			7,856	marginalized families and uniformed frontliners	
				31	cities and muncipalities	
				4,770	under priviledged students	
				200	locally stranded individuals	

[3] The total cost of COVID-19 initiatives is PhP94,317,710.56, of which PhP71,188,050.55 was disbursed in 2020 and PhP23,052,460.01 in 2021. Out of the PhP94,317,710,56, Meralco donated a total amount of PhP44,465,569.60 (PhP18,915,300.55 were received by OMF in 2020 and PhP25,5550,269.05 in 2021). Some of the above mentioned COVID intiatives (such as assistance to wage workers, donation of care packages, and From Farmers to Frontliners) were funded by Meralco employees for PhP27,418,002. OMF also received funding from co-sponsors amounting to PhP12,190,952 (received PhP8,340,694.43 in 2020 and PhP3,850,258.40 in the 2021) for the electricity bills of two COVID-19 health facilities at the PICC and World Trade Center.

ONE MERALCO FOUNDATION (OMF) INITIATIVES						
Project Type	**Project Name**	**Project Objective**	**Expenditure (in PhP million)**	**Number of Beneficiaries/ Output**	**Type of Beneficiaries/ Output**	**Actual/Expected Impacts**
	From Farmers to Frontliners			9,403	medical frontliners	
				5,695	LGU frontliners	
				3,365	marginalized families	
	Donation of computer desktops and laptop to Philippine Genome Center and Philippine Red Cross			2	institutions	
	Partnership with eSakay for the free shuttle service for essential workers			76,364	passengers (medical and essential workers)	
	Share a Leave and A Day to Give			6,209	no-work, no-pay workers	
	Energization of COVID-19 Quarantine Facilities			3	COVID-19 health facilities	
	Provision of grocery gift certificates to volunteer-doctors			30	volunteer-doctors	
	Sponsorship of the steramist disinfection of PNP Offices and Rizal Medical Center			1	government offfice	
				1	hospital	

GRI Content Index

GRI MATERIALITY DISCLOSURES SERVICE 2021

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GENERAL DISCLOSURES		
ORGANIZATIONAL PROFILE		
GRI 102-1	Name of the organization	11
GRI 102-2	Activities, brands, products, and services	11-15
GRI 102-3	Location of headquarters	3
GRI 102-4	Location of operations	3, 11-15
GRI 102-5	Ownership and legal form	Please refer to page 3 Definitive Information Statement- Security Ownership of Certain Record and Beneficial Owners https://meralcomain.s3.ap-southeast-1.amazonaws.com/2021-04/meralco_amended_definitive_information_statement_april_27_2021.pdf?null As at March 31, 2021, MPIC owns 118,364,807 shares as opposed to 118,345,366 shares stated in https://company.meralco.com.ph/corporate-profile/meralco-shareholding-structure. Please confirm with Thom Ortega if the value stated in the latter is correct as at December 31, 2020. Meralco shareholding structure in the link provided is no longer accurate. Our conglomerate map is also found in the Definitive Information Statement- Schedule I: Map Showing the Relationships among the Companies within the Group (page 391). The Definitive Information Statement is a public document so it can be used as supporting document instead of the webpage link.
GRI 102-6	Markets served	11-15
GRI 102-7	Scale of the organization	11-15
GRI 102-8	Information on employees and other workers	85, 88-89, 169-180
GRI 102-9	Supply chain	111
GRI 102-10	Significant changes to the organization and its supply chain	No significant changes in the organization and its supply chain
GRI 102-11	Precautionary Principle or approach	Enterprise-wide Risk Management in Meralco website: https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management
GRI 102-12	External initiatives	United Nations Sustainable Development Goals UN Women Philippine Business Coalition for Women Empowerment Business for Sustainable Development

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GENERAL DISCLOSURES		
ORGANIZATIONAL PROFILE		
GRI 102-13	Membership of associations	Philippine Chamber of Commerce & Industry Management Association of the Philippines Federation of Philippine Industries Makati Business Club Employers Confederation of the Philippines American Chamber of Commerce of the Philippines Electric Vehicle Association of the Philippines Philippine Energy Efficiency Alliance Inc. Philippine Solar and Storage Energy Alliance IT and Business Process Association of the Philippines Contact Centers Association of the Philippines Association of the Electricity Supply Industry of East Asia and Western Pacific Philippine Solar Power Alliance Inc. Philippine Management Association of the Philippines Toastmasters International Information Systems Audit and Control Association Institute of Corporate Directors Inc. UN Women Philippine Business Coalition for Women Empowerment Business for Sustainable Development
STRATEGY		
GRI 102-14	Statement from senior decision-maker	4-9
GRI 102-15	Key impacts, risks, and opportunities	Enterprise-wide Risk Management in Meralco website: https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards, and norms of behavior	Mission, Vision, Values and Principles in Meralco website: https://company.meralco.com.ph/corporate-profile/mission-vision-values-and-principles
GRI 102-17	Mechanisms for advice and concerns about ethics	135-137
GOVERNANCE		
GRI 102-18	Governance structure	Governance Structure in Meralco website: https://company.meralco.com.ph/corporate-governance/corporate-governance-in-meralco
GRI 102-19	Delegating authority	138-139
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	138-139
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	17-23, 150-151
GRI 102-22	Composition of the highest governance body and its committees	Board Committees in Meralco website: https://company.meralco.com.ph/corporate-governance/board-committees
GRI 102-23	Chair of the highest governance body	Manuel V. Pangilinan is the chair and is a non-executive officer
GRI 102-24	Nominating and selecting the highest governance body	Nomination and Governance Committee Charter in Meralco website: https://meralcomain.s3.ap-southeast-1.amazonaws.com/documents/pdf_listing/2020-01/nom_and_gov_charter_rev._code_4_series_of_2019.pdf"

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GENERAL DISCLOSURES		
GOVERNANCE		
GRI 102-25	Conflicts of interest	Conflict of Interest Policy in Meralco website: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507537560.fea8c510112d9a9c74e8b490b5e46cde.pdf?null
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	135-137
GRI 102-27	Collective knowledge of highest governance body	Manila Electric Company ("MERALCO") directors have a collective working knowledge, experience and expertise relevant to power, energy and electric distribution industry/sector. Also, the Board represents an appropriate mix of competence and expertise in the area of business, finance, operations, regulatory and legal disciplines relevant to the Company's industry, with each director capable of adding value and exercising independent judgment, ensuring that the directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. The profiles of the directors are disclosed in MERALCO Website, in the Definitive Information Statement and in the Annual Report while the required qualifications of a director are provided in Article II, Section 5 of the Company's By-Laws, page 4 of the Board Charter, and Article I, Section 6.1 of the Revised Manual of Corporate Governance. *Profile of Directors: Meralco Website: https://company.meralco.com.ph/corporate-governance/board-directors Definitive Information Statement 2020, pages 7-19: https://meralcomain.s3.ap-southeast-1.amazonaws.com/2020-04/2020_meralco_definitive_is.pdf?null Definitive Information Statement 2021, pages 6-17: https://meralcomain.s3.ap-southeast-1.amazonaws.com/2021-04/meralco_amended_definitive_information_statement_april_27_2021.pdf?null *Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance are found in page 5 of the By-Laws: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/by-laws.pdf Board Charter, page 4 for general qualifications; and pages 2 to 3 for independent directors: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null *Qualifications of independent directors are found in pages 6 and 7; qualifications of directors in general in page 15, of the Revised Manual of Corporate Governance: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507250421.8dd4083abcd328358189a0b0f85bc682.pdf?null

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GENERAL DISCLOSURES		
GOVERNANCE		
GRI 102-27	Collective knowledge of highest governance body	The Board, through the Nomination and Governance Committee, reviews, on an annual basis, the appropriate skills and characteristics required on the Board in the context of the strategic direction of the Company (Revised Organizational Charter of the Nom&Gov Committee, B.5). https://meralcomain.s3.ap-southeast-1.amazonaws.com/documents/pdf_listing/2020-01/nom_and_gov_charter_rev._code_4_series_of_2019.pdf?null The Company has a policy that encourages directors to attend annual continuing training programs to ensure that they remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. The Company believes that its Directors must keep abreast with the latest developments in business, corporate governance best practices, laws and regulations, and other relevant matters that help them function effectively in the Board and in their respective committees in order to direct the Company to achieve its mission, vision and goals (Article I, Section 4.5, Revised Manual of Corporate Governance). *Policy on annual continuing training program of directors is found in page 9 of the Revised Manual of Corporate Governance and page 14 of the Board Charter: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null First time directors shall undergo an orientation program covering SEC mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. The orientation and continuing education program should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions. The trainings attended by the Company Directors are disclosed in the Annual Report and in the Company Website. Each newly elected director is provided with a director's kit which contains policies and other information pertaining to his duties and obligations as a director provided under existing laws and regulations. An in-house orientation program, incorporating briefings from the corporate and regulatory units, is arranged for any new director to better familiarize himself with the Company's businesses, stakeholders, regulatory environment, and governance practices.
GRI 102-27	Collective knowledge of highest governance body	Link: Meralco Website: https://company.meralco.com.ph/corporate-governance/board-matters *Policy on annual continuing training program of directors is found in page 9 of the Revised Manual of Corporate Governance: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507250421.8dd4083abcd328358189a0b0f85bc682.pdf?null *Same provision appears in page 14 of the Board Charter: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null Contents of the Orientation Program for New Directors can be downloaded from the Company website. Link: Orientation Program Kit: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-11/b8fe9d50f21d0f6778dad90976778826_0.pdf?null On January 7, 2020, newly-elected director, Mr. Frederick D. Go, attended the Company's Onboarding Program for New Directors conducted by Corporate Governance Office.
GRI 102-28	Evaluating the highest governance body's performance	135-137
GRI 102-29	Identifying and managing economic, environmental, and social impacts	25, 147-149
GRI 102-30	Effectiveness of risk management processes	Meralco has a robust Enterprise Risk Management (ERM) framework to monitor and manage its strategic, regulatory, operational and financial risks. The company adopted ISO 31000 as its model for ERM framework. The Enterprise Risk Management Manual was approved and adopted by the Company to provide the methodology and processes for risk management including • identification, assessment, evaluation and mitigation of risks or exploitation of opportunities; • definition of management responsibilities and accountabilities; and • escalation and reporting of company's key enterprise risks. The Enterprise Risk Management (ERM) framework helps manage risks by influencing and collaborating with internal organizations and external stakeholders to identify best practices, controls and process improvement opportunities to address risks.

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GENERAL DISCLOSURES		
GOVERNANCE		
GRI 102-30	Effectiveness of risk management processes	ERM initiates the annual enterprise-wide assessment of the Company's top risks. Risk assessment is conducted to substantiate existing and emerging risks brought about by changes in regulations, market structure developments, technological/ operational issues and external forces, including changes in weather patterns, customer satisfaction measures and evolving environmental sustainability issues. Top risks are quantified, and designated risk owners are asked to develop risk treatment and mitigation plans to address potential issues. The results are presented and vetted with the One Meralco Risk Management Committee and the Risk Management Committee of the Board. The risk management strategies were shown to be effective in the light of the operational and regulatory challenges brought about by the Covid-19 pandemic. These were detailed in the Annual Report, particularly in the Message of the Chairman of the Board and President and CEO. Links: Meralco Website: https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management The Board, through the Risk Management Committee, oversees the Enterprise-Wide Risk Management framework, identifies and assesses top risks and reviews the effectiveness of risk mitigation strategies and treatment plans developed by management. Links: Risk Management Committee accomplishments: https://company.meralco.com.ph/corporate-governance/board-committees Risk Management Committee Charter: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/1433818851.5ae6b5b5cf0bc3f510ed8e4768c9da92_2.pdf The Risk Management Policy Manual of the Company provides the methodology and process for the identification and assessment of risks, defines management accountability and covers a systematic process of assessing and reporting the company's top business risks. https://company.meralco.com.ph/corporate-governance/enterprise-wide-risk-management

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GENERAL DISCLOSURES		
GOVERNANCE		
GRI 102-31	Review of economic, environmental, and social topics	25, 147-149
GRI 102-32	Highest governance body's role in sustainability reporting	138
GRI 102-33	Communicating critical concerns	135-137
GRI 102-34	Nature and total number of critical concerns	136
GRI 102-35	Renumeration policies	The Remuneration and Leadership Development Committee recommends to the Board, for the approval of the shareholders, a framework of remuneration for directors and Management, including the President and CEO. For the President and CEO, 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 Board ensures that the remuneration of its members and key officers is aligned with the long-term interest of the Company. 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 Remuneration and Leadership Development Committee. The Board ensures that the remuneration of directors and officers is consistent with the Company's culture, strategy, and the business environment in which it operates and aligned with the long-term interest of the Company. Directors do not participate in discussions or deliberations involving their own remuneration. The framework of remuneration for Directors and Management, including the President and CEO is subject to the recommendation of the Board's Remuneration and Leadership Development Committee (RLDC) and to the approval of the shareholders. Specifically, the Company's By-Laws provides for the remuneration of directors in the form of per diems for their attendance at each regular or special meeting and additional compensation, whether in the form of a fixed retainer, bonus or stock grant, or a combination thereof, as may be approved by the Board of Directors and majority vote of the outstanding capital stock. The total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the net income before tax of MERALCO during the preceding year. By-laws, Article II, Section 7, page 6: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/by-laws.pdf

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS
GRI 101: FOUNDATION 2016		
GENERAL DISCLOSURES		
GOVERNANCE		
		No fees or other remuneration shall be payable to the members of RLDC in respect to their services provided in connection with the Committee, save and except fees or remunerations authorized by the Board. Remuneration and Leadership Development Committee Charter: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/1433818863.9928e1d01e76f50e57dc0740a76b3eec_0.pdf
GRI 102-36	Process for determining renumeration	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.
GRI 102-37	Stakeholders' involvement in renumeration	Meralco upholds the rights of all shareholders, including the minority shareholders, to participate in approval of remuneration or increase in remuneration of non-executive and executive directors.
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	17-23, 150-151
GRI 102-41	Collective bargaining agreements	20, 89, 171
GRI 102-42	Identifying and selecting stakeholders	17-23
GRI 102-43	Approach to stakeholder engagement	17-23, 150-151
GRI 102-44	Key topics and concerns raised	17-23, 150-151
REPORTING PRACTICE		
GRI 102-45	Entities included in the consolidated financial statements	In the financial statements, the entities included are Manila Electric Company and its subsidiaries.
GRI 102-46	Defining report content and topic Boundaries	2, 25-26
GRI 102-47	List of material topics	25
GRI 102-48	Restatements of information	67, 72, 73, 75, 78, 85, 88, 89, 91, 96, 154-181
GRI 102-49	Changes in reporting	2
GRI 102-50	Reporting period	2
GRI 102-51	Date of most recent report	December 2019
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	3
GRI 102-54	Claims of reporting in accordance with the GRI standards	2
GRI 102-55	GRI content index	187-201
GRI 102-56	External assurance	205-208

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	
GRI 200: ECONOMIC			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	105
	GRI 103-3	Evaluation of the management approach	25, 147
GRI 201: Economic Performance 2016	GRI 201-1	Direct economic value generated and distributed	105
	GRI 201-2	Financial implications and other risks and opportunities due to climate change	37-38, 54-57, 60-61, 66-68, 70, 72-77, 80-81
INDIRECT ECONOMIC IMPACTS			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	114-127
	GRI 103-3	Evaluation of the management approach	25, 147
GRI 203: Indirect Economic Impacts 2016	GRI 203-1	Infrastructure investments and services supported	114-127
	GRI 203-2	Significant indirect economic impacts	114-127
PROCUREMENT PRACTICES			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	111-112
	GRI 103-3	Evaluation of the management approach	25, 147
GRI 204: Procurement Practices 2016	GRI 204-1	Proportion of spending on local suppliers	111
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	135-137
	GRI 103-3	Evaluation of the management approach	25, 147
GRI 205: Anti-corruption 2016	GRI 205-1	Operations assessed for risks related to corruption	135-137
	GRI 205-2	Communication and training about anti-corruption policies and procedures	135-137
	GRI 205-3	Confirmed incidents of corruption and actions taken	135-137

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	
GRI 200: ECONOMIC			
DEMAND-SIDE MANAGEMENT			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	106-110, 120-124
	GRI 103-3	Evaluation of the management approach	25, 147
SYSTEM EFFICIENCY			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	72
	GRI 103-3	Evaluation of the management approach	25, 147
GRI G4: Sector Specific	EU12	Transmission and distribution losses as a percentage of total energy	72

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	
GRI 300: ENVIRONMENTAL			
ENERGY			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	66-75
	GRI 103-3	Evaluation of the management approach	25, 147
GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	67-68, 73-74
	GRI 302-2	Energy consumption outside of the organization	75
	GRI 302-4	Reduction of energy consumption	67-68, 73-74, 75
WATER AND EFFLUENTS			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	78
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 303: Water and Effluents 2018	GRI 303-1	Interactions with water as a shared resource	78
	GRI 303-2	Management of water discharge-related impacts	78
	GRI 303-3	Water withdrawal	166
	GRI 303-4	Water discharge	166
	GRI 303-5	Water consumption	78
BIODIVERSITY			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	76
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 304: Biodiversity 2016	GRI 304-2	Significant impacts of activities, products, and services on biodiversity	76
	GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	To follow

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	
GRI 300: ENVIRONMENTAL			
EMISSIONS			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	66-75
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 305: Emissions 2016	GRI 305-1	Direct (Scope 1) GHG emissions	67-70
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	72-74
	GRI 305-3	Other indirect (Scope 3) GHG emissions	75
	GRI 305-4	GHG emissions intensity	75
WASTE			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	78-79
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 306: Waste 2020	GRI 306-1	Waste generation and significant waste-related impacts	78-79
	GRI 306-2	Management of significant waste-related impacts	78-79
	GRI 306-3	Waste generated	79, 167-168
	GRI 306-4	Waste diverted from disposal	79, 167-168
	GRI 306-5	Waste directed to disposal	79, 167-168

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	
GRI 400: SOCIAL			
EMPLOYMENT			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	84-89
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover	85
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	87
	GRI 401-3	Parental leave	173-175
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	90-95
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 403: Occupational Health & Safety 2018	GRI 403-1	Occupational health and safety management system	90-95
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	90-95
	GRI 403-3	Occupational health services	90-95
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	90-95
	GRI 403-5	Worker training on occupational health and safety	90-95
	GRI 403-6	Promotion of worker health	90-95
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	90-95
	GRI 403-8	Workers covered by an occupational health and safety management system	90-95
	GRI 403-9	Work-related injuries	176-180
	GRI 403-10	Worker-related ill health	176-180

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	
GRI 400: SOCIAL			
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	96-97
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 404: Training and Education 2016	GRI 404-1	Average hours of training per year per employee	97
	GRI 404-2	Programs for upgrading employee skills and transition assistance program	96-97
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	88
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 405: Diversity and Equal Opportunity 2016	GRI 405-1	Diversity of governance bodies and employees	85, 88-89
NON-DISCRIMINATION			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	88
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 406: Non-discrimination 2016	GRI 406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported for this report.
HUMAN RIGHTS ASSESSMENT			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 148
	GRI 103-2	The management approach and its components	89-90
	GRI 103-3	Evaluation of the management approach	25, 148
GRI 412: Human Rights Assessment 2016	GRI 412-2	Employee training on human rights policies or procedures	89-90

GRI STANDARD	DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	
GRI 400: SOCIAL			
LOCAL COMMUNITIES			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 149
	GRI 103-2	The management approach and its components	114-119
	GRI 103-3	Evaluation of the management approach	25, 149
GRI 413: Local Communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	114-119
CUSTOMER PRIVACY			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 149
	GRI 103-2	The management approach and its components	129-133
	GRI 103-3	Evaluation of the management approach	25, 149
GRI 418: Customer Privacy 2016	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	129-133
SOCIOECONOMIC COMPLIANCE			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 149
	GRI 103-2	The management approach and its components	114-119
	GRI 103-3	Evaluation of the management approach	25, 149
GRI 419: Socioeconomic Compliance 2016	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No incidences of non-compliance were recorded for this report.
DISASTER RISK PLANNING AND RESPONSE			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 149
	GRI 103-2	The management approach and its components	56-57, 118-119
	GRI 103-3	Evaluation of the management approach	25, 149
ACCESS			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundary	25, 147
	GRI 103-2	The management approach and its components	50-51
	GRI 103-3	Evaluation of the management approach	25, 147
GRI G4: Sector Specific	EU 28	Power outage frequency	50-51
	EU 29	Average power outage duration	50-51

SASB Content Index

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER/ REMARKS
Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions, (2) percentage covered under emissions-limiting regulations, and (3) emissions-reporting regulations	Quantitative	tCO_2e, Percentage (%)	IF-EU-110a.1	67
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	tCO_2e	IF-EU-110a.2	75
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	IF-EU-110a.3	37–38, 60, 66-68
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Quantitative	Number, Percentage (%)	IF-EU-110a.4	There were no customers served in markets subject to RPS.
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Quantitative	Metric tons (t), Percentage (%)	IF-EU-120a.1	Not reported
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)	IF-EU-140a.1	78
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	IF-EU-140a.2	78
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	IF-EU-140a.3	78
Coal Ash Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	IF-EU-150a.1	Not reported
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Quantitative	Number	IF-EU-150a.2	Not reported
Energy Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Quantitative	Rate	IF-EU-240a.1	45
	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Quantitative	Reporting currency	IF-EU-240a.2	45
	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Quantitative	Number, Percentage (%)	IF-EU-240a.3	45
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Discussion and Analysis	N/A	IF-EU-240a.4	45
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	Rate	IF-EU-320a.1	Not reported
End-Use Efficiency & Demand	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Quantitative	Percentage (%)	IF-EU-420a.1	0%
	Percentage of electric load served by smart grid technology	Quantitative	Percentage (%), by megawatt hours (MWh)	IF-EU-420a.2	0%
	Customer electricity savings from efficiency measures, by market	Quantitative	Megawatt hours (MWh)	IF-EU-420a.3	Not reported

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER/ REMARKS
Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Number	IF-EU-540a.1	N/A
	Description of efforts to manage nuclear safety and emergency preparedness	Discussion and Analysis	N/A	IF-EU-540a.2	N/A
Grid Resiliency	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Quantitative	Number	IF-EU-550a.1	Not reported
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	Minutes, Number	IF-EU-550a.2	50

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER/ REMARKS
Number of: (1) residential, (2) commercial, and (3) industrial customers served	Quantitative	Number	IF-EU-000.A	47
Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	Quantitative	Gigawatt hours (GWh)	IF-EU-000.B	47
Length of transmission and distribution lines	Quantitative	Kilometers (km)	IF-EU-000.C	152
Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	kilowatt hours (kWh), Percentage (%)	IF-EU-000.D	60, 158
Total wholesale electricity purchased	Quantitative	Gigawatt hours (MWh)	IF-EU-000.E	47, 152

DNV

Independent Assurance Statement

Introduction

Manila Electric Company (Meralco, SEC Identification Number: PW-102 or the Group) commissioned DNV GL AS Philippines Branch (DNV), part of the DNV Group to undertake an independent assurance of the sustainability or non-financial disclosures in Meralco's 2020 Sustainability Report (the Report) and references made to the 2020 Meralco Annual Report[2], for the year ending 31st December 2020. The Report has been prepared by Meralco based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 (GRI Standards) and its Core option of reporting. The intended users of this Assurance Statement are the management of the Group. Our assurance engagement was planned and carried out in March 2021 – May 2021.

We performed a Type 2 Moderate Level of assurance using AccountAbility's AA1000 Assurance Standard v3 (August 2020, AA1000AS v3) and DNV's assurance methodology VeriSustain™[1], which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI's Principles for Defining Report Content and Quality.

Scope and Boundary of Assurance

The scope of assurance included a review of consolidated economic, environmental and social disclosures and performance data (sustainability performance) related to Meralco and its subsidiaries (referred to as One Meralco).

The boundary of the Report for the identified material topics and topic-specific disclosures is as set out in the section "About the Report" and covers the sustainability performance of One Meralco and initiatives of the One Meralco Foundation. We evaluated the Report for adherence to the reporting principles for defining the sustainability report content as set forth in the GRI Standards along with AA1000AS v3. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Responsibilities of the Management of Meralco and of the Assurance Provider

The Board of Meralco has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data and referenced information, fair presentation of the information, and ensuring that data is free from material misstatement as well as maintaining the integrity of their website under digital domain. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

In performing our assurance work, DNV's responsibility is solely towards the Management of Meralco in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to enlighten Meralco's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a Type 2, Moderate level of assurance based on AA1000AS v3 i.e. DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion, as part of our assurance engagement. In doing so, we evaluated the qualitative and quantitative disclosures presented in the Report using GRI's Principles for Defining Report Content and Quality together with Meralco's protocols for how the sustainability performance is measured, recorded and reported. We adopted a risk-based approach; we concentrated our verification efforts on the issues of high material relevance to Meralco's and its key stakeholders.

[1]The VeriSustain protocol is available on request from www.dnv.com
* Assurance Engagements other than Audits or Reviews of Historical Financial Information.
[2]Posted on https://company.meralco.com.ph/investor-relations/annual-reports

A multi-disciplinary team of sustainability and assurance specialists reviewed non-financial disclosures related to the Meralco's Corporate Office in Pasig City and selected subsidiaries (Meralco DU, Meralco Energy, Inc. (MServ) and MSpectrum, Inc. (Spectrum)) in the Philippines during March 2021 based on DNV's sampling plan, to test the accuracy and reliability of qualitative and quantitative disclosures including the reported data and the robustness of the data aggregation process, information flow and controls, including related management approach for identified material topics. Due to the outbreak of the COVID-19 pandemic and associated travel restrictions, we carried out remote assessments in line with DNV's remote audit methodology, as one-to-one discussions and onsite location assessments were not feasible. We undertook the following activities:

- Conducted interviews with data owners from Meralco and its subsidiaries to understand the key processes and controls for reporting business units' performance data;
- Reviewed the approach towards materiality determination and stakeholder engagement through interviews with selected members of Meralco's senior management team and representatives responsible for management of Meralco's material topics. We were free to choose interviewees and interviewed those with overall responsibility for management of these topics and the findings were discussed and resolved with the Corporate Sustainability Team;
- Performed a limited testing of data reliability, and through interactions with data owners at Meralco's Corporate Office and two (2) subsidiary companies – MServ and Spectrum – reviewed the processes and systems for preparing site level sustainability data and the implementation of Meralco's sustainability strategy. We were free to choose the sites we sampled for our remote assessments;
- Reviewed and challenged key sustainability-related disclosures, claims and data disclosed in the Report for the reporting year based on the reporting protocols and frameworks adopted by Meralco. Our verification processes were prioritized based on our risk-based approach, i.e. relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

On the basis of the assurance work undertaken, nothing has come to our attention that causes us to believe that that Meralco's 2020 Sustainability Report and referenced information does not properly provide a fair representation of the Group's sustainability performance, management approach and chosen topic specific disclosures from the GRI Standards related to its identified material topics and corresponding to the GRI Standards: Core option of reporting. Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

AA1000 Accountability Principles Standard (2018)
Inclusivity
People should have a say in the decisions that impact them.
The Report brings out how engagement with One Meralco's key stakeholders (employees, customers, communities, investors and shareholders, government and regulators, and suppliers and contractors) occurs through various formal and informal mechanisms. Further, the Report also brings out the significant needs, expectations and concerns of stakeholders along with how the Group has responded during the reporting period through various initiatives, management approaches and policies related to identified material topics.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Inclusivity.

Materiality
Decision makers should identify and be clear about the sustainability topics that matter.
The Report brings out how Meralco identified, reviewed and validated its material topics through consultation with key representatives in its various business units and interviews with stakeholder groups to gather concerns of internal and external stakeholders while also considering global reporting standards, sustainability context and challenges.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness
Organisations should act transparently on material sustainability topics and their related impacts.
The Report presents descriptions of the Group's management approach, sustainability policies, governance mechanisms, and performance indicators related to identified material topics through chosen GRI topic-specific standards and relevant Sustainability Accounting Standards Board (SASB) Standard's Accounting Metrics related to its Electric Utilities and Power Generators industry sector.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Impact
Organisations should monitor, measure, and be accountable for how their actions affect their broader ecosystems
The Report brings out descriptions of the management processes that have been established as well as the performance indicators that have been set by the Group and its subsidiaries to monitor, measure and evaluate the impacts through its operations and its value chain.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

Specific Evaluation of the Information on Sustainability Performance
We consider the methodology and process for gathering information developed by Meralco for its non-financial/ sustainability performance reporting to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the reported sustainability activities and goals achieved for the reporting period.

Reliability
The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of the disclosures related to One Meralco's sustainability performance verified through remote verification of the Corporate Office and sampled subsidiaries, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any systemic errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated through a report, and the responses from Meralco related to the revised data and information were reviewed.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Additional principles as per DNV VeriSustain
Completeness
How much of all the information that has been identified as material to the organization and its stakeholders is reported.

The Report discloses One Meralco's sustainability or non-financial performance covering identified material topics in the four important areas of corporate governance, impact management, sustainable development and future-ready strategies through appropriate GRI topic-specific Standards and disclosures of management approach, monitoring systems and metrics related to the reporting period and relevant to the identified boundary of the Group's operations in the Philippines.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality
The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the various disclosures related to the sustainability performance, challenges and concerns of stakeholders relevant to the reporting period and considering the sustainability context, in a neutral and balanced tone, while applying adequate consideration to not unduly influence stakeholders' assessments made based on the reported disclosures.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by Meralco to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of Meralco's suppliers, contractors, and any third parties mentioned in the Report. The Group's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and information are based on Meralco's Annual Report[2] and financial statements which are subject to a separate independent audit process. The review of financial data taken from the audited financial statements is not within the scope of our work.

The procedures performed in a Type 2 Moderate level of assurance engagement as per AA1000AS v3 vary in nature and timing and are shorter in extent than for a High level of assurance engagement. Consequently, the level of assurance obtained in a Moderate assurance engagement is substantially lower than the assurance that would have been obtained if a High assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct[3] during the assurance engagement and maintain independence where required by relevant ethical requirements including the AA1000AS v3 Code of Practice. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV did not provide any services to Meralco and its subsidiaries in 2020 that could compromise the independence or impartiality of our work.

For and on behalf of DNV GL AS Philippines Branch

Kiran Radhakrishnan
Lead Assessor
DNV GL Business Assurance
India Private Limited.

Heng Chwin Mak
Regional Manager APAC IME,
DNV GL – Business Assurance
DNV GL Technology Centre.
Singapore 118227

Vadakepatth Nandkumar
Assurance Reviewer
DNV GL Business Assurance India
Private Limited.

17 May 2021, Manila, Philippines

AA1000
Licensed Report
000-10/V3-T0Q7R

DNV GL AS Philippines Branch is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

[2]Posted on https://company.meralco.com.ph/investor-relations/annual-reports
[3]The DNV Code of Conduct is available on request from www.dnv.com

CORPORATE OFFICE

Lopez Building, Meralco Center
Ortigas Avenue, Barangay Ugong
Pasig City 1605, Philippines
Telephone: +632 1622 3552

The 2020 Meralco and One Meralco Foundation Annual Reports and the 2020 Meralco Sustainability Report can be viewed and downloaded on the Meralco website, www.meralco.com.ph.

2020 Reports

Meralco Annual Report
Meralco Sustainability Report
One Meralco Foundation Annual Report