



THE PHILIPPINE STOCK EXCHANGE, INC.

"Corporate Governance Guidelines for Listed Companies"

Disclosure Template for the Year 2014 - (MERALCO)



COMPANY NAME: MERALCO 

Guideline No. 1:		
DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	✓	Meralco Website Section: "Corporate Mission, Vision, Values and Principles" http://www.meralco.com.ph/company/page-about-corporateinfo-misvis.html
1.2 Have a well-developed business strategy.	✓	Meralco Chairman, Mr. Manuel V. Pangilinan spearheads Meralco's vision of transforming the Company into an extensive distribution network and customer engagement infrastructure to become more connected and interactive in servicing the growing needs of its customers. NEW Website Link http://www.meralco.com.ph/SECFilings/02022015_Reply_to_news_articles.pdf OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2015.02/02022015_Reply_to_news_articles.pdf

COMPANY NAME: MERALCO

1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	✓	<p>Meralco Chairman, Mr. MVP clarifies the strategy that is attuned to the business environment of Meralco and management style and culture.</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/02022015_Reply_to_news_articles.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2015.02/02022015_Reply_to_news_articles.pdf</p>
1.4 Have its board continually engaged in discussions of strategic business issues.	✓	<p>Included in the specific duties and responsibilities of the Board as prescribed in the <i>Company's Revised CG Manual</i> is to oversee the formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance.</p> <p>Meralco Website Section of Corporate Governance: "Policies and Implementing Rules</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised_Corporate_Governance_2014.pdf</p> <p>OLD Website Link</p>

COMPANY NAME: MERALCO 

		http://www.mentalco.com.ph/pdf/aboutmentalco/Revised Corporate Governance 2014.pdf
Guideline No. 2:		
ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1. Have a board composed of directors of proven competence and integrity.	✓	<p>Meralco Website Section of Corporate Governance: “Key Players - Board of Directors’ Profiles”</p> <p>http://www.mentalco.com.ph/company/page-about-corpogovernance-keyplayers.html#boarddirectors</p> <p>(Click on photo or name of director to view profile.)</p>
2.2. Be led by a chairman who shall ensure that the board functions in an effective and collegial manner.	✓	<p>Meralco Website Section of Corporate Governance: “Key Players - Board of Directors’ Profiles” - Profile of Meralco Chairman, Manuel V. Pangilinan.</p> <p>http://www.mentalco.com.ph/company/page-about-corpogovernance-keyplayers.html#boarddirectors</p>

COMPANY NAME: MERALCO 

		<p>Meralco Website Section of PSE and SEC Disclosures: “May 27, 2014 Disclosure</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/05282014_ANNUAL_STOCKHOLDERS_MEETING.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.05/05282014_ANNUAL_STOCKHOLDERS_MEETING.pdf</p>
2.3 Have at least three (3) or thirty percent (30%) of its directors, whichever is higher, as independent directors.	✓	<p>MERALCO currently has an 11-seat Board with two (2) Independent Directors. The number of independent directors is in accordance with the requirements of the Securities Regulation Code.</p> <p>Source Document:</p> <p>Meralco Revised Manual of Corporate Governance</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised_Corporate_Governance_2014.pdf</p> <p>OLD Website Link</p>

COMPANY NAME: MERALCO 

		<p>http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf</p> <p>Part I. Board Governance, Section 1.0 Composition of the Board:</p> <p>Section 1.0 Composition of the Board</p> <p>1.1 The Board consists of eleven (11) directors who shall be elected by the stockholders at a regular or special meeting in accordance with the Amended By-Laws of the Company.</p> <p>1.2 The Board shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).</p>
2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	✓	<p>ISO Surveillance Audit Schedule Document Meralco's critical processes are supported by policies, guidelines and procedures for proper guidance of its officers and employees in complying with these. These are certified ISO compliant or other similar certification.</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/ISO Certified offices.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/ISO Certified offices.pdf</p>

COMPANY NAME: MERALCO 

2.5 Have Audit, Risk, Governance and Nomination and Election Committees.	✓	<p>Meralco Website Section of Corporate Governance: “Key Players - Board Committees” Audit and Risk Management Committee (AuditCom) Charter</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/AuditCom_24Sept2012.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom_24Sept2012.pdf</p> <p>Nomination and Governance Committee (Nom&Gov) Charter</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Nomination_and_Governance_Committee_Charter_082311.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Nomination%20and%20Governance%20Committee%20Charter%20082311.pdf</p>
--	---	--

COMPANY NAME: MERALCO 

		<p>Meralco Website Section of PSE and SEC Disclosures: “May 27, 2014 Disclosure, (pages 4 and 5)”</p> <p>AuditCom and Nom&Gov committees composition:</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/05282014_ANNUAL_STOCKHOLDERS_MEETING.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.05/05282014_ANNUAL_STOCKHOLDERS_MEETING.pdf</p>
2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.	✓	<p>Meralco Website Section of Corporate Governance: “Key Players - Board of Directors’ Profiles” Meralco Board Chairman, Mr. Manuel V. Pangilinan, is not related to the President/CEO, Mr. Oscar S. Reyes.</p> <p>http://www.meralco.com.ph/company/page-about-corp-governance-keyplayers.html#boarddirectors</p>
2.7 Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	✓	<p>Company By-laws - Article II. Board of Directors –Sections 1 & 2 (pages 3 and 4)</p> <p>Meralco Website Section of Corporate Governance: “Policies and Implementing Rules ”</p> <p>Nomination and Election process for Directors:</p> <p>NEW Website Link</p>

COMPANY NAME: MERALCO 

		<p>http://www.meralco.com.ph/CorporateGovernance/Amended By Laws 2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/Amended By Laws 2013.pdf</p> <p>Meralco Website Section on Stockholders' Meeting, Stock Price & Dividend Payouts Voting Procedure explained before start of AGM – 2014 AGM Minutes (page 3)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/2014 AGM Minutes.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014 AGM Minutes.pdf</p>
2.8 Have in place a formal board and director development program.	✓	<p>Meralco Website Section on Corporate Governance: "Meetings and Seminars" Policy on Director's Orientation and Continuing Education</p> <p>http://www.meralco.com.ph/company/page-about-corp-governance-board.html</p>

COMPANY NAME: MERALCO 

2.9 Have a corporate secretary.	✓	<p>Appointment of Corporate Secretary, Atty. Simeon Ken R. Ferrer Meralco Website Section of PSE and SEC Disclosures: "May 27, 2014 Disclosure, page 3"</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/05282014_ANNUAL_STOCKHOLDERS_MEETING.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.05/05282014_ANNUAL_STOCKHOLDERS_MEETING.pdf</p> <p>Qualifications , Duties and Responsibilities of Corporate Secretary Meralco Website Section of Corporate Governance: "Policies and Implementing Rules, page 15"</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised_Corporate_Governance_2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2014.pdf</p>
---------------------------------	---	--

COMPANY NAME: MERALCO 

2.10 Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	✓	None to Meralco's knowledge.
Guideline No. 3:		
MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1 Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	✓	<p>Internal Audit approved Charter by the Board, p. 1</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/Organization_Charter(Internal_Audit).pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEScorecard/Organization_Charter(Internal_Audit).pdf</p> <p>Internal Audit Functions Manual of Corporate Governance, Section 15. Internal Auditor (page 17)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised_Corporate_Governance_2014.pdf</p> <p>OLD Website Link</p>

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf
3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.	✓	<p>INTERNAL AUDIT Head, Helen T. de Guzman Meralco Website Section of Corporate Governance: “Key Players – Internal Auditor” http://www.meralco.com.ph/company/page-about-corp-governance-keyplayers.html#internalauditor</p> <p>Concerned Executives of the Company are required to monitor and supervise the compliance of their respective assigned areas and attest their signature certifying their organizations full compliance. This serves as basis of the Certification of Commitment to Corporate Governance disclosed to SEC annually. Beginning 2012, a formal checklist has been instituted and such is reviewed annually.</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/CG Compliance Checklist.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/CG Compliance Checklist.pdf</p>

COMPANY NAME: MERALCO

3.3 Institutionalize quality service programs for the internal audit function.	✓	<p>Meralco Internal Audit complies with the International Standards for the Professional Practice of Internal Auditing (ISPPIA), which requires under Quality Assurance and Improvement Program (Standard 1300) the following:</p> <p>i. Internal Assessments – includes on-going monitoring & periodic reviews of performance.</p> <p>Meralco Guidelines and Procedures on Client Feedback Process of Internal Audits</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/Internal_Audit_Client_Feedback_Process.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEScorecard/Internal_Audit_Client_Feedback_Process.pdf</p> <p>ii. External Assessment –conducted at least once every 5 years by a qualified, independent reviewer from outside the organization.</p>
3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	✓	<p>E-Report Mo (Whistleblowing) ProgramMeralco website Section on Corporate Governance –“Policies and Implementing Rules (6b)”</p> <p>http://www.meralco.com.ph/company/page-about-corp-governance-policies.html</p>

COMPANY NAME: MERALCO 

		On-line reporting thru E-report Mo in the Company Website http://www.meralco.com.ph/company/cg_services/ereport_for_ms.html
3.5 Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	✓	<p>Certification of Internal Audit Head Annual confirmation statement on internal control submitted to MPIC.</p> <p>Sample may be found at:</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/Certification_of Internal Audit Head.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/Certification of Internal Audit Head.pdf</p>
Guideline No. 4:		
RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1 Have its board oversee the company's risk management function.	✓	<p>Manual of Corporate Governance Section 4.2 Specific Duties of the Board (4.27 – page 6) Risk Management Function of the Board</p> <p>NEW Website Link</p>

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/AboutMeralco/Revised Corporate Governance 2014.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf
		Meralco Website Section on Corporate Governance: "Risk Management and Internal Control" http://www.meralco.com.ph/company/page-about-corp-governance-riskmanagement.html
4.2 Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	✓	Risk Management Policy Meralco Website Section on Corporate Governance – "Risk Management and Internal Control" http://www.meralco.com.ph/company/page-about-corp-governance-riskmanagement.html
4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	✓	Risk Management Policy Meralco Website Section on Corporate Governance – "Risk Management and Internal Control" http://www.meralco.com.ph/company/page-about-corp-governance-riskmanagement.html Meralco Website Section on Corporate Governance – "Risk Management and Internal Control, (page C1 of 7)." NEW Website Link http://www.meralco.com.ph/AboutMeralco/Enterprise Risk Management Policy.pdf

COMPANY NAME: MERALCO 

		OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise_Risk_Management_Policy.pdf
4.4 Have a unit at the management level, headed by a Risk Management Officer (RMO).	✓	Risk Management Policy - Roles and Responsibilities of EWRM Office EWRM Policy (page B-6 of 7) NEW Website Link http://www.meralco.com.ph/AboutMeralco/Enterprise_Risk_Management_Policy.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise_Risk_Management_Policy.pdf
4.5 Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	✓	Meralco Website Section on Corporate Governance: "Risk Management and Internal Control" http://www.meralco.com.ph/company/page-about-corp-governance-riskmanagement.html Risk Management Policy NEW Website Link http://www.meralco.com.ph/AboutMeralco/Enterprise_Risk_Management_Policy.pdf OLD Website Link

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise_Risk_Management_Policy.pdf
4.6 Seek external technical support in risk management when such competence is not available internally.	✓	<p>The Company is committed to provide the best practices standards to the risk owners to guide them in the design, implementation and improvement of critical processes and risk measures. (EWRM Policy page C-7 of 7). Risk Management Policy</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Enterprise_Risk_Management_Policy.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Enterprise_Risk_Management_Policy.pdf</p> <p>An example of this commitment to best practice is the engagement of SGV ERM experts in 2011 to evaluate the Company's ERM Framework, in terms of governance, strategy, reporting & communication, tools & technology and culture & capability.</p>
Guideline No. 5:		
ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION		

17 | Page *Note: The Meralco website is being revamped. In the event that the new website links do not load, please refer to and click on the old website links. Thank you.*

COMPANY NAME: MERALCO

<p>5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.</p>		<p>Approval of all non-audit services of the external auditor is prescribed under the Charter of the Audit & RM Committee (item 2.8 page 3) Meralco Website Section of Corporate Governance: “Key Players - Board Committees”</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/AuditCom_24Sept2012.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom_24Sept2012.pdf</p> <p>For the last 2 years (2012-13), the external auditor did not render any non-audit services to Meralco.</p>
<p>5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>		<p>Meralco Website Section of Corporate Governance: “Key Players - Board Committees, (items 2.6 to 2.10 page 3)” Audit & RM Committee duties and responsibilities</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/AuditCom_24Sept2012.pdf</p> <p>OLD Website Link</p>

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom_24Sept2012.pdf
5.3 Ensure that the external auditor has adequate quality control procedures.	✓	<p>Considered during the evaluation of the external auditor. In 2014, SGV was evaluated and upon finding that quality control procedures are found adequate, the external auditor (SGV) was re-appointed upon endorsement by the Audit & Risk Management Committee</p> <p>Notice of AGM and Definitive Information Statement Page 93</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/04212014 Notice of AGM and DIS.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.04/04212014 Notice of AGM and DIS.pdf</p>

COMPANY NAME: MERALCO 

5.4 Disclose relevant information on the external auditors.	✓	<p>Relevant information concerning external auditor, SGV is indicated on the Notice of 2014 AGM/Definitive Information Statement released on April 16, 2014</p> <p>Notice of AGM and Definitive Information Statement Page 93</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/04212014_Notice_of_AGM_and_DIS.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.04/04212014_Notice_of_AGM_and_DIS.pdf</p>
5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	✓	<p>Audit & RM Committee duties and responsibilities in their charter (items 2.6 to 2.10, page 3)</p> <p>Meralco Website Section of Corporate Governance: “Key Players - Board Committees”</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/AuditCom_24Sept2012.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/AuditCom_24Sept2012.pdf</p>

COMPANY NAME: MERALCO

5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.		<p>In 2014, the Company's non-executive directors met 14 times without the presence of the executive director, Mr. Oscar S. Reyes. Among the items discussed in these meetings were the operations and financial reports presented by Management, corporate governance policies and reports of compliance to such, reports of the external auditor s and performance assessment of the President/CEO. Annual Corporate Governance Report (ACGR), pages 90-91</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/ACGR_2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2014.pdf</p>
5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.		<p>2013 Annual Report Please refer to "Statement of Management's Responsibility" in the 2013 Annual Report, page 73).</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.p df</p>

21 | Page *Note: The Meralco website is being revamped. In the event that the new website links do not load, please refer to and click on the old website links. Thank you.*

COMPANY NAME: MERALCO 

5.8 Have a policy of rotating the lead audit partner every five years.	✓	<p>Considered during the evaluation of the external auditor. In 2014, SGV was evaluated and upon finding that quality control procedures are found adequate, the external auditor (SGV) was re-appointed upon endorsement by the Audit & Risk Management Committee. The lead audit partner since 2013 is Mr. Martin C. Guantes. He replaced Mr. Gemilo San Pedro after the latter has been lead audit partner for 5 years. Notice of AGM, DIS-20 (Page 93)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/04212014_Note_of_AGM_and_DIS.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.04/04212014_Note_of_AGM_and_DIS.pdf</p>
<p>Guideline No. 6:</p> <p>RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP</p>		

COMPANY NAME: MERALCO 

<p>6.1 Adopt the principle of “one share, one vote.”</p>		<p>Amended By Laws Meralco adopts the principle of “one share, one vote” as specified in its By-laws Section 3 (page 1)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/Amended By Laws 2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/Amended By Laws 2013.pdf</p> <hr/> <p>Meralco Website Section on Stockholders’ Meeting, Stock Price & Dividend Payouts Voting Procedure explained before start of AGM – 2014 AGM Minutes (page 3)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/2014 AGM Minutes.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014 AGM Minutes.pdf</p>
--	---	--

COMPANY NAME: MERALCO 

6.2 Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	✓	<p>Amended By Laws Amended By-laws -> Article 1 Meetings of Stockholders (pages 1 to 3)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/Amended By Laws 2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/Amended By Laws 2013.pdf</p>
6.3 Have an effective, secure and efficient voting system.	✓	<p>Manual of Corporate Governance Revised Manual of Corporate Governance --> Section V. Investors' Rights and Protection (pages 18 to 20)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised Corporate Governance 2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf</p>

COMPANY NAME: MERALCO 

		The conduct of the registration, proxy handling, balloting and canvassing of shareholders votes during the AGM were facilitated by the use of an automated system, Stockholders' Meeting System (SMS). All resolutions at the AGM are voted through ballots casted by the shareholders which were counted using SMS for accuracy and greater transparency.
		<p>The poll voting results, in addition to the proxy voting results, were immediately used and reported to the shareholders during the AGM. All votes received were be tabulated by the Office of the Corporate Secretary and results thereof were validated by an independent third party: the auditing firm, Reyes and Tacandong, which was duly appointed to act as such for the 2014 Annual Stockholders' Meeting.(2014 AGM Minutes page 3)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/2014_AGM_Minutes.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf</p>

COMPANY NAME: MERALCO

<p>6.4 Have effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.</p>		<p>The conduct of the registration, proxy handling, balloting and canvassing of shareholders votes during the AGM were facilitated by the use of an automated system, Stockholders’ Meeting System (SMS). All resolutions at the AGM are voted through ballots casted by the shareholders which were counted using SMS for accuracy and greater transparency. The poll voting results, in addition to the proxy voting results, were immediately used and reported to the shareholders during the AGM. All votes received were be tabulated by the Office of the Corporate Secretary and results thereof were validated by an independent third party: the auditing firm, Reyes and Tacandong, which was duly appointed to act as such for the 2014 Annual Stockholders’ Meeting. (2014 AGM Minutes page 3)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/2014_AGM_Minutes.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf</p>
<p>6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.</p>		<p>On April 16, 2014, 41 days prior to the AGM, the Office of the Corporate Secretary sent the Notice of 2014 AGM to all stockholders of record as of March 14, 2014.</p> <p>NEW Website Link</p>

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/SECFilings/04212014 Notice of AGM and DIS.pdf OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2014.04/04212014 Notice of AGM and DIS.pdf
6.6 Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	✓	<p>On January 30, 2014, an invitation for Shareholders to also submit proposed agenda and nominate candidates is posed in the Company website prior to the AGM Meralco Website Banner</p> <p>http://www.meralco.com.ph/company-index.html#&panel1-3</p> 

COMPANY NAME: MERALCO 

		<p>Prior to the meeting, all shareholders were given the opportunity to submit their views on any issues that they deemed fit for inclusion in the agenda, as well as to propose qualified candidates for directors by March 10, 2014 or 68 days prior to the AGM through the Stockholders Relations office at 632-8765 or via email to stockholders.affairs@meralco.com.ph.</p> <p>No suggestions or views were however received from the shareholders this 2014. (2014 AGM Minutes - page 2) 2014 AGM Minutes</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/2014_AGM_Minutes.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf</p>
6.7 Ensure that all relevant questions during the AGM are answered.	✓	<p>2014 AGM Minutes</p> <p>Sample of AGM Minutes with questions and answers recorded - 2014 AGM Minutes --> QUESTIONS AND ANSWERS ON THE FLOOR (pages 11 and 12)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/2014_AGM_Minutes.pdf</p>

COMPANY NAME: MERALCO 

		<p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014AGM_Minutes.pdf</p>
6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	✓	<p>The Company is committed in respecting and protecting the rights of its shareholders, either minority or majority shareholders, as stated in its Manual of Corporate Governance - V. INVESTORS' RIGHTS AND PROTECTION (pages 18-20). Meralco Website Section of Corporate Governance: "Policies and Implementing Rules and Regulations – Revised Manual of Corporate Governance"</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised Corporate Governance 2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Revised Corporate Governance 2014.pdf</p> <p>Additional Measures For Minority Shareholders' Protection</p> <p>1. Related Party Transactions Policy – setting the rules in the review and approval of RPTs as follows:</p> <ul style="list-style-type: none"> o Significant and material RPTs are to be reviewed and approved by the AuditCom composed of nonexecutive

COMPANY NAME: MERALCO 

	<p>and independent Directors, the Board and/or the shareholders. (page 2)</p> <ul style="list-style-type: none"> o Disclosure of Board of Directors and Key Officers of their significant interests in the Company (p. 3) o Prohibition in the granting of loans to Directors (p. 3) <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/RPT.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/RPT.pdf</p>
	<p>2. Policy on Blackout Period/Restriction on Trading of Shares</p> <p>Policy - to protect against insider abuses of information at the expense of current and potential shareholders. (Item No. 5)</p> <p>http://www.meralco.com.ph/company/page-about-corp-governance-policies.html</p>

COMPANY NAME: MERALCO

<p>6.9 Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.</p>		<p>Entrenchment of management or the existing shareholder group is avoided by ensuring that stockholders of record are informed and notified of the annual stockholders' meeting, the necessary details thereof, and are allowed to exercise their right to vote, whether in person or by proxy. The Company adheres to the requirements of the SEC and PSE with respect to the provision of proper and timely notice of annual meeting/s and has an existing policy on proxy voting, to ensure the same.</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/04212014_Notice_of_AGM_and_DIS.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.04/04212014_Notice_of_AGM_and_DIS.pdf</p> <p>Proxy Voting Policy http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html</p>
<p>6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.</p>		<p>Information is released through PSE/SEC Disclosure and immediately posted in the Company website. Following are sample disclosures: Meralco Website Section on About Us – “Disclosures and Communications – PSE/SEC” Public Ownership Report as of December 31, 2014</p>

COMPANY NAME: MERALCO 

		<p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/01142015_PUBLIC_OW NERSHIP.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2015.01/01142015_PUBLIC_OWNERSHIP.pdf</p>
6.11 Have a communications strategy to promote effective communication with shareholders.	✓	<p>Our Company website (www.meralco.com.ph) is the most effective, efficient and fastest way of informing our shareholders on the information they need to know about the Company and their shares of stocks. We have dedicated the following section in our website for our shareholders:</p> <p>Investors Relations – financial and operational reports (annual and quarterly reports), dividend policy, dividend declarations and notices, stockholders meetings, updated stock price, shareholders information on their shares of stocks and contact information in case for additional questions of information needed by the shareholder.</p> <p>http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html</p>

COMPANY NAME: MERALCO 

		<p>Corporate Governance – everything about the corporate governance structure and practices of the Company, including CG policies and programs, board compositions and structure, etc.</p> <p>http://www.meralco.com.ph/company/page-about-corp-governance.html</p> <p>PSE/SEC Disclosures – latest significant information about the Company that shareholders must know.</p> <p>http://www.meralco.com.ph/company/page-about-disclosure-pse.html</p> <p>Above communication is on top of the usual AGM Notices, Definitive Information Statement, Annual Reports and other printed materials delivered to all the shareholders in a timely manner.</p>
6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.	✓	<p>As per PSE Memorandum Circular No. 2015-0074 (Recomposition of PSE Indices) on February 25, 2015, and consistent with the PSE's policy on index management and review criteria for trading activities from January to December 2014, Meralco is among the companies which compose the PSEi at an adjusted float level of 14%.</p> <p>http://www.pse.com.ph/stockMarket/circulars.html</p>
6.13 Have a transparent dividend policy.	✓	<p>Meralco Dividend Policy posted in the Company website Meralco Website Section on About Us – “Investors Relations - Stockholders Meeting, Stock Price & Dividend Payouts – Dividend Policy”</p> <p>(http://www.meralco.com.ph/company/page-about-investor-stockmeeting.html)</p>

COMPANY NAME: MERALCO 

Guideline No. 7:		
ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME		
7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	✓	<p>Meralco Website Section on Corporate Governance – “Policy and Implementing Rules- Revised “Standards of Business Conduct and Ethics” (Code of Ethics or COE)” The Company's Code of Ethics Section V. Communication and Disclosure (page 7) explicitly states the Company's commitments to accurate and timely disclosures to all the Company regulators as prescribed by existing laws and regulations.</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/MERALCO Revised Code of Ethics 10062010.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO Revised Code of Ethics 10062010.pdf</p>
7.2 Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	✓	None to Meralco's knowledge.

COMPANY NAME: MERALCO 

7.3 Disclose its director and executive compensation policy.		<p>Disclosure on Executive Compensation at the 2013 Annual Report posted in the Company Website · Executive Compensation --> 2013 Annual Report --> Disclosure on Executive Compensation at the 2012 Annual Report posted in the Company Website · Executive Compensation --> 2013 Annual Report --> III. Role of Stakeholders --> Employees and Executive Compensation (pages 26-27)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf</p> <p>Disclosure on Board Remuneration at the 2013 Annual Report posted in the Company Website · Board Remuneration --> 2013 Annual Report --> Corporate Governance Report --> IV. Board Responsibility --> Board Remuneration (pages 49-50)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf</p>
--	---	--

COMPANY NAME: MERALCO 

		<p>Disclosure on Board Remuneration at the 2014 ACGR posted in the Company Website Consolidated Changes in Annual Corporate Governance Report (ACGR) for the Year 2014 --> REMUNERATION MATTERS (pages 95 to 101)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/ACGR_2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2014.pdf</p>
7.4 Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	✓	<p>Quarterly report disclosed to PSE/SEC on Top 100 Stockholders of the Company which includes shareholders with 5% and more shareholdings</p> <p>Meralco Website Section on About Us – “Disclosures and Communications – PSE/SEC”</p> <p>As of December 31, 2014</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/01142015_PUBLIC_OW_NERSHIP.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2015.01/01142015_PUBLIC_OWNERSHIP.pdf</p>

36 | Page *Note: The Meralco website is being revamped. In the event that the new website links do not load, please refer to and click on the old website links. Thank you.*

COMPANY NAME: MERALCO 

	<p>As of Sept. 30, 2014</p> <p>NEW Website Link http://www.meralco.com.ph/SECFilings/10162014_PUBLIC_OW_NERSHIP_REPORT.pdf</p> <p>OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2014.10/10162014_PUBLIC_OWNERSHIP_REPORT.pdf</p>
	<p>As of June 30, 2014</p> <p>NEW Website Link http://www.meralco.com.ph/SECFilings/04162014_PUBLIC_OW_NERSHIP_REPORT.pdf</p> <p>OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2014.04/04162014_PUBLIC_OWNERSHIP_REPORT.pdf</p>
	<p>As of March 31, 2014</p> <p>NEW Website Link http://www.meralco.com.ph/SECFilings/07172014_PUBLIC_OW_NERSHIP_REPORT.pdf</p> <p>OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2014.07/07172014_PUBLIC_OWNERSHIP_REPORT.pdf</p>

COMPANY NAME: MERALCO

<p>7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the end of the financial year, while interim reports shall be published within forty-five (45) days from the end of the reporting period.</p>		<p>Meralco Website Section on About Us – “Disclosures and Communications – PSE/SEC Financial and Operating Results for the year ended December 31, 2014 – Feb. 23, 2015</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/02242015_FINANCIAL AND OPERATING RESULTS.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2015.02/02242015 FINANCIAL AND OPERATING RESULTS.pdf</p> <p>Report for the period ended 30 September 2014 - Date Disclosed: Nov. 14, 2014</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/11172014 3rd Quarter 2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.11/11172014 3rd Quarter 2014.pdf</p>
--	---	--

COMPANY NAME: MERALCO 

		<p>Quarterly Report (SEC Form 17-Q) for the period ended June 30, 2014 - Date Disclosed: Aug. 14, 2014</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/08182014_2nd_Qtrr_2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.08/08182014_2nd_Qtrr_2014.pdf</p>
		<p>Quarterly Report for the Period ended March 31, 2014 - Date Disclosed: May 15, 2014</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/05202014_MER_SEC_17-Q.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.05/05202014_MER_SEC_17-Q.pdf</p>
7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which	✓	Nothing to disclose. No changes made yet since the last update in April 2010

COMPANY NAME: MERALCO 

such practices conform to the SEC and PSE CG Guidelines.		
7.7 Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	✓	<p>The AGM Notice together with the Definitive Information Statement provided to all shareholders 41 days prior to the AGM includes all the information that the shareholders should know and issues that requires shareholders' approval. This AGM Notice is likewise immediately posted in the Company Website for immediate information and access of all shareholders.</p> <p>Meralco Website Section on About Us – “Disclosures and Communications – PSE/SEC”</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/04212014 Notice of AGM and DIS.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.04/04212014 Notice of AGM and DIS.pdf</p>
7.8 Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its	✓	<p>All trading of Meralco shares by Directors and Key Officers are disclosed to PSE/SEC and published in Meralco website within two trading days upon consummation of the transactions. Meralco Website Section on About Us – “Disclosures and Communications – PSE/SEC”</p> <p>Some of 2014 PSE/SEC Disclosures:</p>

COMPANY NAME: MERALCO 

shares from the market (e.g share buy-back program).		<p>Helen T. de Guzman</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/02112014_SEC_Form_23-B.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.02/02112014_SEC_Form_23-B.pdf</p>
7.9 Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the	✓	<p>Fortunato C. Leynes</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/SECFilings/01172014_SEC_FORM_23-B-FCLEYNES.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/disclosures/2014.01/01172014_SEC_FORM_23-B-FCLEYNES.pdf</p>
		<p>2013 Annual Report for the sample of how principal risks are disclosed. Meralco Website Section on About Us – “Investor Relations – 2013 Annual Report”</p> <p>NEW Website Link</p>

COMPANY NAME: MERALCO 

controlling shareholders' voting power and overall equity position in the company.		http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf Audit and Risk Management Committee Report (page 72) Risks Identified (pages 129 to 135) Shareholders with 5% and more holdings (page 44)
Guideline No. 8:		
RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS		
8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers and customers, creditors, as well the community, environment and other key stakeholder groups.	✓	The Company's Corporate Principles, published in the Company website clearly specify its commitments to protect the interests of its stakeholders. Meralco Website Section on About Us – "Corporate Information - Corporate Mission, Vision, Values and Principles" http://www.meralco.com.ph/company/page-about-corporateinfo-misvis.html

COMPANY NAME: MERALCO 

		<p>Clarification of these commitments are likewise included in its Corporate Governance report (2012 Annual Report, pages 47 to 48) Meralco Website Section on About Us – “Investor Relations – 2013 Annual Report”</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf</p>
8.2 Have in place a workplace development program.	✓	<p>Learning and development programs are offered to employees for their competency development and professional growth. The company’s learning and development organization implements a comprehensive curriculum for all employee levels that covers behavioral, leadership and technical competencies. An annual training plan is developed to ensure that the learning and development requirements of organizations are fulfilled and delivered efficiently. The corporate training plan is crafted based on strategic directions, expressed need of line organizations and consolidated Individual Development Plan (IDP). Reference: 2014 Corporate Training Plan.</p> <p>NEW Website Link</p>

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/CGScorecard/2014_Training_Plan.pdf OLD Website Link http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEScorecard/2014_Training_Plan.pdf
8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	✓	<p>Performance-based annual and long-term incentive plans were implemented to engage employees as One Meralco in seamless teamwork and collaboration towards achieving the Company's goals.</p> <p>Pay for Performance Philosophy Driven by MERALCO's total rewards philosophy, the Company's rewards programs provide opportunities for pay for performance, recognition and welfare coverage of our employees, that together with their jobs and the total work environment, will help attract, retain and motivate the best talent that MERALCO needs to accomplish its vision, mission and objectives.</p> <p>Long-Term Incentive Plan This is a three-year plan that is designed to engage and drive MERALCO's leadership cadre in delivering sustainable superior performance, and to share the success of the Company with selected Executive and Managerial employees who have consistently provided strategic value to MERALCO, in the achievement of its organizational and corporate business goals. Please refer to attached excerpts of the meeting of Remuneration and Leadership Development Committee of the Board last Nov. 2011 where these performance based reward</p>

44 | Page *Note: The Meralco website is being revamped. In the event that the new website links do not load, please refer to and click on the old website links. Thank you.*

COMPANY NAME: MERALCO 

		<p>mechanisms were discussed and approved and still sustained until this date. III. Role of Stakeholders --> Employees and Executive Compensation (pages 26-27)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.pdf</p>
8.4 Have in place a community involvement program.	✓	<p>Launched in July 2011, Meralco's corporate social responsibility office, One Meralco Foundation, serves Filipinos through innovative and sustainable CSR initiatives aligned with the Company's power distribution business.</p> <p>2013 One Meralco Foundation Annual Report.</p> <p>http://www.onemeralcofoundation.org/uploads/files/2013-One-Meralco-Foundation-Annual-Report.pdf</p>
8.5 Have in place an environment-related program.	✓	<p>The Environment, Safety and Health (ESH) Office is responsible for spearheading the formulation, implementation and management of environment, safety and health related tasks of the Company.</p> <p>Safety, Environment and Health 2013 Annual Report.</p> <p>NEW Website Link</p>

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/CGScorecard/2013 SEM Annual Report.pdf OLD Website Link http://www.meralco.com.ph/pdf/CGscorecard/2013 PSEScorecard/2013 SEM Annual Report.pdf
8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	✓	<p>Our policies that guide our directors, officers, employees and business partners like Suppliers, are clearly stated in the following CG policies and are also posted in the Company Website. We have a Code of Ethics that guides all of our Directors, officers and employees on how we will deal with our suppliers, customers, creditors, market participants, shareholders and the public at large. We are guided by the governance principles of fairness, accountability, integrity and transparency. These principles are embodied in all policies of our Company including our Supplier's Business conduct policy. Meralco Website Section on Corporate Governance – "Policies and Implementing Rules) Code of Ethics</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/MERALCO Revised Code of Ethics 10062010.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO Revised Code of Ethics 10062010.pdf</p>

46 | Page *Note: The Meralco website is being revamped. In the event that the new website links do not load, please refer to and click on the old website links. Thank you.*

COMPANY NAME: MERALCO 

		<p>Suppliers' Business Conduct</p> <p>NEW Website Link</p> <p>http://www.eralco.com.ph/CorporateGovernance/SBC_Policy.pdf</p> <p>OLD Website Link</p> <p>http://www.eralco.com.ph/pdf/corporategovernance/SBC_Policy.pdf</p>
Guideline No. 9:		
DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING		
9.1 Develop and disclose a policy governing the company's transactions with related parties.	✓	<p>Policies in handling related party transactions are specified in the following documents which are also posted in the Company website: Meralco Website Section on Corporate Governance – "Policies and Implementing Rules) Related Party Transaction Policy – General Principles 1 - 7 (pages 2 and 3)</p> <p>NEW Website Link</p> <p>http://www.eralco.com.ph/CorporateGovernance/RPT.pdf</p> <p>OLD Website Link</p> <p>http://www.eralco.com.ph/pdf/corporategovernance/RPT.pdf</p>

COMPANY NAME: MERALCO 

	<p>Conflict of Interest Policy requires all directors, officers and employees to annually disclose their direct and indirect shareholdings, relatives and affiliates, transactions and other relevant interests through the Full Business Interest Disclosure (FBID) Form for directors and officers, and the Annual Conflict of Interest Disclosure Form for employees.</p> <p>Full Business Interest Disclosure Form – Directors</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/FBID_Form_2013_for_Board_of_Directors_v1.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEScorecard/FBID_Form_2013_for_Board_of_Directors_v1.pdf</p> <p>Full Business Interest Disclosure Form – Officers</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/FBID_Form_2013_for_AVPs_and_Up_V3.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEScorecard/FBID_Form_2013_for_AVPs_and_Up_V3.pdf</p> <p>COI Disclosure Form – All employees other than officers.</p> <p>NEW Website Link</p>
--	--

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/CGScorecard/COI_Disclosure Form_02212012.pdf OLD Website Link http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEscorecard/COI_Disclosure Form_02212012.pdf
9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	✓	<p>Meralco Website Section on Corporate Governance – “Policies and Implementing Rules – Related Party Transactions” RPT Policy – defined threshold at P50 Million and above as “Material”. (page 2) “Material” means any RPT determined by the Audit and Risk Management Committee (AuditCom) to be potentially or actually significant to the Company. The aggregate amount of RPT under consideration, within the preceding twelve (12) month period, shall be among the aspects considered in determining the materiality of such. (Page 1)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/RPT.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/RPT.pdf</p>
9.3 Establish a voting system whereby a majority of non-related party shareholders	✓	<p>All issues to be voted during stockholders meeting are processed and tabulated using an automated system,</p>

COMPANY NAME: MERALCO 

approve specific types of related party transactions in shareholders meetings.		<p>Stockholders' Meeting System (SMS), This includes the voting and tabulation of votes for non-related party transactions requiring shareholders' approval. No such RPTs however required to be voted by the shareholders in 2014.</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/2014_AGM_Minutes.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/2014_AGM_Minutes.pdf</p>
9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	✓	<p>Material/significant RPTs, which involve an amount or value equal to or greater than PhP 50 Million, shall be reviewed and endorsed by the AuditCom, prior to the approval of the Board. Meralco Website Section on Corporate Governance – “Policies and Implementing Rules – Related Party Transactions” (page 2).</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/RPT.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/corporategovernance/RPT.pdf</p>

50 | Page *Note: The Meralco website is being revamped. In the event that the new website links do not load, please refer to and click on the old website links. Thank you.*

COMPANY NAME: MERALCO

9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	✓	<p>The Company fully disclosed all its related party transactions in its Annual Report. Please refer to sample of the 2013 Annual Report on how these RPTs are disclosed: 2013 Annual Report – Related Party Transactions (pages 122 – 124)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/annual_2013.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/annual_2013.p df</p>
9.6 Have a clear policy in dealing with material non-public information by company insiders.	✓	<p>Policy on Blackout Period/Restriction on Trading of Shares Meralco Website Section on Corporate Governance – “Policies and Implementing Rules” Item 5</p> <p>http://www.meralco.com.ph/company/page-about-corp-governance-policies.html</p>
9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	✓	<p>Our RPT policy requires that Material transactions, including shareholders of affiliates, controlling shareholders, directors and key officers are disclosed to PSE/SEC (form 23-B – Changes in Beneficial Ownership) within 2-trading days after completion of the transaction. Such disclosures are likewise posted in the Company website within the day of PSE/SEC Disclosure for information of shareholders. The Company also fully disclosed all its related party transactions in its Annual Report. Meralco</p>

COMPANY NAME: MERALCO 

		Website Section on AboutUs – “Disclosures and Communications – PSE/SEC” http://www.meralco.com.ph/company/page-about-disclosure-pse.html
Guideline No. 10:		
DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT		
10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	✓	<p>We have posted the Code of Ethics on our Company website in order to inform all our stakeholders and the public of the conduct we expect from all our Directors, officers and employees. Meralco Website Section on Corporate Governance – “Policies and Implementing Rules “Code of Ethics</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/MERALCO_Updated_Code_of_Ethics_10062010.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO_Updated_Code_of_Ethics_10062010.pdf</p> <p>Suppliers’ Business Conduct</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CorporateGovernance/SBC_Policy.pdf</p> <p>OLD Website Link</p>

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/pdf/corporategovernance/SBC_Policy.pdf
10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	✓	<p>The Revised Manual of Corporate Governance defines the duties of the Compliance Officer as the one responsible for monitoring and ensuring compliance of the Company with laws and relevant regulations.</p> <p>Meralco Website Section on Corporate Governance – “Policies and Implementing Rules – Revised Manual of Corporate Governance” (page 20)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised_Corporate_Governance_2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2014.pdf</p> <p>Beginning 2012, a formal checklist has been instituted and such is reviewed annually.</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/CGScorecard/CG_Compliance_Checklist.pdf</p>

COMPANY NAME: MERALCO 

	<p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/CGscorecard/2013_PSEScorecard/CG_Compliance_Checklist.pdf</p> <p>Conducted Company roadshows explaining the Code of Ethics and other CG policies with emphasis on employees' compliance with laws and regulations.</p> <p>The Board Committees were tasked to ensure the Company's compliance to the principles of good corporate governance.</p> <p>Revised Manual of Corporate Governance, Section 9.0 Board Committees (page1)</p> <p>NEW Website Link</p> <p>http://www.meralco.com.ph/AboutMeralco/Revised_Corporate_Governance_2014.pdf</p> <p>OLD Website Link</p> <p>http://www.meralco.com.ph/pdf/aboutmeralco/Revised_Corporate_Governance_2014.pdf</p> <p>The Nomination and Governance Committee is tasked to determine on an annual basis the improvement of the corporate governance principles, structure and best practices/rules that can be adopted by the Company. The Committee is also tasked to design the appropriate orientation program for new Directors and continuing education program</p>
--	---

COMPANY NAME: MERALCO 

		for existing Directors. Nomination and Governance Charter, B. Responsibilities- page 1 (items 9 and 10): http://www.meralco.com.ph/pdf/aboutmeralco/Nomination%20and%20Governance%20Committee%20Charter%20082311.pdf
10.3 Not seek exemption from the application of a law, rule regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	✓	The Company did not seek any exemption from application of a law, rule, regulation and other related governance issues.
10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	✓	Code of Ethics Meralco Website Section on Corporate Governance – “Policies and Implementing Rules- Code of Ethics (page 9) NEW Website Link http://www.meralco.com.ph/AboutMeralco/MERALCO_Revise_d_Code_of_Ethics_10062010.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO_Revise_d_Code_of_Ethics_10062010.pdf

COMPANY NAME: MERALCO 

		E-Report Mo (Reporting of Violations of Directors, Officers and Employees to Code of Ethics and other Corporate Governance policies of the Company) Meralco Website Section on Corporate Governance – “Policies and Implementing Rules- E-Report Mo” http://www.meralco.com.ph/company/page-about-corp-governance-policies.html
10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	✓	The Board appointed Atty. William S. Pamintuan as Compliance Officer to oversee the Company’s compliance to all relevant laws, rules and regulations. Meralco Website Section on About Us – “Disclosures and Communication - Item 11, sub item 2 (page 2) NEW Website Link http://www.meralco.com.ph/SECFilings/092612_Appointment_of_committee_members.pdf OLD Website Link http://www.meralco.com.ph/pdf/disclosures/2012.09/092612_Appointment_of_committee_members.pdf
10.6 Respect intellectual property rights.	✓	Code of Ethics - III. Confidentiality of Information and Proper Use of Property – Item 5 (page 4) Meralco Website Section on Corporate Governance – “Policies and Implementing Rules- Code of Ethics” NEW Website Link

COMPANY NAME: MERALCO 

		http://www.meralco.com.ph/AboutMeralco/MERALCO_Revise_d_Code_of_Ethics_10062010.pdf OLD Website Link http://www.meralco.com.ph/pdf/aboutmeralco/MERALCO_Revised_Code_of_Ethics_10062010.pdf
10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	✓	<p>Consolidated Changes in the Annual Corporate Governance Report (ACGR) for the Year 2014 posted in the Company Website, ALTERNATIVE DISPUTERESOLUTION (pages 88-89): Corporation & Stockholders - The Company has created the office of Stockholder Affairs in assistingshareholders to resolve issues affecting their concerns.Corporation & Third Parties - The Company complies with all relevant rules and regulations promulgatedby the Energy Regulatory Commission (ERC) on the settlement of disputes between the Company and its customers.Corporation & Regulatory Authorities -- The Company has adopted the policy of proactively and amicably engaging the ERC, SEC, DOE and other agencies in resolving issues affecting the Company and the concerned agencies.</p> NEW Website Link http://www.meralco.com.ph/CGScorecard/ACGR_2014.pdf OLD Website Link

COMPANY NAME: MERALCO

http://www.meralco.com.ph/pdf/CGscorecard/ACGR_2014.pdf

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this MARCH 23, 2015 in PASIG CITY.



MR. PEDRO E. ROXAS

Independent Director



MR. OSCAR S. REYES

President and CEO