

# Corporate Governance Report

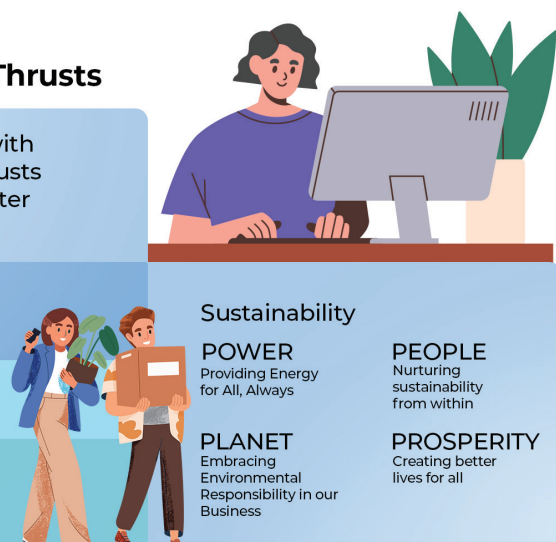
## A Shared Commitment to Excellence in Governance

Aligned with the principle of collaboration that defines Meralco (“the Company”), the organization demonstrates an unwavering commitment to transparent and effective governance. By fostering synergy across its operations, the Company upholds rigorous governance standards, ensuring compliance with regulations and building trust among stakeholders. This shared commitment serves as the foundation for the Company’s sustainable growth and long-term success.

At the core of its unified efforts lies a collective dedication to strict adherence to relevant laws, regulations, and ethical standards. Meralco proudly stands as a testament to the strength of this shared vision, demonstrating compliance as guided by the trust and confidence of its stakeholders. The Company fully adheres to the corporate governance codes, rules, and regulations established by esteemed regulatory bodies such as Securities and Exchange Commission (“SEC”), Philippine Stock Exchange (“PSE”), Philippine Dealing & Exchange Corp. (“PDEX”), and others.

Through a unified approach to governance, Meralco not only drives progress but also reinforces its position as a stable and sound investment, embodying the strength of its vision for generations to come.

### One Meralco Thrusts



Forging ahead with our strategic thrusts to power a brighter tomorrow for all

Value Enhancement	Sustainability
Customer Centricity	<p><b>POWER</b> Providing Energy for All, Always</p> <p><b>PEOPLE</b> Nurturing sustainability from within</p>
Digital Transformation	<p><b>PLANET</b> Embracing Environmental Responsibility in our Business</p> <p><b>PROSPERITY</b> Creating better lives for all</p>

Recognizing that corporate governance extends beyond mere compliance, the Company ensures that its cohesive efforts maintain a strong and sustainable corporate culture. Anchored in the fundamental principles of fairness, accountability, integrity, transparency, and honesty, these shared values enable Meralco to create and sustain value, gain a competitive edge, and advance its environmental, social, and governance objectives.

Guided by its vision, mission, and core values, Meralco continuously strengthens its governance structure, policies, controls, and practices. These efforts are aligned with the SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies ("SEC CG Code"), and the ASEAN Corporate Governance Scorecard ("ACGS").

In recognition of the Company's exemplary corporate governance practices, Meralco was honored with a Four (4) Golden Arrow award by the Institute of Corporate Directors ("ICD") during the 2024 Golden Arrow Awards held on September 19 at the Marriott Hotel in Manila. The assessment is based on the ASEAN Corporate Governance Scorecard, a tool used to evaluate companies' adherence to best practices in corporate governance across the ASEAN region.

Meralco's advancement to this 4-Arrow recognition is a significant improvement from last year's 3-Arrow status, highlighting Meralco's ongoing commitment to strengthening transparency, accountability, and ethical leadership and further solidifying its reputation as a benchmark for corporate governance excellence.





## A. BOARD GOVERNANCE RESPONSIBILITIES

Serving as corporate governance stewards of the Company, the competent, working Board of Directors (“Board”) fosters the long- term success of Meralco, and ensures that the Company sustains its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

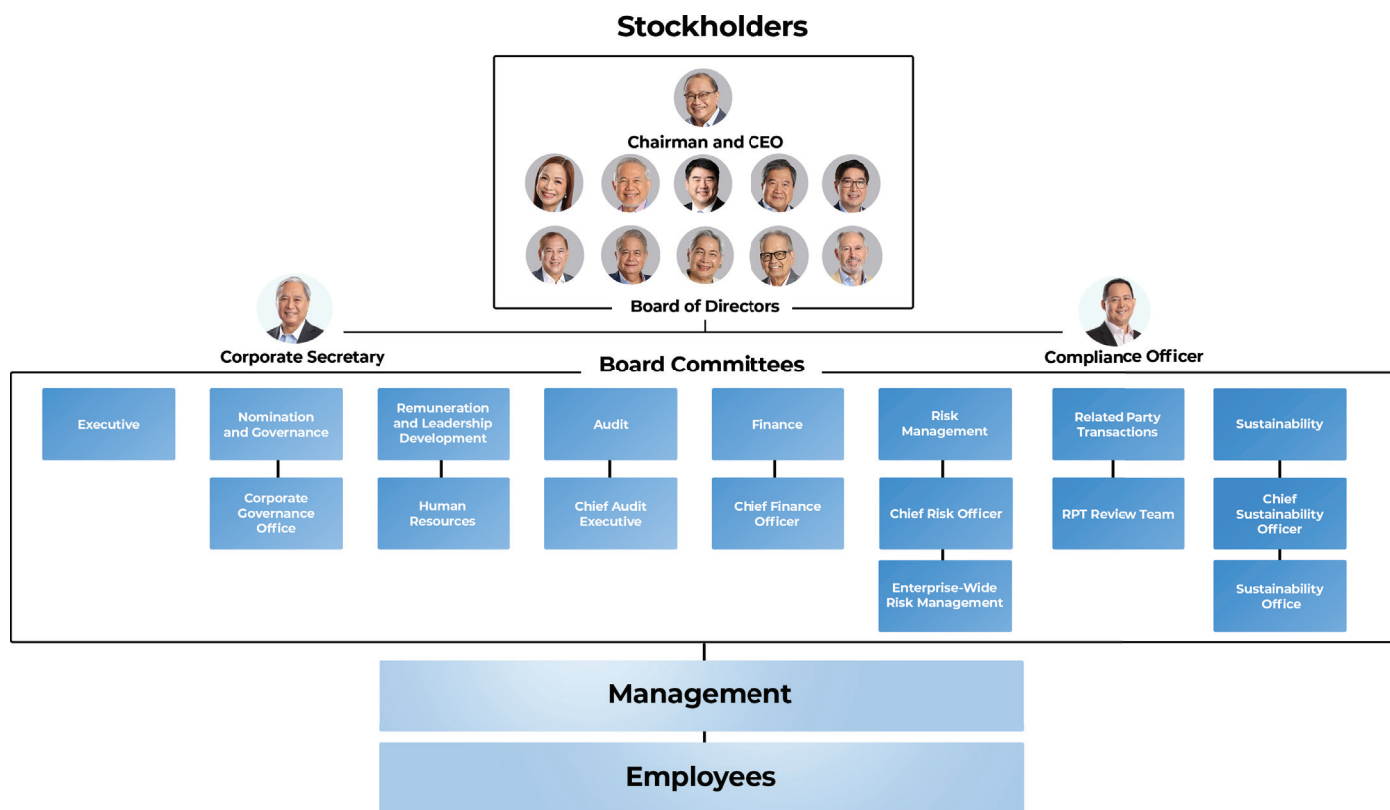
The Board is responsible for defining and reviewing the Company’s vision, mission, overall strategic directions, corporate objectives, long-term goals and core values annually. It oversees and monitors the development and implementation of the Company’s business objectives and strategy and ensures that obligations to stockholders and to all stakeholders are understood and fulfilled. *Please refer to pages 10-11 for information on Meralco’s Vision, Mission, and Core Values.*

Pursuant to the SEC CG Code, the Board adopted in 2017 a Manual of Corporate Governance (“CG Manual”) which provides the framework of good governance and ethical business practices that the Company’s directors, officers, and employees are expected to observe and adhere to in dealing with various stakeholders. Management, in turn, ensures that the operations of the Company are aligned with the CG Manual.

The CG Manual conforms to regulations set forth by the SEC, the PSE, PDEx, and other relevant regulatory bodies and is reviewed annually to ensure that it is up to date with local and international best practices, and in keeping with the Company’s strategic direction. The CG Manual was amended by the Board on July 29, 2024.

In accordance with the CG Manual, the Board formulates and annually reviews the Company’s vision and mission statement, strategic objectives, key policies, and the mechanism for performance assessment of the Board and Management, principally the President and/or Chief Executive Officer (“CEO”) as well as other key officers.

The Board, in its regular meeting held on January 29, 2024 as part of the Board’s assessment of the Company’s performance in the past year, reviewed the Company’s material controls (including operational, financial and compliance controls) and risk management systems and confirmed the Company’s full compliance with the code of corporate governance. In 2021, the Board revised the vision, mission, and values statements as well as the corporate strategic objectives of the Company and the same was again reviewed and confirmed by the Board in 2024.



## A.1 COMPOSITION

The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. In accordance with the Revised Corporation Code, the Company has a diverse Board consisting of eleven (11) directors, majority of whom are non-executive directors while three (3) are Independent Directors ("ID"), including a female independent director.

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

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

## A.2 INDEPENDENT DIRECTORS

On March 14, 2024, the Nom&Gov assessed the profiles of the directors and found that the independent, non-executive directors are indeed free of relationships with the Company, its related corporations, its management or substantial shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of directors' independent business judgment. The Nom&Gov had reviewed the multiple board representations held presently by the directors and assessed that they do not hinder in any way the performance of their duties to the Company.

Under the CG Manual, independent directors are allowed to serve for a maximum of nine (9) consecutive years reckoned from 2012, making sure, however, that the shareholders' legal right to vote and be voted remains inviolable. If an independent director who has served for nine (9) consecutive years is being nominated and considered for reelection, the Company is mandated to provide meritorious justification and advise the shareholders of such justification during the annual shareholders' meeting.

Given the nomination for election to the Board of Directors of independent directors, Retired Chief Justice Artemio V. Panganiban and Mr. Pedro Emilio O. Roxas after the maximum 9-year term, the Board provided for the meritorious justification for their retention in accordance with the CG Manual which was consequently approved by the shareholders during the 2024 Annual Stockholders' Meeting.

The proposal to retain Retired Chief Justice Panganiban and Mr. Roxas as independent directors is crucial given the Company's then pending franchise renewal application with the Congress. Their expertise in market dynamics, regulatory compliance, and strategic planning ensures stability, mitigates risks, and supports the Company's sustained growth. Their strong stakeholder relationships likewise foster trust and constructive dialogue, which is also imperative for successful franchise renewal. Additionally, their forward-thinking approach and strategic insights are vital as the Company navigates market challenges and diversifies into renewable energy investments.



## A.3 CHAIRMAN OF THE BOARD

The Chairman of the Board and Chief Executive Officer, Mr. Manuel V. Pangilinan, serves to represent the interests of all shareholders and stakeholders, and oversees the performance of the Board and its directors. He champions exemplary ethical governance principles for directors, officers, and employees to emulate and espouse.

The Chairman and CEO, together with the Corporate Secretary and the Compliance Officer, sets a clear agenda before each Board meeting. He provides opportunities for all directors to actively participate, addresses governance-related issues that non-executive, independent directors may raise, and ensures that the Board exercises strong oversight over the Company and its Management, such that any corporate risk or threat is adequately and effectively addressed. His roles and responsibilities are specified in the CG Manual accessible at the Company's website.



## A.4 MEETINGS AND MAJOR ACCOMPLISHMENTS

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

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

### 2024 ASM AND BOARD MEETING ATTENDANCE

Name	Designation	Annual Stockholders' Meeting	Board Meetings <sup>1</sup>
Manuel V. Pangilinan	Chairman	Present	16/16
Lance Y. Gokongwei	Director	Present	16/16
Ray C. Espinosa	Director	Present	16/16
June Cheryl A. Cabal-Revilla	Director	Present	16/16
Frederick D. Go <sup>2</sup>	Director	Not Applicable	Not Applicable
James L. Go	Director	Present	14/16
Patrick Henry C. Go <sup>3</sup>	Director	Present	13/13
Jose Ma. K. Lim	Director	Present	16/16
Victorico P. Vargas	Director	Present	16/16
Lydia B. Echaz	Independent Director	Present	16/16
Artemio V. Panganiban	Independent Director	Present	16/16
Pedro Emilio O. Roxas	Independent Director	Present	16/16

<sup>1</sup> Regular, Special, and Organizational Board Meetings

<sup>2</sup> Resigned as a member of the Board of Directors on January 8, 2024

<sup>3</sup> Elected as a member of the Board of Directors on January 29, 2024

In 2024, the Board's major accomplishments included the following:

### Major Projects/Policy Decisions

- Evaluation of compliance to the SEC Revised Code of Corporate Governance
- Approval of the Integrated Annual Corporate Governance Report ("I-ACGR")
- Review and approval of the Amendments to the Manual of Corporate Governance, Finance Committee Charter, Nomination and Governance Committee Charter, Related Party Transactions Committee Charter, and Risk Management Committee Charter
- Screening of nominees to the Board
- Approval of the Updated Long-term Sustainability Strategy ("LTSS")
- Conduct of the 2024 ASM
- Approval of 2025 schedule of Board meetings
- Review and approval of the board committee composition
- Evaluation of compliance to ERC requirements
- Review and approval of business separation and unbundling plan reports
- Approval of construction, development, and commissioning of substation assets
- Review and approval of Emergency Power Supply Agreement ("EPSA")
- Review and approval of power generation projects, interim power supply agreements ("IPSAs") and power supply agreements ("PSAs"), technical services agreements, pole relocation projects, and other local and international business initiatives
- Approval of Audited Financial Statements
- Evaluation of incumbent external auditor and nomination of external auditor for 2024
- Approval of report of external auditors covering the Company's Audited Financial Statements
- Approval of dividend declaration
- Review and approval of material RPTs
- Enterprise performance evaluation and assessment
- Performance assessment of the Board, Board Committee, and Key Officers
- Review and approval of rank conferment and appointment of officers
- Review and approval of executive promotions, rightsizing policy and succession planning
- Review and approval of employee performance management plan
- Review and approval of various supply contracts in excess of PhP 50 million

### Business Plan and Annual Budgets

- Review and approval of the 2025 budget
- Monitoring of investment committee report
- Review and approval of corporate strategic objectives
- Monitoring of the implementation of corporate strategies
- Review of forecast of subsidiaries' projects

### Major Investment Fundings

- Infusion of equity to subsidiaries
- Renewal of credit lines, credit facilities, and bonds



## A.5 CORPORATE SECRETARY AND COMPLIANCE OFFICER

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

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

The Board is likewise assisted by Company's Compliance Officer and Senior Vice President, Atty. William S. Pamintuan, who monitors, reviews, evaluates, and ensures the full compliance by the corporation, its directors and officers with relevant laws, rules and regulations and all governance issuances of regulatory agencies and report violations thereof to the Board and recommends the imposition of appropriate disciplinary action.

The qualifications, duties and responsibilities of the Corporate Secretary and Compliance Officer are stated in the CG Manual and Board Charter. Both of them regularly attend trainings on corporate governance.





## A.6 BOARD COMMITTEES

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

### 2024 BOARD COMMITTEE MEETING ATTENDANCE

Name	Finance	Audit	RMC	RPT	Nom & Gov	RLDC	Executive	Sustainability
Manuel V. Pangilinan	N/A	N/A	N/A	N/A	N/A	4/4	6/6	3/3
Lance Y. Gokongwei	15/15	N/A	N/A	N/A	N/A	4/4	6/6	3/3
Ray C. Espinosa	N/A	N/A	1/2	2/2	N/A	N/A	N/A	N/A
June Cheryl A. Cabal-Revilla <sup>1</sup>	15/15	6/7	N/A	N/A	5/5	N/A	N/A	3/3
Frederick D. Go <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James L. Go	12/15	5/7	1/2	1/2	4/5	N/A	4/6	N/A
Patrick Henry C. Go <sup>3</sup>	N/A	7/7	2/2	2/2	5/5	N/A	N/A	2/2
Jose Ma. K. Lim <sup>4</sup>	15/15	7/7	2/2	2/2	5/5	N/A	6/6	N/A
Victorico P. Vargas	15/15	N/A	N/A	N/A	N/A	4/4	N/A	N/A
Lydia B. Echauz	15/15	7/7	N/A	N/A	5/5	N/A	N/A	N/A
Artemio V. Panganiban	N/A	7/7	2/2	2/2	N/A	N/A	6/6	N/A
Pedro Emilio O. Roxas	15/15	6/7	2/2	2/2	5/5	3/4	N/A	3/3

<sup>1</sup> Chairperson of the Finance Committee beginning May 28, 2024

<sup>2</sup> Resigned as a member of the Board of Directors on January 8, 2024, resigned as a member of the Audit, RPT, Nomination and Governance, and Sustainability Committee, and as Chairperson of the Risk Management Committee on January 8, 2024.

<sup>3</sup> Elected as a member of the Board of Directors on January 29, 2024, and as a member of the Audit, RPT, Nomination and Governance, and Sustainability Committee, and as Chairperson of the Risk Management Committee on January 29, 2024.

<sup>4</sup> Chairperson of the Finance Committee until May 27, 2024

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

### A. Executive Committee ("EXCOM")

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

The ExCom conducted six (6) meetings in 2024 with the following accomplishments, among others:

- Review of updates on ongoing projects
- Approval of PSAs
- Approval of submission of 2024 Revised Power Supply Procurement Plan with the Department of Energy
- Approval of New Emergency PSA ("EPSA") for Meralco's 1,200 MW baseload supply requirement

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

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

The RLDC held four (4) meetings in 2024 and accomplished the following:

- Approval of candidates for rank conferment
- Approval of proposed budget for the 2024 salary review program
- Review of annual incentive plan
- Review of the collective bargaining agreement for supervisory union
- Review of performance evaluation plan results
- Approval of Recommendation for Appointment and Employment Extension

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



	<b>Remuneration for Board Meetings Attended in 2024</b>	<b>Remuneration for Committee Meetings Attended in 2024</b>	<b>TOTAL</b>
<b>EXECUTIVE DIRECTOR</b>			
Manuel V. Pangilinan	₱1,820,000.00	₱312,000.00	₱2,132,000.00
<b>NON-EXECUTIVE DIRECTOR</b>			
Lance Y. Gokongwei	₱1,820,000.00	₱600,000.00	₱2,420,000.00
June Cheryl A. Cabal-Revilla	₱1,820,000.00	₱600,000.00	₱2,420,000.00
Ray C. Espinosa	₱1,820,000.00	₱72,000.00	₱1,892,000.00
James L. Go	₱1,540,000.00	₱552,000.00	₱2,092,000.00
Patrick Henry C. Go <sup>1</sup>	₱1,680,000.00	₱408,000.00	₱2,088,000.00
Jose Ma. K. Lim	₱1,820,000.00	₱792,000.00	₱2,612,000.00
Victorico P. Vargas	₱1,820,000.00	₱384,000.00	₱2,204,000.00
<b>INDEPENDENT DIRECTORS</b>			
Lydia B. Echauz	₱1,820,000.00	₱552,000.00	₱2,372,000.00
Artemio V. Panganiban	₱1,820,000.00	₱408,000.00	₱2,228,000.00
Pedro Emilio O. Roxas	₱1,820,000.00	₱768,000.00	₱2,588,000.00
<b>TOTAL INDEPENDENT DIRECTORS</b>	<b>₱5,460,000.00</b>	<b>₱1,728,000.00</b>	<b>₱7,188,000.00</b>
<b>GRAND TOTAL</b>	<b>₱19,600,000.00</b>	<b>₱5,448,000.00</b>	<b>₱25,048,000.00</b>

<sup>1</sup>Elected as Director effective January 29, 2024.

The Directors and Officers are covered by a Casualty Line Insurance Policy effective until June 27, 2025. The policy covers Company Securities, Company Employment Practices Breach, Regulatory Crisis Event Costs, Investigation Costs, Public Relations Expenses, Investigation Costs for Derivative Demands, Tax Liability, and other additional limits such as Bodily Injury & Property Damage Defense Costs, Health & Safety Defence Costs, Gross Negligence Manslaughter Defense Costs and Environmental Violation (Defense Costs Including Civil and Admin Fines).

For the President and/or 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 Company's directors receive per diem fees for their attendance to Board and Board Committee meetings. Each director is entitled to a per diem allowance of PhP 140,000 for every board meeting attended and PhP 24,000 for every committee meeting.



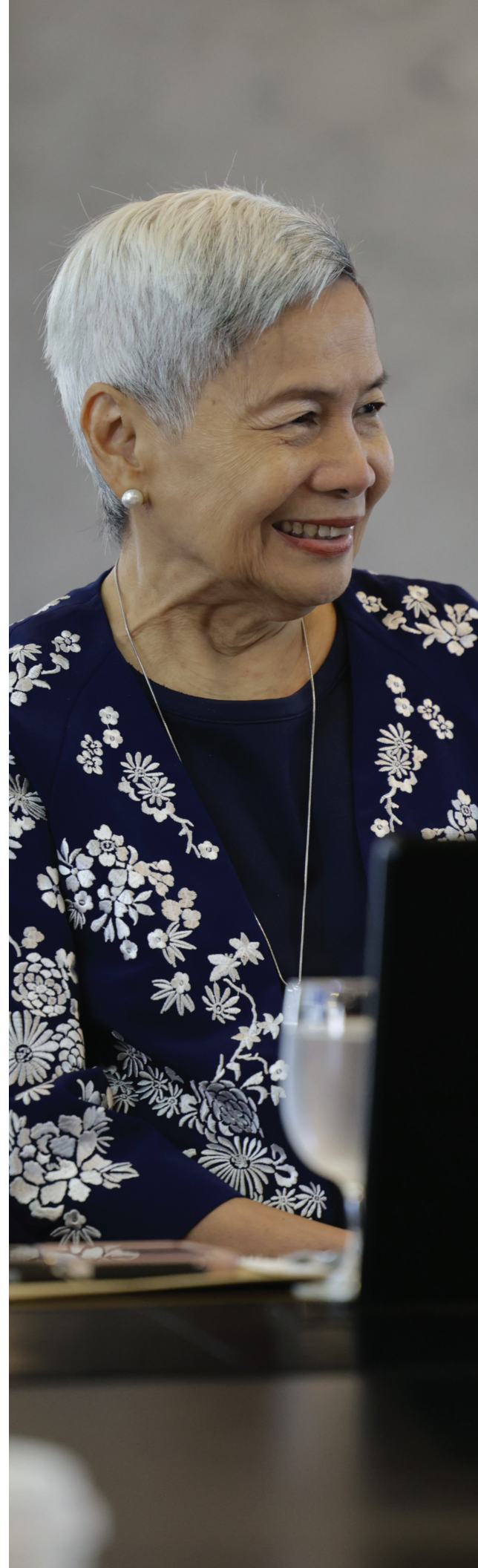
### **Remuneration of Key Management and Employees**

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

The top five (5) key officers of the Company have received an aggregate remuneration of PhP 259 million in 2024. *For more information on the aggregate total remuneration paid to all key officers, please refer to the discussion entitled Compensation of Key Management Personnel in the Notes to Consolidated Financial Statements.*

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

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



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

The Nom&Gov is composed of six (6) directors with an independent director as chair. The duties and responsibilities of Nom&Gov as reflected in its charter include screening qualified nominees for election as directors, assessing the independence of directors, introducing improvements on Board organization and procedures, setting-up of mechanisms for performance evaluation of the Board and Management, and providing programs for continuing education of the Board.

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

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

These candidates are sourced from the business networks of Board members and from professional search firms such as the Institute of Corporate Directors ("ICD"), or from shareholders. These candidates should be skilled in core competencies such as strategic planning, business expertise, and industry knowledge.

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

The Company sends out a formal letter setting the responsibilities of the duly elected director. The new director then attends an onboarding program facilitated by the CGO.

The Nom&Gov Comm held five (5) meetings in 2024 and performed the following:

- Reviewed the results of Board, Board Committees, and Key Officers performance assessment
- Assessed Meralco's public ownership report
- Screened the nominees to the Board
- Reviewed the Board committee composition
- Assessed Meralco's compliance to the Revised ASEAN Corporate Governance Scorecard ("ACGS")
- Reviewed and endorsed Meralco's Integrated Annual Corporate Governance Report ("I-ACGR") for 2023
- Reviewed and approved the Amendments to the Manual of Corporate Governance, Finance Committee Charter, Nomination and Governance Committee Charter, Related Party Transaction Charter, and Risk Management Committee Charter
- Reviewed the Company's Vision, Mission, and Values Statements
- Facilitated the annual CG enhancement and continuing education programs
- Conducted onboarding orientation for the new director, Mr. Patrick Henry C. Go



## D. Audit Committee ("AuditCom")

The AuditCom consists of three (3) independent directors, and four (4) non-executive directors. Notably, Ms. June Cheryl A. Cabal-Revilla, has extensive expertise in the areas of accounting, corporate finance, treasury, financial control and risk management. Her background includes serving Chief Finance, Risk and Sustainability Officer of another publicly-listed company and Appointed Member of the Financial and Sustainability Reporting Standards Council ("FSRSC") of the Philippines since 2010. The AuditCom is chaired by the lead independent director.

The AuditCom had seven (7) meetings in 2024 with the following accomplishments:

### Internal Control

- Reviewed Management's mid-year and annual confirmation statement on the adequacy and effectiveness of the Company's internal control and risk management system.
- Reviewed and evaluated the effectiveness of the internal control system of the Company.
- Reviewed and discussed updates on fraud investigations, recoveries from losses and appropriate actions of the Management.

### Financial Reporting

- Reviewed, discussed with Management and approved the unaudited consolidated quarterly financial statements and the audited consolidated annual financial statements of the Company and its Subsidiaries.
- Reviewed the External Auditor's Report on the audit of the annual financial statements and discussed key audit matters and other required communications to the Committee.
- Endorsed for Board approval the Audited Consolidated Financial Statements of the Company.

### Audit Process

- Assessed the independence, performance, and effectiveness of SGV & Co. considering its credibility, competence, ability to understand complex transactions, and the adequacy of their quality control procedures. Based on this assessment, SGV was re-appointed by the Board

of Directors and shareholders as the External Auditors of the Company with the assurance that the lead audit partner complies with Rule 68 of the Securities Regulation Code on rotation of External Auditors.

- Reviewed and approved the audit plan, scope of work and proposed fees of SGV for audit, audit-related and non-audit related services in Meralco and selected subsidiaries as endorsed by Management.
- Reviewed, discussed, and approved the results of the SGV's external audit, its assessment of the Company's internal controls and the quality of the financial reporting process.
- Reviewed the Management Letter issued by SGV after the completion of the audit of the Financial Statements of the preceding year.
- Held executive sessions with the External Auditors and Internal Audit without the presence of Management. On December 5, 2024, the Audit Committee held separate executive session with the engagement partner of the external auditors, SGV, including the private session of the Audit Committee Chair with the Chief Audit Executive. The agenda in these meetings involved matters the Audit Committee and the auditors believe should be discussed without the presence of the executive director or officers from management.
- Reviewed and approved the Annual Internal Audit Plan, the related key performance indicators, and all subsequent changes to the Internal Audit Plan, as needed.
- Reviewed and discussed and dissected the results of audits reported by the Group Chief Audit Executive in her quarterly and year-end status reports to the Committee.
- All audit activities performed by Internal Audit were conducted in conformance with the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors ("IIA"). This includes the Global Internal Audit Standards, Topical Requirements, and Global Guidance.
- Reviewed and discussed the Internal Audit Annual Performance Report, including the Quality Assurance and

Improvement Program Annual Report to evaluate the effectiveness of the Internal Audit function.

- Monitored Management's timely implementation of appropriate corrective actions to address the audit issues and recommendations of Internal Audit and the External Auditor.
- Assessed Internal Audit's performance for the preceding year.
- Reviewed the Internal Audit and Audit Committee Charters on an annual basis for any updates or changes.

#### **Compliance**

- Reviewed and monitored compliance and adherence by the Company with all applicable laws and regulations pursuant to which the Company conducts its operations and business activities. This includes reviewing the state of legal compliance with respect to labor laws & regulations, data privacy and the reportorial requirements to regulatory agencies.



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

The RMC consists of two (2) independent directors and four (4) non-executive directors. It assists the Board in its oversight role on the risk management process. In 2024, the RMC had two (2) meetings. The following activities were accomplished by RMC:

- Reviewed Meralco group's Key Enterprise Risks Report for the Distribution Utility and Subsidiaries.
- Reviewed and discussed with the Chief Risk Officer and external auditors One Meralco's key business risks as well as its ongoing and proposed risk mitigation measures.
- Evaluated the effectiveness and certified the adequacy of One Meralco's risk management process such that material risks are periodically identified, evaluated, managed, and reported appropriately by management.

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

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

The FinCom is composed of seven (7) directors, two (2) of whom are independent directors, with the Chief Finance Officer ("CFO") as ex-officio member. It reviews the financial operations of the Company and matters regarding major purchase contracts, and acquisition and/or divestment of investments, businesses, or ventures.

In its fifteen (15) meetings in 2024, its major accomplishments were:

- Review and approval of all service and supply contracts in excess of PHP 50 million
- Review of Unaudited Quarterly Consolidated Financial Statements and Audited Annual Consolidated Financial Statements
- Treasury updates
- Declaration of cash dividend
- Renewal of credit lines and bonds
- Review and approval of cash optimization strategy
- Review and approval of PSAs and any changes or issues regarding their execution
- Review and approval of annual budget and medium-term business plan and forecast
- Review of Meralco directors' and officers' insurance policy
- Review additional capital call, surety bonds, capital infusions for subsidiaries
- Review of capital and debt structure
- Review of equity call
- Review of investments
- Review and endorsement of the renewal of Wholesale Electricity Spot Market surety bond for the retail electricity supply transactions

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

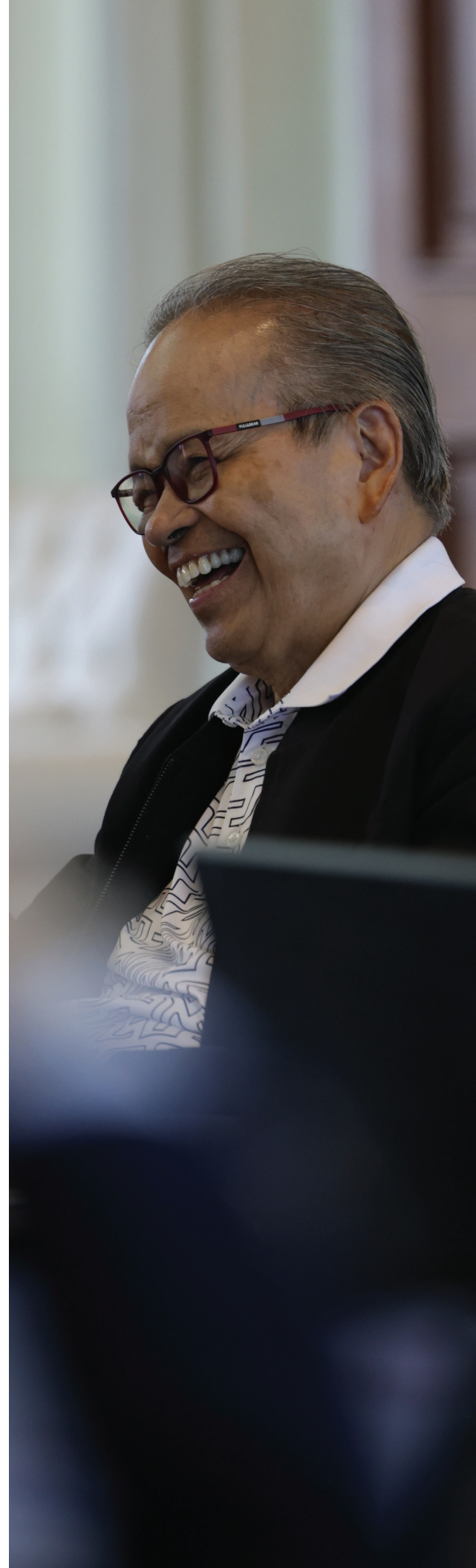
The RPTCom consists of six (6) directors, two (2) of whom are independent directors. It assists the Board in reviewing De Minimis, Significant, and Material RPTs to determine whether they are in the best interest of the Company and shareholders, and ensure that all RPTs of the Company are conducted in fair and at arms' length terms. In 2024, the RPTCom had two (2) meetings. The following activities were accomplished by the RPTCom:

- Reviewed and approved De Minimis, Significant, and Material RPTs
- Reviewed RPT Reports together with the RPT Review Team, and evaluated Meralco's purchases of goods and services from related parties to be fair and at arm's length terms
- Endorsed Material RPTs to the Board for approval

## H. Sustainability Committee ("SusCom")

In 2021, the SusCom was established to institutionalize Meralco's sustainability commitment and corporate ESG imperatives. Composed of six (6) members, including the Chairman and CEO and the Chief Sustainability Officer, who acts as a non-voting member, SusCom is responsible for overseeing the Company's sustainability strategy, policies, and programs. The Committee also accounts for and monitors the economic, environmental, social, and governance ("EESG") performance of the Company in alignment with the UN SDGs, with the aim of delivering long-term value to all the stakeholders.

In 2024, the SusCom formally met three (3) times to review updates on One Meralco's Long-Term Sustainability Strategy ("LTSS") and progress on 30 by '30: Thirty Key Sustainability Plays Through 2030, and thereafter endorsed the same to the Board for final approval.



## A.7 ORIENTATION AND CONTINUING EDUCATION PROGRAMS

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

The Company has a policy that encourages directors to attend annual continuing training programs. In fulfillment of such policy and the requirements of the Company's CG Manual, the ERC Resolution No. 1, Series of 2004, and the SEC Memo Circular No. 20, Series of 2013, the Directors, together with the Senior Management, attended via online platform the MVP Group Annual Corporate Governance Enhancement Session ("ACGES") on September 27, 2024, entitled Achieving Escape Velocity: Harnessing High Technology to Spark Creativity and Innovation by Mr. David Morey and Dr. Erika Fille T. Legara. This session covered four (4) hours of governance training and was accredited by the SEC.

### 2024 ATTENDANCE TO CORPORATE GOVERNANCE TRAINING AND CONTINUING EDUCATION PROGRAMS

Director	Program	Resource Person/Name of Training Institution
Manuel V. Pangilinan June Cheryl A. Cabal-Revilla Lydia B. Echaz Ray C. Espinosa Jose Ma. K. Lim Ret. Chief Justice Artemio V. Panganiban Pedro Emilio O. Roxas Victorico P. Vargas	MVP Group Annual Corporate Governance Enhancement Session: Achieving Escape Velocity: Harnessing High Technology to Spark Creativity and Innovation	Mr. David Morey Dr. Erika Fille T. Legara
Lance Y. Gokongwei Patrick Henry C. Go	Building a Resilient Gokongwei Group: Corporate Governance Training on Sustainability, Cybersecurity, and Integrity	2024 Gokongwei Group Corporate Governance Training for Directors and Officers
James L. Go	SEC granted Mr. James L. Go a permanent exemption from the corporate governance training requirement in its en banc meeting on November 10, 2015.	



## A.8 BOARD, COMMITTEE AND KEY OFFICERS PERFORMANCE ASSESSMENT

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

The Board conducted the performance assessment on February 20, 2024 wherein directors were given opportunity to give their opinions and suggestions or identify

special issues of interest about their performance or different aspects of the Company's operation.

Every three years, the assessments are supported by an external facilitator. In 2023, the Company engaged the services of the Good Governance Advocates and Practitioners of the Philippines ("GGAPP") in the evaluation of the 2022 performance of the board, board committees, and other key officers.

### Board, Committee and Key Officers Performance Assessment Forms

**Collective Board Assessment** - each director assessed the board performance as a whole based on the following categories:

- Board composition;
- Board efficiency and performance;
- Board meetings and participation.

**Individual Director Self-Rating** - each director evaluated their performance for the previous year.

**Board Committee Assessment** - each director assessed the overall performance of the board committees as well as the individual board committees based on the provisions of Board Committee Charters.

**Key Officer Ratings** - each director assessed the performance of the Chairman and CEO, Chief Compliance Officer Chief Risk Officer, and Chief Audit Executive. In addition, the Chairman participated in the self-assessment of his performance in the previous year.

## PERFORMANCE INDICATORS

Financial	Non-Financial
Measures reflecting the financial results and financial position of the Company to stakeholders, such as revenues, consolidated core net income, reported net income, EBITDA, cash and cash equivalents, debt and stockholders' equity, dividend payouts, etc.	<ul style="list-style-type: none"> <li>• S-Factor Indicators               <ul style="list-style-type: none"> <li>• System Loss ("SL")</li> <li>• System Average Interruption Frequency Index ("SAIFI")</li> <li>• System Average Interruption Duration Index ("SAIDI")</li> <li>• Momentary Average Interruption Frequency Index ("MAIFI")</li> <li>• Time to Process Applications ("TPA")</li> <li>• Time to Connect Premises ("TCP")</li> <li>• Call Center Performance ("CCP")</li> </ul> </li> <li>• Guaranteed Service Level ("GSL") Metrics</li> <li>• Energy Sales in GWh</li> <li>• Customer Count</li> </ul>

## B. RESPECTING THE RIGHTS OF SHAREHOLDER

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

### B.1 RIGHT TO DIVIDENDS

#### Dividend Policy

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

Following are the cash dividends declared by the Board on common shares for 2024:

Declaration Date	Record Date	Payable Date	Rate per Share
February 26, 2024	March 27, 2024	April 24, 2024	Php 11.235
July 29, 2024	August 28, 2024	September 23, 2024	Php 10.295



## B.2 RIGHT TO PARTICIPATE IN DECISIONS



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

- changes or amendments to the Company's Articles of Incorporation or By-laws
- authorization for issuance of additional shares
- authorization of extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company
- approval of remuneration or increase in remuneration of directors
- voting by proxy and attendance in stockholders' meeting in absentia or through remote communication.

## B.3 RIGHT TO VOTE AND PARTICIPATE EFFECTIVELY DISCLOSURE AND RELEASE OF NOTICE TO ANNUAL STOCKHOLDERS' MEETING ("ASM")



To provide shareholders enough time to examine the Company's information, the ASM Notice was posted on the Company's website on January 29, 2024. The Definitive Information Statement ("DIS") was distributed to the shareholders starting April 17, 2024, 28 business days before the ASM. Similar to all Company notices and circulars, the ASM Notice is written and published in English.

### ASM

It is the Company's policy to encourage stockholders, including institutional and minority stockholders, to attend and actively participate in the ASM. The 2024 ASM was held on Tuesday, May 28, 2024, at 10:22 AM at the Meralco Compound, Ortigas Avenue, Barangay Ugong, Pasig City. The Company conducted its fifth virtual ASM via live broadcast of the proceedings through the Stockholders Electronic Registration and Voting Express ("SERVE"). Shareholders were given opportunity to propound questions and raise concerns to the Board during the meeting.

As in the previous years, the Company facilitated participation of stockholders who cannot attend the virtually by enclosing proxy forms in the ASM Notice

where they can indicate their votes on matters that are taken up during the ASM. Shareholders can download the proxy forms together with details on how to appoint a proxy from the Company's website.

The Company granted all stockholders, including minority stockholders, the right to nominate directors and propose or inquire on agenda items. The "Call for Nominations" was posted on the Company's website on January 29, 2024 for submission of proposed agenda and nomination of qualified candidates on or before March 8, 2024. The agenda and nominees were approved by the Board on January 29, 2024 and March 22, 2024, respectively.

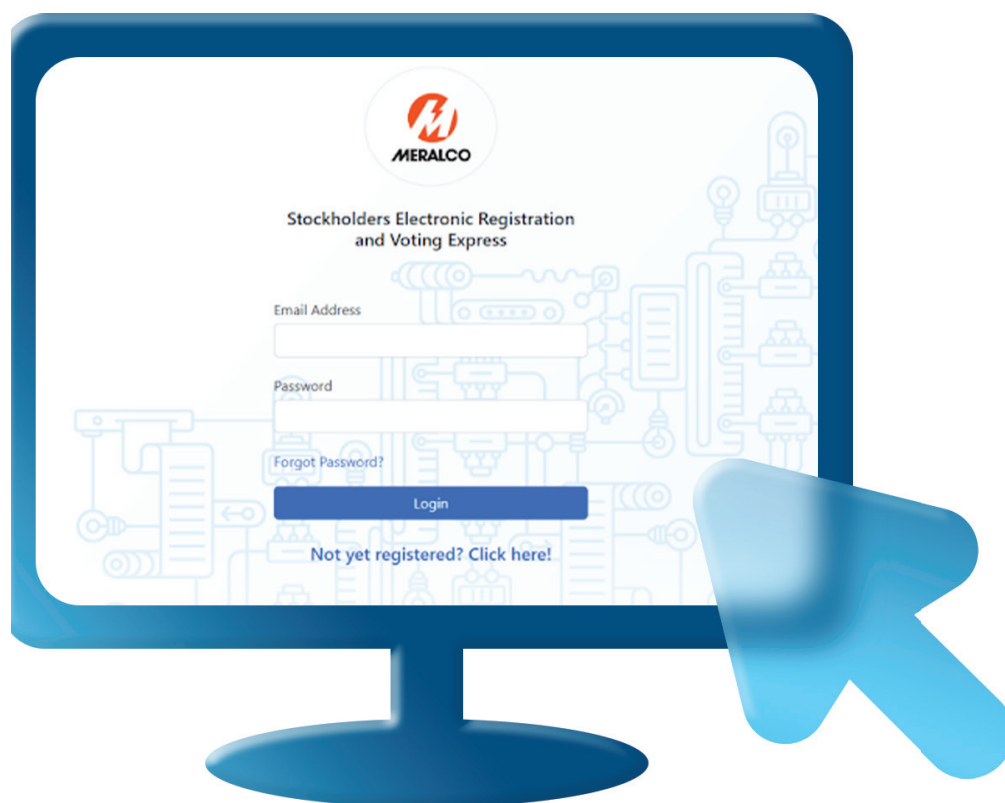
## Voting Procedures

The Corporate Secretary reported a quorum with the attendance of stockholders who own or hold a total of 885,518,431 shares or approximately 78.57% of the total issued and outstanding shares of the Company. An electronic system facilitated the registration and vote tabulation to ensure accuracy and reliability of information. SERVE was also enhanced to allow the stockholders to attend and actively participate via remote communication and to cast their votes for the agenda items online.

The Corporate Secretary explained the vote tabulation procedures to the shareholders and stated that all shareholders were entitled to one vote for one share. Representatives from Reyes Tacandong & Co., an independent third party, validated the voting results for each agenda item. The Company also allowed shareholders to freely express their views and raise their questions during the ASM through the SERVE portal.

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

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





## B.4 RIGHT TO APPROVE MERGERS AND ACQUISITION

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

## B.5 INSTITUTIONAL INVESTORS

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

*For a detailed Map Showing the Relationships among the Companies in the Group as of December 31, 2024, please refer to Schedule I of the Consolidated Audited Financial Statements as incorporated in the Definitive Information Statement and 2024 SEC Form 17-A Annual Report.*

## C. EQUITABLE TREATMENT OF SHAREHOLDERS

### C.1 SHARES AND VOTING RIGHTS

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



## C.2 NOTICE OF ANNUAL STOCKHOLDERS' MEETING ("ASM") AND DEFINITIVE INFORMATION STATEMENT ("DIS")

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



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

Readily available proxy statements, The Notice of ASM, and DIS are available on the Company's website.





### **C.3 POLICY ON DEALINGS IN COMPANY SHARES OF STOCKS (INSIDER TRADING/BLACKOUT PERIOD)**

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

The Company strictly enforces and monitors compliance with its policy on insider trading. Under the revised policy approved for implementation on December 1, 2014, directors and officers are required to disclose to the Compliance Officer the details of any trading, dealing, acquisition, disposal, or change in their beneficial ownership of the Company ("MER") shares, not later than one (1) trading day after the transaction.

### **C.4 RELATED PARTY TRANSACTIONS ("RPTS") BY DIRECTORS AND KEY EXECUTIVES**

The RPT Policy requires the review of material/significant RPTs, to determine whether they are in the best interest of the Company and its shareholders and ensure that all RPTs of the Company are conducted in fair and at arm's length terms. The Policy provides for materiality thresholds, i.e., de minimis, significant, material RPTs including SEC material RPTs which constitute ten percent (10%) of the Company's assets.

The Company provides all the names of related parties, degree of relationship,

nature, and value for each material/significant RPT. Details are found in Note 23 to the Consolidated Financial Statements.

In 2024, all the RPTs were conducted in fair and at arm's length terms and there was no case of insider trading or policy violations involving directors and officers of the Company. Also, no RPT that can be classified as financial assistance to entities other than wholly-owned subsidiary companies. The Company is fully-compliant with the Code and policies on corporate governance.

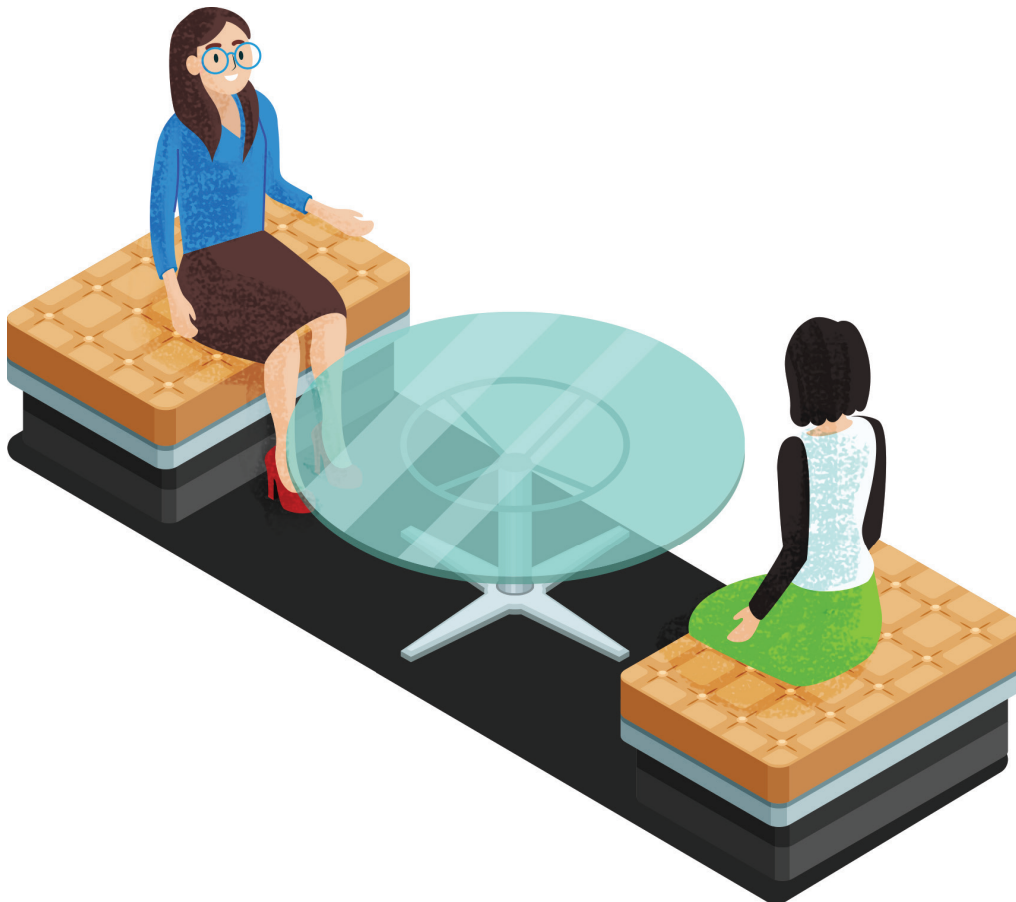
## Conflict of Interest ("COI") Policy

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

## C.5 PROTECTING MINORITY SHAREHOLDERS FROM ABUSIVE ACTIONS

The Company's policies recognize and protect the rights of the minority stockholders while pursuing corporate interest. Some salient provisions include:

- Timely, fair, and accurate disclosure of material information
- Review of existing and development of new policies that will prevent the major stockholders from gaining undue advantage over and at the expense of minority stockholders
- RPTs are disclosed in Note 23 of the consolidated financial statements
- Disinterested stockholders decide on all RPTs which require stockholders' approval



# MERALCO



## D. ROLE OF STAKEHOLDERS

### D.1 RESPECTING THE RIGHTS OF STAKEHOLDERS

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

#### Customers

The Company renders excellent service, ensures fair treatment, and provides complete and accurate information, to its customers.

#### Suppliers/Contractors

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

#### Creditors

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

#### Environment and Community

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

#### Employees

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



## D.2 PERFORMANCE-ENHANCING MECHANISMS FOR EMPLOYEES

### Employee Development Programs

Training programs and other developmental interventions including job-specific development training programs and managerial/leadership development training are implemented to enable employees and officers to acquire the technical and leadership competencies to effectively perform their jobs for their professional growth. The Company uses globally-accepted training and development metrics relevant to value creation for business and society.

*Details on the Company's learning and development initiatives are found on page 176 of this report.*

### Compensation Philosophy/Principles

The Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest. The Company's performance management process measures employee performance on the basis of: 1) actual vs. desired results; and 2) how results were delivered in light of corporate core values. The achievement of financial and non-financial indicators is reflected in performance planning and assessment, which drives the Company's merit and incentive pay programs.

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

Long-term on Meralco's achievement of specified metrics approved by the Board and determined on an aggregate basis for a three (3)-year period as well as executives' attainment of a specified performance rating.

### Succession Planning of President and/or CEO and Senior Management

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

Presently, the succession plan covers 670 leaders of the Company. The succession planning process involves the assessment of the Company's leaders' career aspirations, strengths, and development needs. A key feature of the Company's succession planning process is the talent review conducted at the senior management level and at various levels of the organization. The senior management talent review has resulted in a pool of about 48 candidates in senior management pool, who, subject to the realization of their development plans, could become management committee members within the next five (5) years.

### Code of Business Conduct and Ethics

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

The Company, through the Corporate Governance Office ("CGO"), monitors the implementation of, and compliance to, the Code of Ethics. An online HR Express Corporate Governance Facility is

made available to all employees for the Corporate Governance ("CG") disclosures and commitment required from them. All directors, senior management, and employees are required to annually submit duly accomplished Full Business Interest Disclosure ("FBID") Forms and/or Conflict of Interest ("COI") Forms. They are also required to disclose gifts they received from third-party business partners through the online Gift Registry. Failure to comply with CG disclosures is sanctioned accordingly. On July 25, 2022, the Code of Ethics was amended and renamed "Code of Business Conduct and Ethics."

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

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

### Anti-corruption Programs and Procedures

The Code of Business Conduct and Ethics requires directors, officers, and employees to observe professionalism, integrity, and good faith in transactions with and obligations to the Company's customers, suppliers, business partners, regulators, creditors, competitors, and employees. It enforces practicing ethical standards of behavior and avoiding the commission of any act that may be construed as direct or indirect bribery and corruption, as defined by law, to facilitate any transaction to gain any perceived or actual favor or advantage.

The Anti-Bribery and Corruption Policy of the Company strictly prohibits corporate gift-giving to private and public entities that constitutes bribery or corruption. It cites specific instances of said corrupt practices to better guide directors, officers, and employees.

The Policy on Solicitation and Acceptance of Gifts, on the other hand, prohibits the acceptance of gifts offered and given by suppliers, contractors, and other third-party business partners to prevent all directors, officers, and employees from putting themselves in situations that could affect the fair, objective, and effective performance of their duties and responsibilities.

The Vendors' Code of Business Conduct and Ethics, in turn, requires vendors to comply, at all times, with all applicable anti-bribery and corruption laws, and to not offer, accept, promise, pay, permit, or authorize bribes and kickbacks, which include giving of gifts to the Company's directors, officers or employees or other means to obtain an undue or improper advantage.

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

In 2024, there were no confirmed cases of violations of Anti-Graft and Corruption Policy of the Company.

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



## D.3 EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDERS' RIGHTS AND MEANS OF COMMUNICATION OF ILLEGAL OR UNETHICAL PRACTICES BY EMPLOYEES

### **Corporate Governance Office**

Manila Electric Company  
(Meralco)

Ground Floor, Lopez Building  
Ortigas Avenue, Barangay Ugong  
Pasig City, Philippines 1605

Tel: (+632) 1622 2789  
Mobile (+63) 9209484787  
Email: [cgo.staff@meralco.com.ph](mailto:cgo.staff@meralco.com.ph)

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

Employees, suppliers, customers, and other stakeholders can download, through the Company website, a Whistleblower Report Form and submit the same via email or regular mail to the CGO through the contact information provided therein.

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

To maintain the integrity and impartiality of the review process, the Company's whistleblowing system is managed by an independent party. Currently, the Chairman of the Nomination and Governance Committee, who is an independent director, spearheads the review of all whistleblowing reports received by the Corporate Governance Office. This includes overseeing the investigation of reported concerns, ensuring appropriate follow-up actions are taken, and safeguarding the anonymity and protection of whistleblowers in accordance with the company's Speak Out Policy and other relevant regulations.

In 2024, the Company received certain reports of alleged violations and illegal/unethical behavior. These reports were investigated and accordingly resolved based on the evidence provided and in accordance with the procedures defined in the whistleblowing policy.



## E. DISCLOSURE AND TRANSPARENCY

### E.1. TRANSPARENT OWNERSHIP STRUCTURE

The following stockholders directly own more than 5% of the Company's (MER) shares as of December 31, 2024.

Name of Shareholder and Beneficial Owner	Total Shares	% to Total Share
Beacon Electric Asset Holdings, Inc.	394,059,235	34.96%
JG Summit Holdings, Inc.	297,189,397	26.37%
Metro Pacific Investments Corporation	140,906,807	12.50%
<b>TOTAL</b>	<b>832,155,439</b>	<b>73.83%</b>

### E.2 ENTERPRISE-WIDE RISK MANAGEMENT



Meralco has a robust internal control and Enterprise Risk Management ("ERM") framework to monitor and manage its strategic, legal and regulatory, operational, Environmental, Social, and Governance ("ESG") and financial risks that are periodically reviewed by the Board to determine its effectiveness in the light of the Company's corporate objective and business and regulatory landscape.

The Company adopted ISO 31000 as its model for ERM framework. The 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. 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 the Company's key enterprise risks.



EWRM initiates the annual enterprise-wide assessment of the Company's 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 RMC.

The Board, through the RMC, oversees the EWRM and reviews the top key enterprise risks and the effectiveness of risk mitigation strategies and treatment plans developed by management.

*For more information on the Company's key risks, please refer to pages 52-57 of this report.*

## **Information, Communications, and Technology Governance**

The Board, through its Risk Management Committee, oversees the governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board.

The Management, through ICT Governance Office and ICT Planning and Program Management Office, uses Control Objectives for Information and Related Technology ("COBIT") framework to ensure that IT goals and objectives are in line with the overall business strategy of Meralco. This involves delivering value from IT investments, managing IT risks, optimizing IT resources, measuring performance, and communicating with stakeholders. ICT Governance Office provides a comprehensive approach to aligning IT with business objectives, mitigating risks, and ensuring compliance with policies and standards.

Management is likewise accountable to the Board for the Company's information security governance. As a key pillar of Meralco's sustainability, the Management—through the Cyber Security Group ("CSC")—drives Meralco's cybersecurity initiatives, providing strategic direction and resources to effectively manage the information security risks. It ensures the highest standard of protection across all aspects of operations, with a strong focus on mission-critical and business critical assets.

The Group conducts regular assessments, and reviews, approving information security policies and standards to ensure continuous monitoring, implementation, and enhancement of a robust information security management system.

Aligned with global best practices and international standards, including ISO/IEC 27001, ISO/IEC 27002, and the NIST Cybersecurity Framework, these initiatives are effectively coordinated and integrated into the Organization's relevant processes and core business functions, with clear designation of authority, roles, and responsibilities.

Meralco's information security policies and standards integrate cybersecurity into the workforce's responsibilities in our increasingly digital world. These policies form the foundation for developing strategies and controls to prevent and mitigate cybersecurity risks, ensuring that the company and its employees are cyber-resilient and capable of effectively detecting, protecting against, and

responding to cyber threats.

The Group evaluates the organization's maturity posture and identifies any gaps that require action based on the result of the regular maturity assessment. Moreover, the CSG ensures that business units, shared units, and third-party vendors remain compliant and accountable for the organization's cybersecurity requirements and protocols. The commitment to inculcating adoption and compliance within the organization will not only protect information assets but also cultivate a culture of trust, accountability, and resilience, which are essential for Meralco's long-term sustainability.

*Details on the Company's Cybersecurity initiatives are found on pages 176-183 of this report.*



### E.3 ECONOMIC, ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INFORMATION

The Company is committed to the cause of protecting the environment and mitigating the adverse impact of climate change and strictly monitors its business activities and operations to ensure sustainable development and safeguard the quality of life of society, communities, and the environment in the areas where it operates.

The Company also discloses its policies and practices on the management of economic, environmental, social and governance ("EESG") in a separate Integrated Report, in accordance with the Global Reporting Initiative ("GRI") Standards, adhering to SASB Standards for Electric Utilities and Power Generators, and adopting the IFRS<sup>45</sup> S2 Standard.

<sup>45</sup> International Financial Reporting Standards

## E.4 DIRECTORS' AND OFFICERS' DEALINGS IN COMPANY SHARES

### SHAREHOLDINGS OF DIRECTORS AND OFFICERS AS OF DECEMBER 31, 2024

Name	January 1, 2024	Buy	Sell	December 31, 2024	Direct Holdings	Indirect Holdings	Total Shares	% to Total Shares
MANUEL V. PANGILINAN	60,000	5,000	-	65,000	65,000	-	65,000	0.01%
LANCE Y. GOKONGWEI	24,313	5,000	-	29,313	29,313	-	29,313	0.00%
RAY C. ESPINOSA	61,000	5,000	-	66,000	66,000	-	66,000	0.01%
JUNE CHERYL A. CABAL-REVILLA	10	5,000	-	5,010	5,010	-	5,010	0.00%
LYDIA B. ECHAUZ	11,100	5,000	-	16,100	16,100	-	16,100	0.00%
FREDERICK D. GO <sup>1</sup>	30	-	-	N/A	N/A	-	N/A	N/A
PATRICK HENRY C. GO <sup>2</sup>	-	1,677	-	1,677	1,677	-	1,677	0.00%
JAMES L. GO	204,450	5,000	-	209,450	209,450	-	209,450	0.02%
JOSE MA. K. LIM	140,010	38,900	-	178,910	178,910	-	178,910	0.02%
ARTEMIO V. PANGANIBAN	27,001	5,250	-	32,251	32,251	-	32,251	0.00%
PEDRO EMILIO O. ROXAS	1,000	-	-	1,000	1,000	-	1,000	0.00%
VICTORICO P. VARGAS	18,917	5,000	-	23,917	23,917	-	23,917	0.00%
SIMEON KEN R. FERRER	767	-	-	767	767	-	767	0.00%
RONNIE L. APEROCHO	14	-	-	14	14	-	14	0.00%
MARIA LUISA V. ALVENDIA	-	-	-	-	-	-	-	0.00%
EDGARDO V. CARASIG	-	-	-	-	-	-	-	0.00%
ARNEL PACIANO D. CASANOVA	-	-	-	-	-	-	-	0.00%
FERDINAND O. GELUZ	15,877	-	-	15,877	15,877	-	15,877	0.00%
ANTONIO M. ABUEL, JR. <sup>3</sup>	7,927	-	-	N/A	N/A	-	N/A	0.00%
MELANIE T. OTEYZA	-	-	-	-	-	-	-	0.00%
WILLIAM S. PAMINTUAN	-	-	-	-	-	-	-	0.00%
BETTY C. SIY-YAP	-	-	-	-	-	-	-	0.00%
JOSE RONALD V. VALLES	-	-	-	-	-	-	-	0.00%
ROQUE D. BACANI	-	-	-	-	-	-	-	0.00%
BENNETTE D. BACHOCO	-	-	-	-	-	-	-	0.00%
REDEL M. DOMINGO	-	-	-	-	-	-	-	0.00%
CHARINA P. PADUA	42,609	-	-	42,609	42,609	-	42,609	0.00%
ROSS RAYMOND B. RAVELO	-	-	-	-	-	-	-	0.00%R
FROILAN J. SAVET	8,435	-	-	8,435	8,435	-	8,435	0.00%
FRANCIS EUSTON R. ACERO	500	-	-	500	500	-	500	0.00%

Name	January 1, 2024	Buy	Sell	December 31, 2024	Direct Holdings	Indirect Holdings	Total Shares	% to Total Shares
IRENEO B. ACUÑA	18,355	-	-	18,355	18,355	-	18,355	0.00%
JOSEPH L. AMOSCO	5,198	-	-	5,198	5,198	-	5,198	0.00%
PATRICK DAVE B. BACANI	-	-	-	-	-	-	-	0.00%
JOSEPH ALLAN C. BALTAZAR	-	-	-	-	-	-	-	0.00%
RITA D. BANTIGUE <sup>4</sup>	-	-	-	N/A	N/A	-	N/A	0.00%
SANTE C. BUELLA	-	-	-	-	-	-	-	0.00%
RICARDO CARMELO D. BUENAFE	6,070	-	-	6,070	6,070	-	6,070	0.00%
ALBERTO N. CASTILLO	600	-	-	600	600	-	600	0.00%
ANTHONY MATTHEW N. CO	1,350	800	-	2,150	2,150	-	2,150	0.00%
RICARDO L. CONCEPCION	-	-	-	-	-	-	-	0.00%
MA. CECILIA M. DOMINGO	1,495	-	-	1,495	1,495	-	1,495	0.00%
LAWRENCE S. FERNANDEZ	4,500	-	-	4,500	4,500	-	4,500	0.00%
MARVIN G. GONSALVES	11,780	-	-	11,780	11,780	-	11,780	0.00%
DANILO R. IGNACIO <sup>5</sup>	7,871	-	-	7,871	7,871	-	7,871	0.00%
JERRY B. LAO	-	-	-	-	-	-	-	0.00%
ERVILLE D. MAGTUBO	-	-	-	-	-	-	-	0.00%
RALPH M. MENCHAVEZ <sup>5</sup>	-	-	-	-	-	-	-	0.00%
RODERICK DENNISON N. NACU	31	-	-	31	31	-	31	0.00%
NOEL S. PORCIUNCULA <sup>5</sup>	144	-	-	144	144	-	144	0.00%
PAUL JAYSON I. RAMOS <sup>5</sup>	-	-	-	-	-	-	-	0.00%
JOSE S. REYES, JR.	8,827	-	-	8,827	8,827	-	8,827	0.00%
GLEN N. SAN PEDRO	-	-	-	-	-	-	-	0.00%
ANDREW JASON B. TAN	-	3,000	-	3,000	3,000	-	3,000	0.00%
JEFFREY O. TARAYAO	-	-	-	-	-	-	-	0.00%
MARILENE P. TAYAC <sup>5</sup>	-	-	-	-	-	-	-	0.00%
PAOLA MARGUERITE A. VERAYO <sup>5</sup>	-	-	-	-	-	-	-	0.00%
MARIA ZARAH R. VILLANUEVA-CASTRO	-	-	-	-	-	-	-	0.00%
JOCELYN C. VILLAR-ALTAMIRA <sup>5</sup>	-	-	-	-	-	-	-	0.00%
AGAPITO R. ZALDARRIAGA	10,369	-	-	10,369	10,369	-	10,369	0.00%
MA. CYNTHIA C. SOLUREN	11,575	-	-	11,575	11,575	-	11,575	0.00%
<b>TOTAL</b>	<b>712,125</b>	<b>84,627</b>	<b>0</b>	<b>788,795</b>	<b>788,795</b>	<b>0</b>	<b>788,795</b>	<b>0.07%</b>

<sup>1</sup> Resigned as a member of the Board of Directors on January 8, 2024.

<sup>2</sup> Elected as a member of the Board of Directors on January 29, 2024. The 1,677 shares include the 10 shares purchased before his election.

<sup>3</sup> No longer a reportable officer of Manila Electric Company effective May 28, 2024.

<sup>4</sup> Retired effective November 15, 2024.

<sup>5</sup> Rank conferment as Vice-President took effect on January 1, 2024.

<sup>6</sup> Appointment as Vice-President and Chief Investor Relations Officer took effect on July 1, 2024.



## E.5 AUDIT

### Internal Audit

The purpose of the internal audit function is to strengthen Meralco, subsidiaries and affiliates' ability to create, protect, and sustain value by providing the Board and Management with independent, risk-based, and objective assurance, advice, insight, and foresight. The mission is to be a trusted partner and catalyst for improvement by promoting accountability, ethical conduct, effective risk management and continuous enhancement of processes through insightful and forward-looking internal audit work and data-informed evaluation of controls.

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

Meralco IA communicates the results of audit engagements covering various units of the Company and its subsidiaries including specific areas of concerns identified by Management to the AuditCom.

The findings and any improvement opportunities are reviewed by AuditCom which then are reported to the Board for guidance and oversight. Significant concerns, which have been reported by IA and the implementation of responsive

remedial measures by Management, are acted upon by Management and monitored by AuditCom. The AuditCom Report to the Board included the review of Meralco and its subsidiaries' system of internal controls (financial, operational, and compliance controls) and risk management systems which are found to be in place and functioning. A Certification attestation of the Internal Controls is issued bi-annually as a result of the combined risk and control assessment of the Management and IA including the scope of audit review for the financial year.

Meralco's IA is headed by the Group Chief Audit Executive and Senior Vice President, Ms. Melanie T. Oteyza, who reports functionally to the Board through the AuditCom and administratively to the Chairman and CEO, as outlined in the Company's IA Charter. The appointment and removal of the Group Chief Audit Executive require the recommendation of the AuditCom.

All internal auditors are members of the Institute of Internal Auditors ("IIA") and adopts the Global Internal Audit Standards ("Standards"), Global Guidance and Topical Requirements of the Institute of Internal Auditors' International Professional Practices Framework ("IPPF") The internal auditors are comprised of highly certified professionals – Certified Public Accountants, Certified Internal Auditors, Certified Information Systems Auditors, Certified Quality Assurance Validator, Certified Fraud Examiner, Certified Information Security Manager, Certified Tax Technician, Certified Management Accountant, Registered Electrical Engineers and others with Certification in Control Self-Assessment, Certification in Risk Management Assurance, Qualification in Internal Audit Leadership, Information Technology Infrastructure Library ("Foundation") - ITIL(F), Control Objectives for Information and Related Technologies ("Foundation") - COBIT(F) and Certified in Cybersecurity ("CC").

Meralco IA recruits and employs suitable and qualified professional staff with the requisite skillsets, competencies, and experience. Relevant trainings and continuing professional development are provided to its staff to ensure that internal audits are performed effectively and that the team possess the technical knowledge needed for the job and to remain relevant and value-adding to the organization.

Meralco IA also provides a confirmation of their independence, conformance with Code of Ethics and Global Internal Audit Standards, and provide the results of its Quality Assurance and Improvement Program to the Audit Committee on an annual basis.

## External Audit

The Company's external auditor, SGV was evaluated, nominated, and recommended for appointment including its audit fees by the AuditCom, and such recommendation was approved by the Board. The re-appointment of SGV was thereafter confirmed by the shareholders in the ASM held on May 28, 2024.

## CONSOLIDATED EXTERNAL AUDITOR'S FEES\* (in PHP million)

	2024	2023
Financial Statements Audit*	24.8	22.9
Audit of financial statements in accordance with the requirements of the Business Separation and Unbundling Plan of the ERC, Audit of universal charge reports as required by PSALM, quarterly reviews for SP New Energy Corporation ("SPNEC")	2.0	2.2

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

## E.6 MEDIUM OF COMMUNICATION

### Quarterly Reports

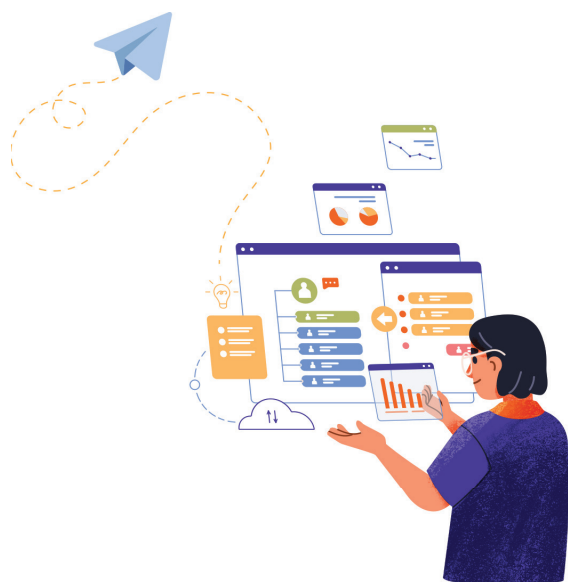
The Company reports its quarterly and full year financial results through the SEC, PSE and PDEX to provide the shareholders, the investors, and the public a balanced and informed assessment of the Company's performance, position, and prospects.

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

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

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





## Investors' Briefings/Media Briefings

The officers of the Company, led by the Chairman and CEO, with the CFO, Investor Relations Office and other officers, present information on performance results, business progress, industry trends, impact of external factors, and regulations to shareholders, analysts, investors, and media every quarter during the investors' briefing and teleconference, as well as the media briefing. Presentation materials used in these meetings are posted on the Company's website to ensure comprehensive information dissemination to all stakeholders and investors, including those who were not able to participate in the briefings.

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

Press Releases: <http://www.meralco.com.ph/investor-relations/press-releases>

## Company Website

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

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



## E.7 TIMELY FILING/RELEASE OF ANNUAL/QUARTERLY FINANCIAL REPORTS

The Company's 2024 Audited Financial Statements were released on March 1, 2025, 60 days after financial year-end. The true and fair representation of the Annual Financial Reports was affirmed by the Board through the Chairman and CEO, as well as the CFO of the Company on the Statement of Management's Responsibility section of this Annual Report. This can be accessed at the Company website.

## E.8 INVESTOR RELATIONS

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

