

Supply Chain Sustainability

Amplifying Collective Impact with Our Business Partners

GRI 2-6



The One Meralco ecosystem encompasses many constituents, including an extensive supply chain of companies that form the gears of the economic machinery of the country. As part of our commitment to contributing to national development by supporting domestic enterprises, one of the sourcing strategies we have adopted is to source goods and services from Philippine-based suppliers. In 2024, our Group spent close to PhP 43.2 billion on local procurement contracts, directly benefitting local businesses.

TOTAL PROCUREMENT SPEND IN 2024 (in PhP million)

	Local	Foreign	Subtotal
Meralco	32,768	5,452	38,221
Subsidiaries	10,426	12,833	23,259
TOTAL	43,194	18,285	61,480

TOTAL NUMBER OF SUPPLIERS BY CLASSIFICATION IN 2024

	Tier 1	Non-Tier 1	Subtotal
Meralco	3,056	0	3,056
Subsidiaries	2,084	43	2,127
TOTAL	5,140	43	5,183

TOTAL NUMBER OF SUPPLIERS BY LOCATION IN 2024

	Local	Foreign	Subtotal
Meralco	2,440	616	3,056
Subsidiaries	1,897	230	2,127
TOTAL	4,337	846	5,183



Our approach to sourcing goods and services brings financial and operational advantages. Prioritizing local procurement strengthens Meralco's reputation as a responsible corporate citizen and reduces reliance on complex international supply chains that are often vulnerable to disruptions. We therefore enhance the resilience of our supply chain while contributing to the Philippines' economic growth.

Beyond supporting the local economy, we are equally committed to addressing other environmental, social, and governance ("ESG") issues in our supply chain. Central to this commitment is our Human Rights Policy, which requires our business partners to uphold human rights principles, in line with the United Nations' Universal Declaration of Human Rights. We require our suppliers to implement policies and conditions that seek to protect and promote human rights within their own spheres of influence.

A. Influencing Our Suppliers to Embrace Sustainability

Our businesses across One Meralco substantially shape the revenue and growth of our suppliers who, in turn, impact our Group’s overall ESG performance. It is therefore imperative for us to actively encourage and empower all our constituents across our supply chain to adopt sustainability principles and practices in their own operations. As such, we have embarked on a journey called the Supply Chain Sustainability Story to operationalize our ambitions.

The Supply Chain Sustainability Story was established to integrate sustainability into our supply chain in three distinct waves: Introduce, Influence, and Ingrain. The first wave focuses on introducing ESG principles into our supply chain and procurement processes. The second wave is concentrated on influencing our value chain partners to enable them to better understand and commit to sustainability. Finally, the third wave is about ingraining sustainability into our mission, strategy, and decision-making to further create shared value and positive impact in our network. Across these three waves, we will employ various initiatives such as baselining, segmentation of suppliers based on different criteria, partnerships with suppliers on strategic projects, capability-building workshops, performance monitoring, and communication campaigns.

In 2024, as part of the Introduce and Influence waves, we continued implementing the Meralco Supplier Sustainability Scorecard (“MS3”), which covers 131 ESG criteria based on the GRI Standards as well as 14 of the 17 SDGs that our suppliers need to meet in order to maintain their accreditation with the Company. We also launched a sustainability toolkit and commitment form as part of their accreditation requirements, strengthening our commitment to enhancing our collective impact with our suppliers.

MS3 provides us a better view of our suppliers’ policies, processes, and initiatives that may substantially affect our Company’s financial and sustainability performance. By the end of the reporting period, 355 supply chain partners, which collectively represent 95% of Meralco’s annual procurement spend, were fully compliant with our sustainability standards.

Beyond mere compliance, MS3 has yielded significant gains and now functions as a platform for Meralco to engage in meaningful dialogues with its suppliers, enabling us to better identify and address the challenges our suppliers face in adopting sustainability principles and practices. Integrating ESG assessment criteria into our procurement process also helps mitigate reputational risks and engage with suppliers who demonstrate mature risk management practices or, at the very least, commitment to adopting and integrating sustainability principles into their own operations.

Moving forward, we will roll out more supply chain sustainability initiatives as we continue to pursue the Ingrain wave, tackling challenging ESG topics such as Scope 3 emissions reduction and supplier diversity.



B. Upholding Human Rights in Our Supply Chain

We at One Meralco believe that respect for human rights is non-negotiable—it is a fundamental principle that must be upheld without fail. This conviction guides every aspect of our operations and partnerships as enshrined in our Human Rights Policy, which extends to our vendors and other key partners. In this regard, we seek to ensure, through contractual stipulations or other formal commitments, that our third-party business partners uphold the same principles and implement them within their own operations through pertinent policies and conditions that seek to protect and promote human rights.

To support this, we actively advocate for human rights through education and training, ensuring that both our internal and external stakeholders are well-informed about our commitments. Our directors, officers, and employees lead by example, committing to strict compliance with our human rights standards and encouraging the same dedication from our business partners. This collective responsibility strengthens our mission to build a fair, equitable, and ethical business environment throughout our supply chain.

