



MERALCO 2013 ASEAN Corporate Governance Scorecard – Self Assessment

PART B: EQUITABLE TREATMENT OF SHAREHOLDERS

Question	Source	Reference
B.1 Shares and Voting Rights		
B.1.1 Do the company's ordinary or common shares have one vote for one share?	Notice of 2014 AGM and Definitive Information Statement 2013 Annual Report (page 45)	YES. Each shareholder holding a common share is entitled to one share, one vote as seen on page 17 of the Company's Definitive Information Statement . This principle is also explained by the Corporate Secretary during Annual General Meeting of Shareholders (AGM), as presented on page 45 of the 2013 Annual Report . (http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf).
B.1.2 Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	Amended By-Laws Notice of 2014 AGM and Definitive Information Statement 2013 Annual Report (page 45)	YES. The Company publicizes the voting rights attached to its shares through Section 3 on Voting of its Amended By-Laws , the Company's Definitive Information Statement and 2013 Annual Report .
B.2 Notice of AGM		
B.2.1 Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	Notice of 2014 AGM and Definitive Information Statement	YES. Each resolution in the most recent AGM deals with only one item, as stated on pages 2-3 of the Notice of 2014 AGM .
B.2.2 Is the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	Notice of 2014 AGM and Definitive Information Statement	YES. The Company's notice of the 2014 AGM uses the English language only.
Does the notice of AGM/circulars have the following details:		



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B.2.3 Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	Notice of 2014 AGM and Definitive Information Statement	YES. The Company's notice of the 2014 AGM includes the profiles of directors (age, academic qualification, date of first appointment, experience, and directorships in other listed companies) who are seeking election/re-election.
B.2.4 Are the auditors seeking appointment/re-appointment clearly identified?	Notice of 2014 AGM and Definitive Information Statement	YES. The Company's notice of the 2014 AGM clearly identifies auditors seeking appointment/re-appointment. The external auditors or independent public accountants of the Company is the accounting firm, SyCip Gorres Velayo & Co. (SGV). The audit of the consolidated financial statements of MERALCO and subsidiaries was led and certified by the engagement partner, Mr. Martin C. Guantes, who is on his first year of assignment in the Company. Mr. Guantes issued a statement confirming the independence of SGV with respect to the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines adopted by the Philippine Board of Accountancy.
B.2.5 Has an explanation of the dividend policy been provided?	Notice of 2014 AGM and Definitive Information Statement 2013 Annual Report (page 45)	YES. The Company's notice of the 2014 AGM and 2013 Annual Report provide an explanation of the dividend policy. The Company strictly implements its dividend policy, approved by the Board of Directors, in 2010, which prescribes the regular payment of dividends equivalent to fifty percent (50%) of consolidated core net income.
B.2.6 Is the amount payable for final dividends disclosed?	Notice of 2014 AGM and Definitive Information Statement 2013 Annual Report (page 45)	YES. The Company's notice of the 2014 AGM and 2013 Annual Report discloses the amount payable for final dividends. In 2013, the Company declared dividends amounting to PhP 10.55 per common share. Initial dividends amounting to PhP 4.10 per share was paid on September 20, 2013 and the final dividends amounting to PhP 6.45 per share was paid on May 8, 2014.



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B.2.7 Were the proxy documents made easily available?	Notice of 2014 AGM and Definitive Information Statement Company Website/AGM/Proxy Forms	<p>YES. The proxy documents were made easily available and attached to the Company's notice of the 2014 AGM.</p> <p>The website also contains proxy forms for viewing and download through links below:</p> <p> Proxy Form (Individual) Proxy Form (Corporate) Proxy Form (PCD Participant) Consent Form (Beneficial Owner) </p>
B.3 Insider trading and abusive self-dealing should be prohibited.		
B.3.1 Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	2013 Annual Report (page 46) Company Website/Policies and Implementing Rules (Item 5)	<p>YES. The Company's 2013 Annual Report and Website discloses the Policy on Blackout Period, which prohibits directors, officers and employees, to benefit from knowledge which is not generally available to the market.</p> <p>The Policy on Blackout Period restricts the trading of shares by Company executives, officers and employees with direct access to unpublished information relating to the Company's financial and operating results through observance of a blackout period (15 calendar days before and 2 trading days after the release or announcement of the Company's quarterly and annual financial and operating results), when trading in Company shares is strictly prohibited.</p> <p>In 2013, there has been no case of insider trading involving directors or officers of the Company.</p>
B.3.2 Are the directors / commissioners required to report their dealings in company shares within 3 business days?	2013 ACGR B.1.b, page 54 2013 Annual Report (page 46)	<p>YES. The Company's 2013 ACGR (page 54), 2013 Annual Report (page 46) and Website state that the Company's policies on Blackout Period and Conflict of Interest require all its directors and officers to disclose to the SEC, PSE and Philippine Dealing & Exchange Corporation (PDEX) the details of any dealings, acquisition, disposal, or change in their beneficial ownership of the Company shares, within two business days after the transaction.</p>



Question	Source	Reference
	Company Website/Policies and Implementing Rules (Items 3 and 5)	
B.4 Related party transactions by directors and key executives.		
B.4.1 Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	2013 Annual Report (page 46) Company Website/Policies and Implementing Rules (Item 3)	YES. The Company's 2013 Annual Report and Website state that the Company's Conflict of Interest Policy requires all its directors and officers to disclose promptly any personal interest in transactions involving the Company or other conflicts of interest situations.
B.4.2 Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	2013 ACGR B.4.a, pages 66-70 2013 Annual Report (page 47) Company Website/Policies and Implementing Rules (Item 10)	YES. The Company's 2013 ACGR (pages 66-70) , 2013 Annual Report (page 47) and Website state that the Related Party Transactions Policy requires its Audit and Risk Management Committee, where there are two independent directors, to review material/significant RPTs to determine whether they are in the best interests of the Company and the shareholders.
B.4.3 Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	2013 Annual Report (page 46) Company Website/Policies and Implementing Rules (Item 3)	YES. The Company's 2013 Annual Report and Website state that the Company's Conflict of Interest Policy requires all its directors and officers to abstain and/or inhibit themselves from participating in discussions on a particular agenda when they are conflicted.
B.4.4 Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted	2013 Annual Report (page 47)	YES. The Company's 2013 Annual Report and Website state in the Related Party Transactions Policy that the Company does not grant loans or any special financial assistance to its directors.



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at arm's length basis and at market rates?	Company Website/Policies and Implementing Rules(Item 10)	
B.5 Protecting minority shareholders from abusive actions		
B.5.1 Were there any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies?	2013 Annual Report (page 47) Company Website/Policies and Implementing Rules(Item 10)	YES. The Company's 2013 Annual Report and Website state that in 2013, no RPTs may be classified as financial assistance to any entity other than the Company's wholly-owned subsidiary companies.
B.5.2 Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	2013 ACGR B.4.a, pages 66-70 2013 ACGR I.4,pages 147-149 2013 Annual Report (page 47) 2013 Annual Report/Note 24. RPTs page 122 Company Website/Policies and Implementing Rules(Item 10)	YES. The Company's 2013 ACGR (pages 66-70) , 2013 Annual Report and Website disclose that RPTs are fair and conducted at arms' length terms. The Company's 2013 ACGR (pages 147-149) and 2013 Annual Report contain a listing of all RPTs in 2013.