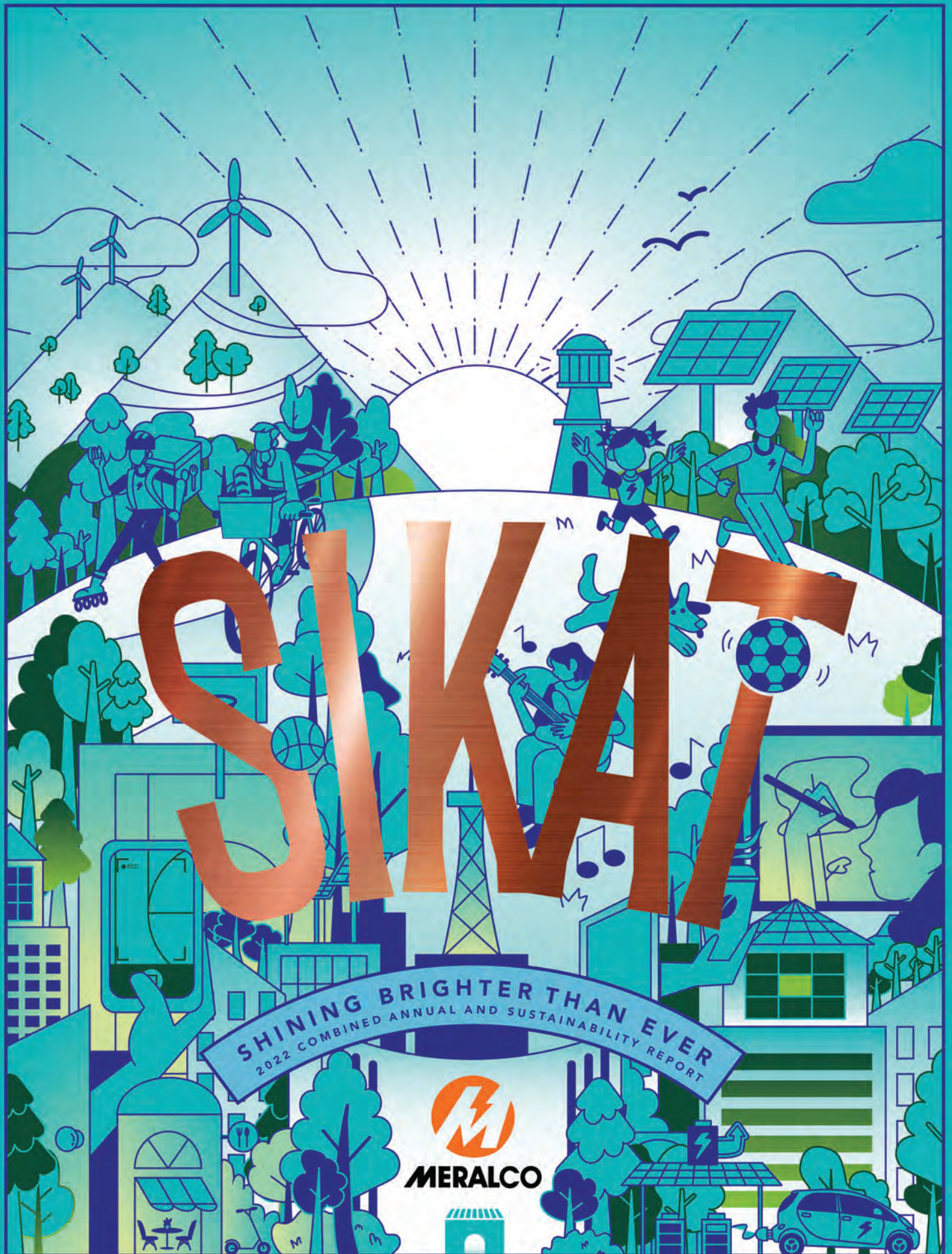




SKAT

SHINING BRIGHTER THAN EVER
2022 COMBINED ANNUAL AND SUSTAINABILITY REPORT



MERALCO

Our Theme

Bolder and Brighter

As the nation emerged from the ravages of the Covid pandemic, the public and private sectors needed to take bold initiatives to jumpstart the economy and enhance the social well-being of the people. Meralco took on the big task of powering our economy and keeping the lights on for millions of homes and businesses. When 2022 brought even more challenges, Meralco remained steadfast, embodying hope and resilience, while encouraging Filipinos to soldier on and adapt to the new normal, embrace innovation and go beyond their limits to create a brighter tomorrow.



Our Cover

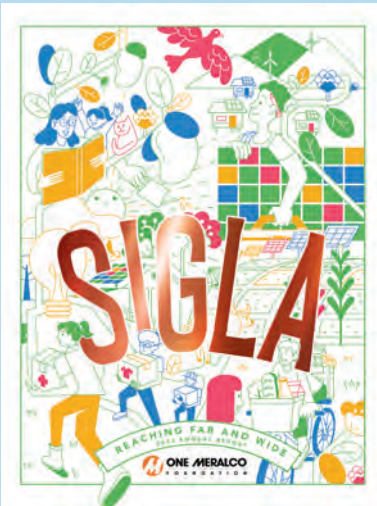


SIKAT – Our book shows a progressive city that is close to nature. It illustrates that we do not just co-exist with nature but also work towards its preservation.

In this bustling city, wide spaces beckon the residents to relax, run freely, and bond with family. Progress is apparent here when infrastructure and services work for the people, where there is a raised consciousness to take care of others, including nature, where people enjoy their individuality while having a sense of community.

SIKAT (*Rise*) is Meralco’s message to raise each other up and shine brighter, to step out of the shadow, emboldened by our vision. This keeps us focused on our goal of becoming a sustainable enterprise while providing economic returns to our shareholders and meaningful engagement with other stakeholders.

By rising to the call for sustainability, we not only reap the benefits it brings, but more importantly, we preserve Mother Earth for generations to come.



For the One Meralco Foundation book, **SIGLA** (*Vibrance*) is in full swing. We see people happily interacting in a lively community. With the electrification of homes of low-income families and off-grid schools, kids are energized to study, as illustrated by the mom reading to her daughter. Through these efforts, we aim to help break the cycle of poverty. *Bayanihan* (*Cooperative Spirit*) is ignited in the hearts of our volunteers as they deliver relief goods and medicine to those in need. As we spark more partnerships with organizations who share our values, more communities will be uplifted. To address climate change, we see houses being equipped with green energy while sustainable tree planting initiatives are launched in key areas. As we nurture the environment, we also do the same for our farmers who care for our seedlings by providing them with sustained livelihood.

Through the One Meralco Foundation, Meralco reaches out to communities to light the way towards a greener, brighter tomorrow. Now, there is renewed energy – “*panibagong sigla*” - in advocating for a responsible and sustainable way of life. *Sa tulong ng One Meralco Foundation, may ibayong liksi at sigla ang buong pamayanan.* (With the help of One Meralco, the community has renewed energy and enthusiasm.) The energy felt is genuine and empowering because it is anchored on deeply rooted values. *Sigla* is a manifestation of strength from within and the drive to do something good for God, country, and people.

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About the Report

This Combined Annual and Sustainability Report (CASR) showcases the accomplishments of the Manila Electric Company (Meralco) and its subsidiaries (collectively as “One Meralco” or “the Group”) in 2022. Aligned with the Group’s deepened commitment to sustainability, the report contains information on the financial and operational performance of Meralco as well as discussions on environmental, social, and governance (ESG) issues relevant to One Meralco’s businesses and stakeholders.

This report is best read along with the 2022 One Meralco Foundation (OMF) Annual Report, SIGLA, which provides details of OMF’s initiatives and accomplishments.

Scope and Coverage

GRI 2-3

This CASR covers One Meralco’s consolidated financial, operational, and ESG performance in 2022. It also includes data from earlier years for comparison.

All reported greenhouse gas (GHG) emissions data were measured using equity share approach in consolidating GHG emission, in accordance with the GHG Protocol.¹

¹ Under the equity share approach, a company accounts for GHG emissions from its operations according to its share of equity in the operation. The equity share reflects economic interest, which is the extent of the rights a company has with respect to the risks and rewards flowing from an operation.

Reporting Frameworks and Standards

Philippine Financial Reporting Standards (PFRS)

The accompanying audited financial statements in this report were prepared in accordance with the PFRS issued by the Philippine Financial Reporting Standards Council (PFRSC) to govern the preparation of financial statements in the Philippines. The PFRS were patterned after the revised financial reporting standards issued by the International Accounting Standards Board (IASB).

Integrated Annual Corporate Governance Report (I-ACGR)

All corporate governance-related information in this report was prepared in line with the I-ACGR, a tool developed by the Securities and Exchange Commission (SEC) for publicly listed companies (PLCs) to disclose compliance/non-compliance with the recommendations provided under the SEC’s Corporate Governance Code for PLCs.

ASEAN Corporate Governance Scorecard (ACGS)

Disclosures on corporate governance in this report were aligned with the recommended best practices prescribed in the ACGS, which was developed based on the Group of 20 (G20) and the Organization for Economic Co-operation and Development’s (OECD) Principles of Corporate Governance.

Global Reporting Initiative (GRI) Standards

This report was prepared with reference to the GRI Standards. The GRI Standards are the world’s most widely used sustainability reporting framework, enabling organizations across the globe to disclose their ESG impacts on stakeholders in an empirical and comparable manner.

Sustainability Accounting Standards Board (SASB) Standards

There was adherence to the SASB Standards for Electric Utilities and Power Generators in the development of this report. The SASB Standards require disclosure of sector-specific data that are financially material to all organizations within a single industry.

Task Force on Climate-Related Financial Disclosures (TCFD) Guidance

Here, we adopted the climate-related disclosure recommendations of the TCFD. Section 10.1 discusses in detail the Group’s governance structures and policies, strategies, risk management system and processes, as well as metrics and targets related to climate change.



Reporting Principles

In addition to adopting the GRI Standards, SASB Standards, and the TCFD Guidance, all ESG disclosures in this report were prepared in line with the AccountAbility AA1000 Principles by:

- Identifying ESG issues material to One Meralco and disclosing performance on these topics within the reporting period **(Materiality)**;
- Understanding the key expectations and concerns of the Group’s stakeholders through various engagement channels **(Inclusivity)**;
- Ensuring complete, accurate, and timely coverage of the information presented in this report **(Responsiveness)**; and
- Being accountable for the Group’s impact throughout its operations and value chain as well as mapping its contributions to the United Nations’ Sustainable Development Goals **(Impact)**.

For accuracy, Meralco engaged two separate auditing firms for the independent review and evaluation of all the financial and ESG information reported in this CASR.

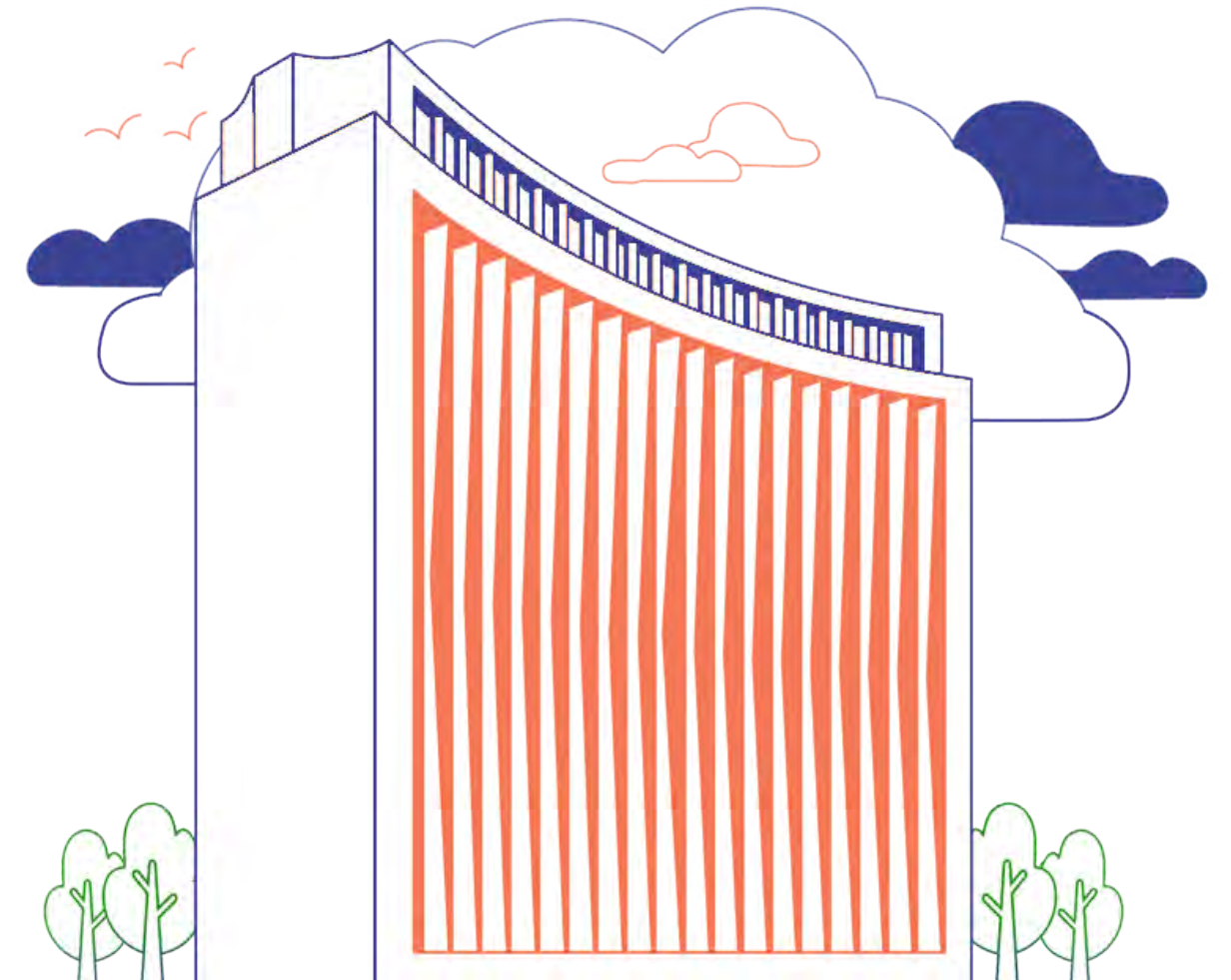
External Assurance
GRI 2-5

SyCip Gorres Velayo & Co. (SGV), a member firm of Ernst & Young International Ltd., was appointed last year by Meralco’s stockholders to audit the Company’s consolidated financial statements as of and for the year ended December 31, 2022. SGV’s Independent Auditor’s Report and Audited Financial Statements can be found on pages 410–575.

Meanwhile, DNV Business Assurance Singapore Pte. Ltd. (DNV Singapore), the Singapore branch of DNV Group AS, was commissioned by Meralco to audit the Company’s ESG performance data for 2022. Find DNV Singapore’s Independent Assurance Statement can be found on pages 394-397.



Our Brand



Meralco is more than just a power distributor.

We are in the service of energizing households, businesses, and communities.

We are driven to power the Filipino spirit of nation-building.

We aim to empower our customers with reliable service and innovative energy solutions to engender a higher standard of living for all and sustain a progressive and inclusive economy.

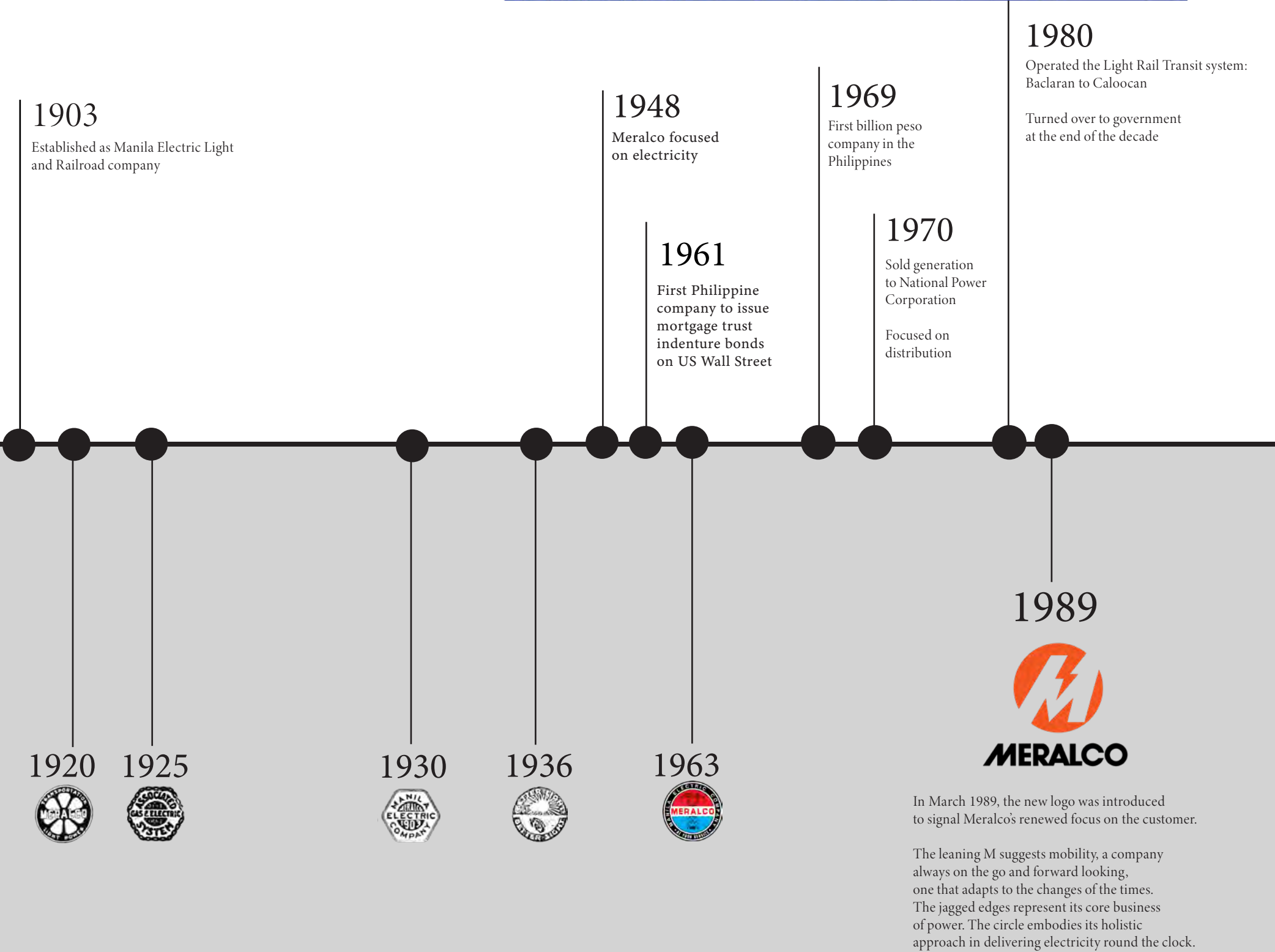
The Meralco brand is our most important and enduring intellectual capital.

For more than a century, Meralco has been providing power to ensure progress, energizing its customers and communities to take part in building and rebuilding the nation.

The Meralco symbol has undergone several faces and distinct modifications in the past years. Each evolution reflects the shift in its strategic priorities as it aligns with the changing market and customer behavior.

The name MERALCO started as an acronym for the company name that was established in 1903 as the Manila Electric Railroad and Light Company.

It became so ingrained in the identity of the company that it decided to keep it as a public name even after its re-organization into the Manila Electric Company in 1919.



In 2021, Meralco updated its Vision, Mission, and Values (VMV) to reflect the aspiration beyond distribution, to be an end-to-end energy solutions provider.



VISION

To be a world-class energy solutions provider, powering our nation and empowering our people today and for generations to come

MISSION

To provide our customers the best value energy solutions—reliably, affordably, superbly, and sustainably

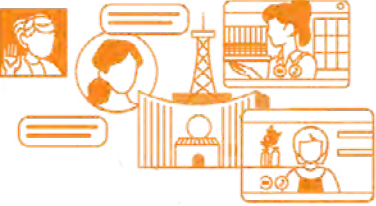
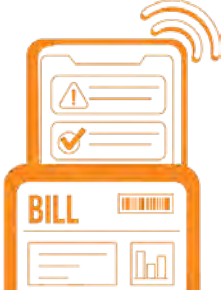
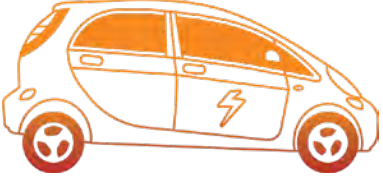
PURPOSE

“Tagapaghatid ng liwanag”
(bearers of light)

PROMISE

Powering your life is our solemn duty

VALUES

 CUSTOMER CENTRICITY Our power comes from our customers who are our reason for being. We deliver outstanding customer experience. We live for our customer, the community, and our country.	 INNOVATION We are passionately innovative, leveraging technology to constantly improve our operations and provide better customer and employee experiences.	 SUSTAINABILITY Sustainability is core of all we do. We work to preserve our planet, to empower our people, to power our communities, and to create prosperity for all.
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EXCELLENCE

Excellence is our way of life. We strategize brilliantly, decide resolutely, and execute flawlessly.

MALASAKIT (Solicitude) <i>Sa lahat ng aming tungkulin at gawain, lubos ang pagbibigay ng sarili. Tunay na malasakit ang nasa puso namin, bilang mga tagapaghatid ng liwanag.</i> (In all our duties and in all that we do, we give our all. As bearers of light, we carry in our hearts genuine care and concern for others.)	INTEGRITY We value ethical behavior and employ good governance practices that meet global standards.	 As we celebrate our 120th year in 2023, we aspire to continue to be a beacon of positivity and inspiration, empowering customers to live quality lives today as we build a brighter tomorrow.
BAYANIHAN (Cooperative Spirit) <i>Mahal namin ang aming kapwa at kababayan. Sa lahat ng oras, handa kaming tumugon, tumulong, at maglingkod.</i> (We love our fellowmen and countrymen. We are ready to respond, help, and serve at all times.)		

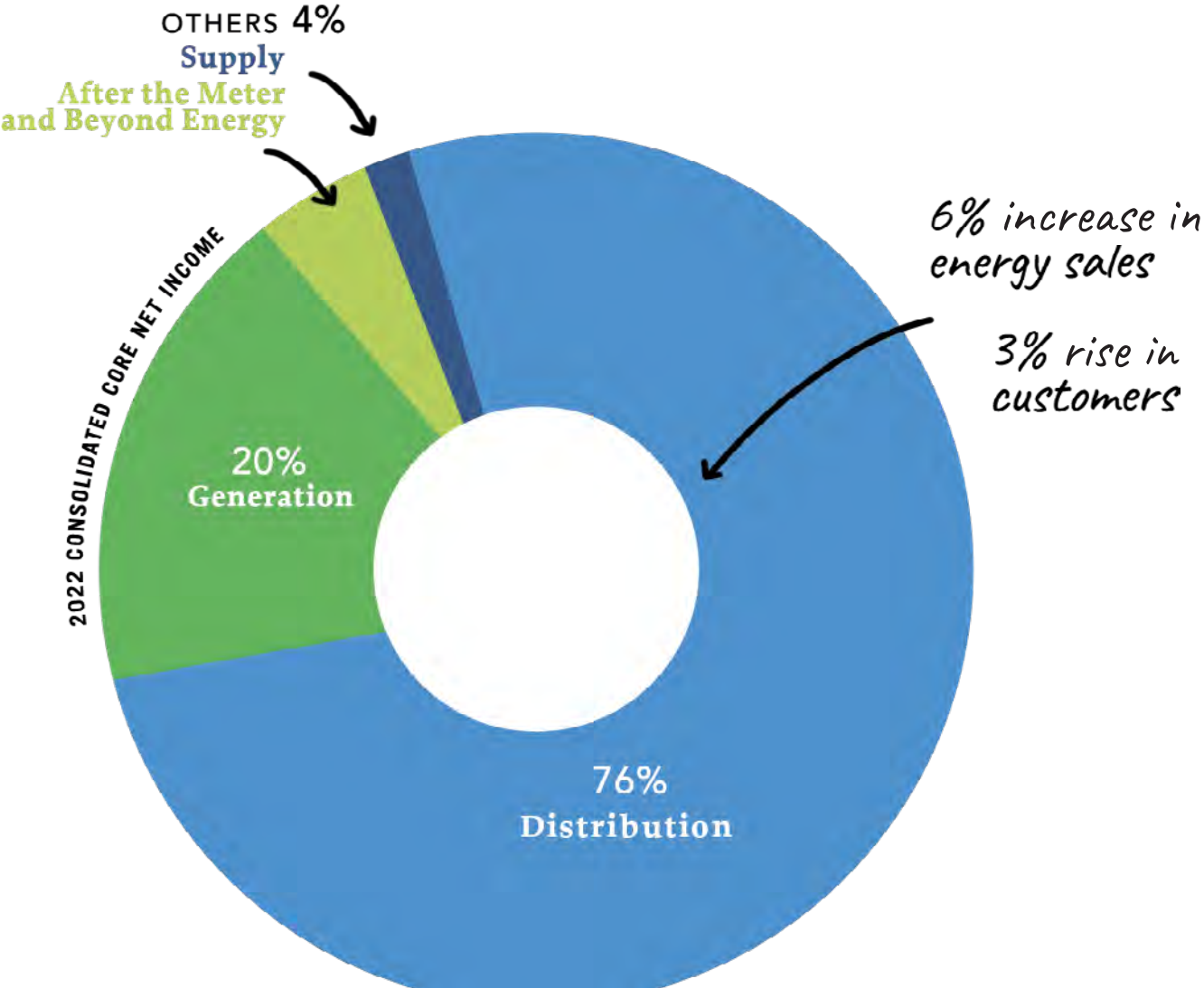
Our Business

One Meralco performed better and shone brighter amidst 2022 challenges. Thanks to the resilience of our diverse businesses and the unwavering support and guidance of our shareholders led by Beacon Electric Asset Holdings, Inc., Metro Pacific Investments Corporation and JG Summit Holdings, Inc. Meralco, with distribution at its core, actively expands within and beyond the power sector through its subsidiaries and affiliates.

SHAREHOLDERS	TOTAL SHARES (as of December 31, 2022)	% of TOTAL OUTSTANDING SHARES
Beacon Electric Asset Holdings, Inc.	394,059,235	34.96
JG Summit Holdings, Inc.	297,189,397	26.37
Metro Pacific Investments Corporation	294,230,500	26.11
Institutional investors and public float	140,906,807	12.50
Meralco’s directors and officers	712,766	0.06
TOTAL	1,127,098,705	100.00

Our Portfolio

Meralco aims to be responsive to the call of the times. To meet the changing needs of our customers, our portfolio of businesses continuously evolves. Aside from distributing power to the entire National Capital Region, and in the provinces of Bulacan, Cavite, and Rizal, as well as parts of Batangas, Laguna, Quezon and Pampanga, we constantly explore avenues to improve our services and drive economic and societal progress. We continue to better our best with the help of our subsidiaries, affiliates, and other business units.



Distribution

One Meralco's distribution utilities saw a 6% increase in energy sales and a 3% expansion of its customer base in 2022.

76%
CCNI CONTRIBUTION



Meralco is committed to sustainable development and being stewards of mother nature. As part of our goal to source greener power, we contracted nearly 3% of our supply from clean energy sources in 2022. By 2030, we expect the share of renewable energy (RE) in our supply mix to be at least 22%. Aside from providing electricity to government offices, central business districts, educational and health institutions, and industrial parks, we partner with government agencies and industry players to deliver excellent service while ensuring compliance with rates approved by the Energy Regulatory Commission. As energy drives economies and provides avenues to alleviate poverty, Meralco provides accessible and reliable power at a fair and reasonable price, especially to the unserved and underserved communities who need it most.

Manila Electric Company (Meralco)

Meralco is the premier and largest electricity distribution utility in the Philippines, delivering power to Metro Manila and its adjacent provinces. Headquartered in Pasig City, Meralco's coverage spans over 9,685 square kilometers, energizing over seven million households and 580,000 businesses, which collectively account for more than half of the country's Gross Domestic Product (GDP). *Hindi lang iniilawan ang mga tahanan kundi pati ang daan patungo sa pag-unlad.* (We do not just provide the light to homes, we light the path to progress.)

9,685 km²
Land Area Covered

38 Cities 73 Municipalities

7.6 M
Customer Connections



Clark Electric Distribution Corporation (Clark Electric)

Our partners join our mission of helping Filipinos stay out of the dark, one community at a time.

Clark Electric distributes power in the Clark Special Economic Zone (CSEZ), the site of the former U.S. Clark Air Base. This site was transformed into a major economic district comprising the Clark Freeport Zone and adjoining subzones. Consistent with Meralco's mission to help build and strengthen our economy, Clark Electric continues to play a critical role in transforming the CSEZ into a leading powerhouse for industry, aviation, export business, and higher learning. It is also determined to support the area's development so that it can become Central Luzon's hub for leisure, entertainment, and gaming.

In support of One Meralco's transition to clean energy, Clark Electric sourced 25% of its power supply from RE sources in 2022. It is actively working towards further growing the share of RE in its fuel mix.

Meralco Ecozone Power (MEP)

In the south of Luzon, MEP is responsible for the operation and maintenance of the Cavite Economic Zone's (CEZ) electric distribution system. MEP provides electricity-related services for CEZ locators, including service application, meter reading, rate computation, billing, collection, delinquency management, and service irregularity management.



Shin Clark Power Holdings, Inc. (Shin Clark)

In the 9,450-hectare New Clark City (NCC) in Tarlac, Shin Clark is responsible for the development, operation, and maintenance of the NCC's electric distribution system through a Joint Venture Agreement with the Bases Conversion and Development Authority (BCDA).

Incorporated in May 2022, it collaborates with the BCDA to achieve its vision of making NCC the first smart, sustainable, and disaster-resilient metropolis in the Philippines. Shin Clark aims to provide reliable and affordable energy to NCC locators.

To ensure that energy is consistently provided to the NCC substation, the new 69kV line project from National Grid Corporation of the Philippines (NGCP) Clark substation started the bidding process for accredited contractors and its energization target is December 2023.

Comstech Integration Alliance, Inc. (Comstech)

Since 2014, Comstech has been providing management assistance to the Pampanga II Electric Cooperative (PELCO II) under an investment management contract, serving the City of Mabalacat and six municipalities in the Province of Pampanga. PELCO II is an active partner and supporter of the local government units in Pampanga that it covers, enabling and advancing the growth spurred by new commercial and industrial development projects. Additionally, PELCO II sustains communities by providing electricity to resettlement areas in select parts of Pampanga.

Generation

In 2022, Meralco's power generation arm delivered 13,506 GWh of total energy.

20%
CCNI CONTRIBUTION



Meralco PowerGen Corporation (MGen)

Having a sufficient, reliable, and cost-competitive energy supply is imperative to achieving energy security. MGen improves access to energy in the Philippines by building a diverse portfolio of power generation plants. Its first major investment, the San Buenaventura Power Ltd. Co. (SBPL) power plant, pioneered the use of high-efficiency, low-emissions (HELE) coal technology in the country. To continue its efforts to promote green energy, its subsidiary, MGen Renewable Energy, Inc. (MGreen), aims to make MGen a leader in the clean energy space. The company has expanded to serve the Visayas and Mindanao power supply market through the acquisition of Global Business Power Corporation (GBP) in 2021.

As of end-2022, MGen's total power generation capacity was 2,251 MW (net), 63% of which was directly attributable to the MGen group.



MGen Renewable Energy, Inc. (MGreen)

MGreen, a wholly-owned subsidiary of MGen, serves as Meralco's main platform for investments in utility-scale power plant development projects via Renewable Energy (RE) sources, including but not limited to solar, wind, and hydropower. MGreen will lead One Meralco's plan to build an RE portfolio of at least 1,500 MW of attributable capacity before the end of the decade.

In 2022, BulacanSol—MGreen's maiden project, a 55 MW solar plant located in San Miguel, Bulacan — delivered 112 GWh of solar energy to Meralco, with an average plant availability of 97.8%. Additionally, MGreen continued constructing its 75 MW solar plant in Baras, Rizal, through PH Renewables, Inc., a joint venture with Japan-based Mitsui & Co.'s subsidiary Mit-Renewables Philippine Corporation. It also continued to build its 68 MW solar plant in Currimaos, Ilocos Norte, in partnership with Vena Energy, a leading independent power producer and RE developer in the Asia-Pacific region. Within 2023, these two projects will start operating commercially.



San Buenaventura Power Ltd. (SBPL)

455-MW(net) supercritical coal-fired plant in Mauban, Quezon, delivered 2,765 GWh energy in 2022, a 14% reduction from last year's 3,234 GWh energy sales as it underwent both scheduled and forced outages during the year.



Global Business Power Corporation (GBP)

In 2022, GBP delivered 4,927 GWh of energy from its portfolio of fossil fuel-fired power plants with a total net capacity of 970 MW. Of this, 810 MW is contracted under the Power Supply Agreements (PSA) with captive and contestable customers as well as Ancillary Services Procurement Agreements.

In recognition of how education plays a role in ensuring a brighter future for underprivileged children, GBP also focused its energy on providing opportunities for learning in areas where it operates. It distributed 800 books to the company's scholars who are attending public elementary and high school students in Iloilo, Aklan, Cebu, and Rizal. The books were authored by the Center for Art, New Ventures, and Sustainable Development (CANVAS).

To provide more educational resources, GBP's subsidiaries Panay Energy Development Corporation and Panay Power Corporation sponsored the printing of over 100 modules for the Bulig-Basa Project in Iloilo. The program aimed to upskill and reskill teachers to help them better facilitate distance learning for students.



PacificLight Power Pte. Ltd. (PacificLight)

Outside of the Philippines, MGen's energization extended to Singapore through PacificLight's 771 MW (net) liquefied natural gas power. Located in Jurong Island, Singapore, the plant generated and sold a total of 5,619 GWh of energy in 2022. MGen holds a 58% economic interest in PacificLight.

OTHERS
Supply
After the Meter
Beyond Energy } 4%
CCNI CONTRIBUTION

Supply

Meralco's retail electricity suppliers continued to grow their market share this year.



MPower

MPower is Meralco's local retail electricity supplier (LRES) serving contestable customers, including top corporations, within Meralco's franchise area. MPower has established itself as a preferred LRES in the Philippines, enjoying a leading 25% share in the country's competitive retail electricity market (CREM) in terms of aggregate demand. In 2022, MPower sold more than 6,700 GWh of energy to over 580 customers. MPower is actively increasing the share of earth-friendly energy sources in its supply portfolio to complement its traditional sources of power. It has responded to the growing clamor for RE in the Philippines by contracting 600 MW of its supply from power plants using solar, wind, and geothermal technologies.



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

Vantage Energy is Meralco's first affiliate Retail Electric Supplier (RES) which operates in Luzon and Visayas. Established in 2017, it supplies energy to contestable markets where Retail Competition and Open Access (RCOA) is in effect. In recent years, Vantage Energy's retail portfolio has grown significantly. Its Net Income increased by 25%. The company expanded its footprint in provinces in Northern Luzon, Nueva Ecija, Pampanga, Iloilo, Cebu and areas such as Subic.

Vantage Energy posted more than 1,100 GWh of energy sales in 2022, owing to its over 130 commercial and industrial customers.

After the Meter



Meralco Energy, Inc. (MServ)

As the largest DOE-accredited energy service company (ESCO) in the Philippines, MServ is a one-stop shop for energy; engineering, procurement, and construction (EPC) services; and solutions that guarantee total system reliability and efficiency for customers. MServ is known for the following: innovative solutions in energy audit and energy efficiency; EPC of mechanical, electrical, plumbing, and fire protection facilities; Operations and Maintenance (O&M) of customer-owned facilities; smart building and streetlight management; and wastewater treatment.

The company also launched its Energy Efficiency Audit Service to equip companies with the necessary data to begin their energy efficiency journey. In 2022, 343 buildings were audited through this service.

A Category AAA Philippine Contractors Accreditation Board (PCAB)-licensed company, MServ is also the lead integrator of One Meralco's hyperscale services, offering large cloud service providers end-to-end EPC and energy efficiency solutions that cover activities ranging from site assessment to construction.



MSpectrum, Inc. (Spectrum)

Established in 2016 to advance RE adoption in the Philippines, Spectrum provides safe and earth-friendly solar energy solutions. As one of the market leaders in the industry, Spectrum has already installed a total capacity of over 51 MW across 661 solar projects nationwide. It generated over 14 GWh of clean energy in 2022, more than twice the amount the company generated in 2021.

Spectrum is divided into four business segments: (1) Solar for Home for residential customers, (2) Solar for Business for commercial and industrial clients, (3) Microgrid & Utility-Scale for off-grid and large-scale projects, and (4) Operations and Maintenance for existing RE installations. Last year, Spectrum became the exclusive Philippine distributor of Enphase, the world's leading solar power inverter manufacturer. Going forward, Spectrum will also explore other RE offerings such as battery energy storage systems.

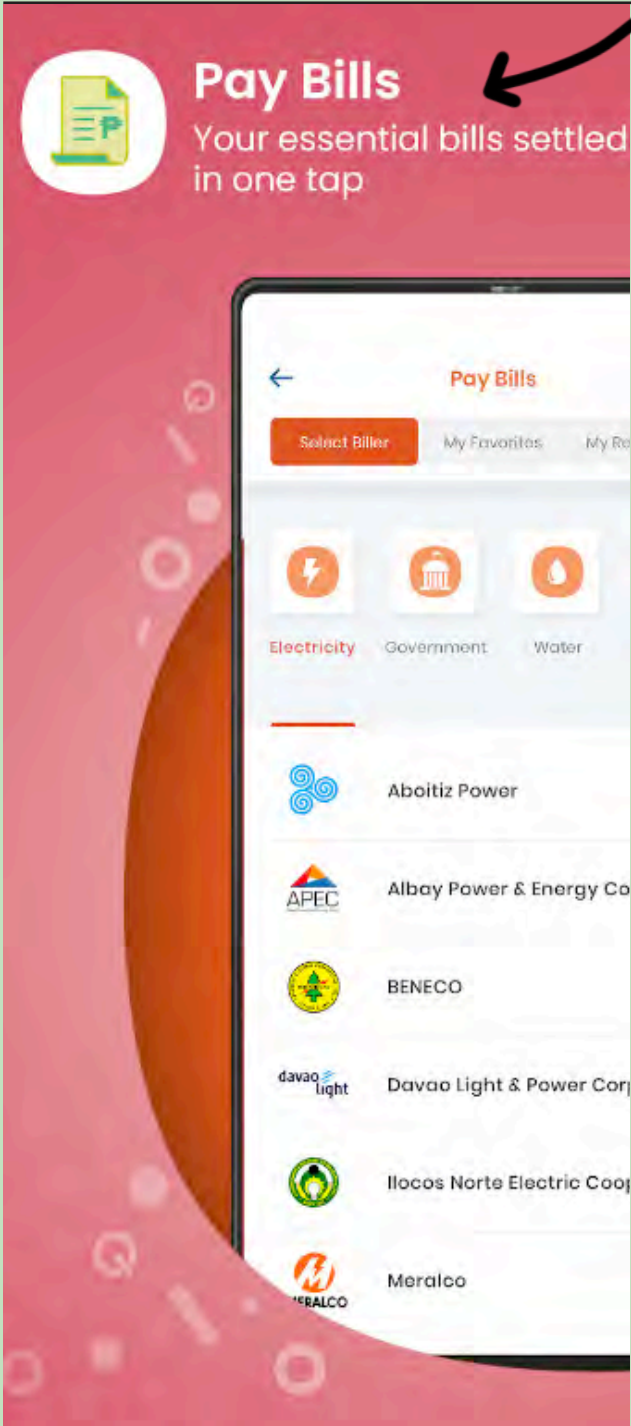


eSakay, Inc. (eSakay)

eSakay is the pioneer electric mobility solutions integrator in the Philippines, supplying, installing, and conducting operations and maintenance services for various electric vehicles and charging infrastructure.

eSakay surpassed breakeven and has achieved profitability, ending the year with positive profits versus previous years as it strengthens its position as the pioneer electric vehicle ecosystem integrator in the country. The company heightened its efforts to deploy green mobility projects to its clients, resulting in 2.3x growth in 4-wheeled EV units sold (52 in 2022 vs 22 in 2021) and 5x growth in charging stations deployed versus the previous year (36 in 2022 vs 7 in 2021).

Beyond Energy



CIS Bayad Center, Inc. (Bayad)

As a trusted brand and the pioneer in outsourced payment collection in the Philippines, Bayad aggregates at least 500 billers into a single, robust system available through more than 100,000 physical touchpoints comprised of 906 Bayad Centers and over 99,000 Bayad Partners. It is also used by over 110 million combined subscribers of the Bayad App, Bayad Online, and online platforms owned and managed by Bayad Partners.

To further cater to the evolving needs of its clients, Bayad launched Bayad Asenso in 2022. Bayad Asenso empowers microentrepreneurs with comprehensive financial services such as bills payment, load selling, and remittance. Bayad also launched Bayad Checkout, a commercial solution enabling businesses and merchants to collect payments from their customers' invoices through their own websites and mobile applications.



Meralco Industrial Engineering Services Corporation (MIESCOR)

A wholly-owned subsidiary of Meralco, MIESCOR – together with its subsidiaries MIESCOR Builders, Inc. (MBI) and MIESCOR Logistics, Inc. (MLI) – offers a wide range of design, engineering, procurement, and construction (EPC), logistics, and O&M services. It serves the power, water, telecommunications, transport, infrastructure, and manpower sectors.

MIESCOR is PCAB Category AAAA-certified for general engineering as well as building, electrical, mechanical and communication facilities contracting. Meanwhile, MBI and MLI hold Category AAA and Category AA licenses, respectively. MIESCOR also holds ISO certifications for quality management, environmental management, and occupational health and safety. The company implemented 12 sustainability programs and strengthened MIESCOR's Telecoms Business Unit, which installed internet for 75,000 subscribers and built 3,700 kms of fiber optic network infrastructure in response to the increased demand for connectivity.

In 2022, MIESCOR launched its Anti-Obstruction of Power Lines (AOPL) service, a new business venture developed in response to the AOPL Act of 2019. MIESCOR also ventured into the telecommunication infrastructure sector through MIESCOR Infrastructure Development Corporation (MIDC), which aims to be a major player in the common tower space by servicing the country's leading mobile network operators.

Tower policy. As part of the acquisition agreement, Globe leased back the towers sold to MIDC and will be the anchor tenant for 15 years, with a commitment to adding 750 build-to-suit towers over the next four years. By the end of 2022, 860 of the acquired towers were successfully transitioned from Globe to MIDC, with the remaining batches expected to be completed in the coming months.

Leveraging MIESCOR's expertise in EPC, MIDC is duly recognized by the Philippine Department of Information and Communications Technology as an independent tower company. The company specializes in the development, ownership, and management of communication towers and infrastructure.

MIDC

MIESCOR Infrastructure Development Corporation (MIDC)

Established in late 2021, MIDC is a joint venture between MIESCOR (which has 51% stake in the company) and US-based Stonepeak Infrastructure Partners (which owns the remaining 49%) that is committed to providing sustainable digital infrastructure solutions that meet the rapidly growing connectivity needs of the Philippines. By acquiring 2,180 towers from Globe Telecoms, MIDC joined the Philippine government's push to improve connectivity through the Common



Radius Telecoms, Inc. (Radius)

In recent years, Meralco's telecommunications arm, Radius, ventured beyond its core business of data and internet connectivity and began offering cloud-based services, such as Software-Defined Wide Area Network (SD-WAN), Security-as-a-Service (SECaaS), and Network -as-a-Service (NaaS), among others. These innovative solutions enable clients to fend off cybersecurity threats and effectively manage cyberattacks on their networks.

The company's consumer brand service and flagship service, RED Fiber, was hailed as the "Most Innovative Internet and Broadband Services Provider" by the UK-based Global Business Outlook (GBO) in 2022. It ended the year with more than 46,000 active subscribers comprised of small and micro businesses as well as residential customers in Metro Manila, Bulacan, Cavite, Laguna, Pampanga, and Cebu. It continued to expand its fiber footprint with an additional 2,679 kilometers reach in the country to serve its growing customer base comprised of enterprises, MSMEs, and households. Radius also maintained a consistent 99.91% service level for its data and leased line services.

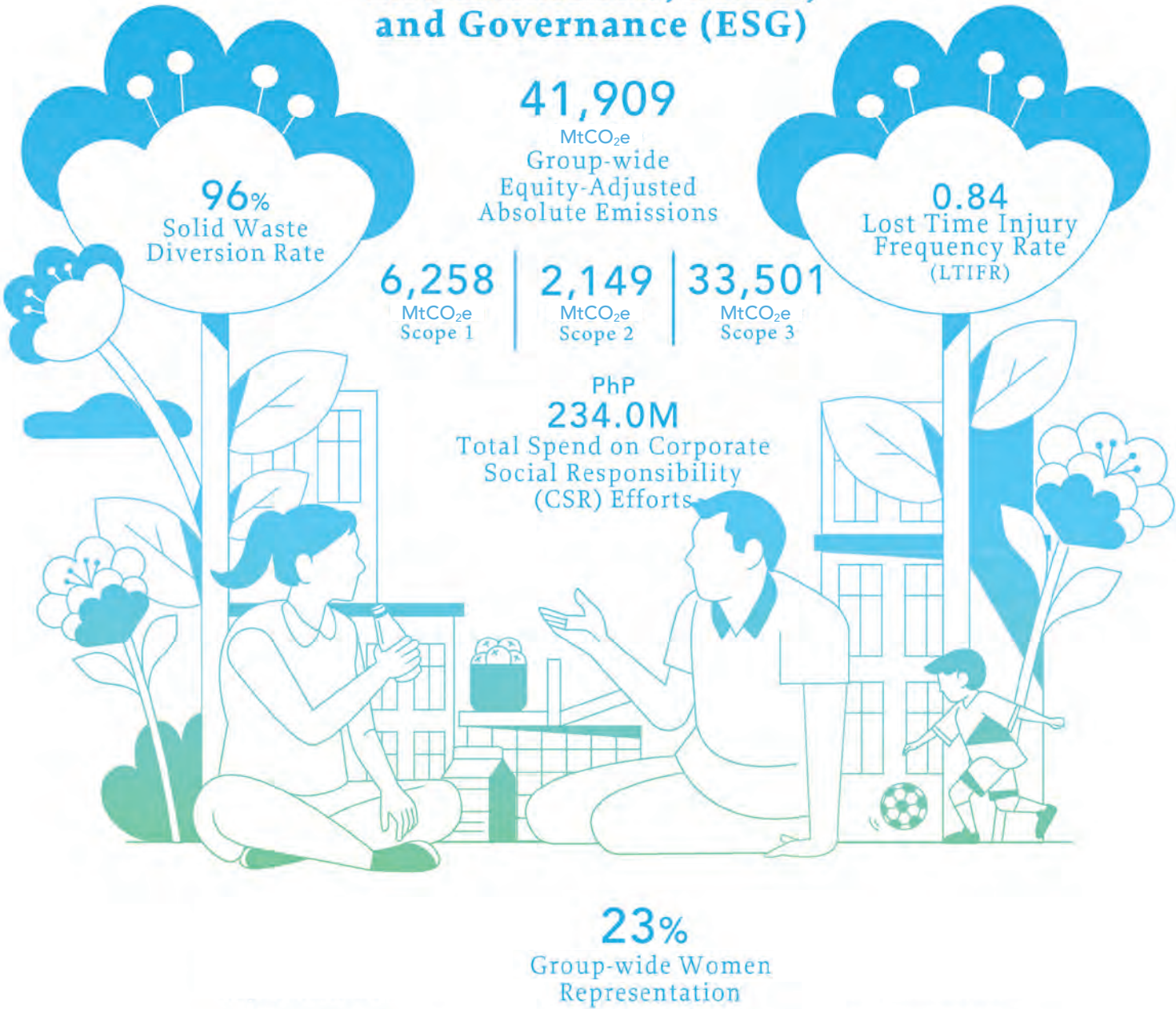
In partnership with Nokia, it also launched its Optical Transport Network (OTN) solution, which provides high-capacity connectivity service to large enterprises, data center operators, and hyperscalers.

Financial, Operational, and ESG Highlights



FINANCIAL		OPERATIONAL	
PhP 426.5B Gross Revenues		48.9 GWh Energy Sales	
PhP 51.2B Core EBITDA	PhP 51.9B Reported EBITDA	5.77% Distribution System Loss	7.6M Customer Accounts
PhP 27.1B Core Net Income	PhP 28.4B Reported Net Income	99.98% Franchise Area Electrification Rate	9.52/kWh Overall Average Retail Rate
FEB PhP11.028	JUL PhP5.806	PhP16.834 Cash Dividends per Common Share Declared out of 2022 Core Earnings	1,532 MW Generation Capacity Attributable to MGen

Environmental, Social, and Governance (ESG)



Message from the Chairman and the President and CEO

To our fellow stakeholders,

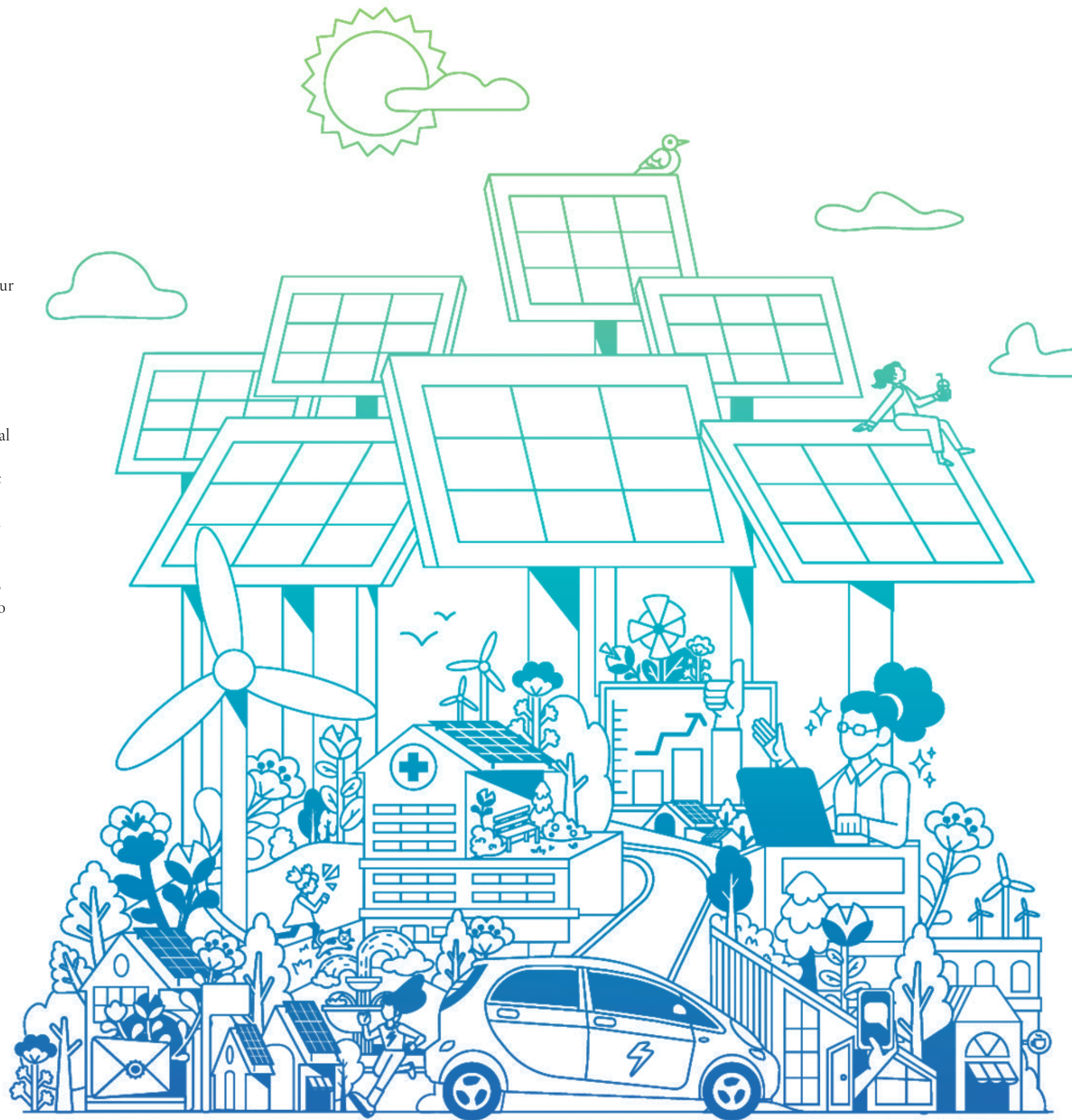
*After the darkest
of times, we now
shine brighter
than ever.*

In 2022, the world turned the tide against the COVID-19 pandemic, allowing us to reclaim most of our pre-pandemic lives. However, the year also came with major geopolitical shocks, including the war in Ukraine, which has caused—in large part—global inflation, energy insecurity, supply chain vulnerabilities, and food shortages. It was a test of our persistence, creativity, and resilience—and we are pleased to share that we have emerged from such a challenging and eventful year with new highs.

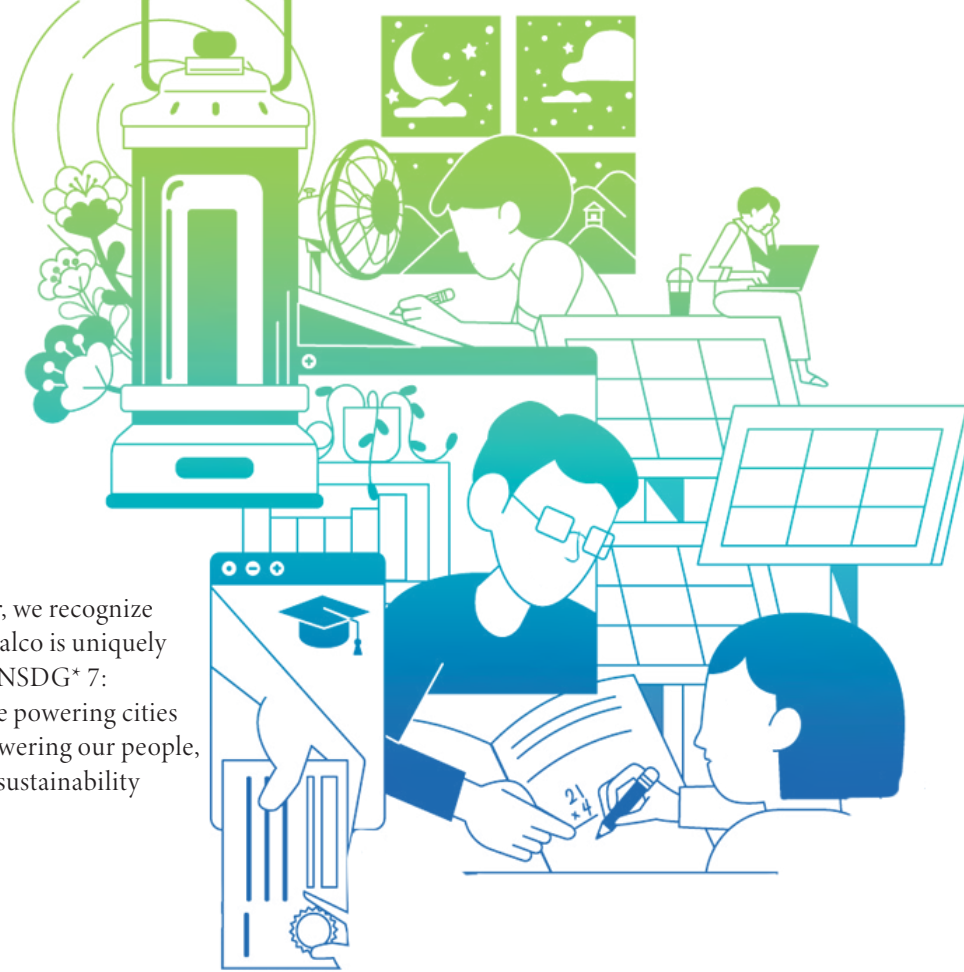
*Maliwanag na sikat
ng bagong bukas*

After an uneasy 1st quarter caused by the Omicron surge, Meralco experienced an upward trajectory in demand as businesses recovered and restrictions were eased on commercial and social activities. As the Philippine economy posted an outstanding 7.6% GDP growth for 2022¹, Meralco's total revenues rose 34% to a record high PhP 426.5 billion, reflecting higher volumes and inclusive of pass-through generation charges. One Meralco's consolidated core net income grew by 10% to a record high PhP27.1 billion. Our enhanced profitability in 2022 was driven in part by significant improvements in MGen, our power generation business, on the back of the strong performance of Pacific Light Power Pte. Ltd. and San Buenaventura Power Ltd. The PhP5.4 billion from MGen is an impressive 346% increase versus previous year. Reported net income improved 21% to its highest ever level at PhP28.4 billion. To further future-proof our business, we increased our capital investments by 55% to PhP 42.6 billion to cover

power generation projects, upgrade distribution facilities, improve customer service, build our network, strengthen our fiber backbone, and invest in the tower business. Noteworthy is our infrastructure unit MIDC's sale and leaseback agreement with Globe Telecom Inc., for the acquisition of 2,180 towers and passive telecom infrastructure worth PhP26.2 billion. Completion of the tower transfers is projected to occur in the coming months. Apace with our financial gains was the enhanced operational performance of our distribution business. The economy found new life as government rolled back certain pandemic policies, including the lifting of mandatory face masks and presentation of vaccination cards, as well as the resumption of onsite work and school activities. Energy sales breached pre-pandemic levels with the increase in mobility and economic activities. We expanded our customer base by 3% ending 2022 with 7.6 million customers, which translated to a 6% increase in energy sales, highest ever at 48,916 GWh.



¹ Mapa, D.S. (2023) GDP Expands by 7.2 Percent in the Fourth Quarter of 2022, and by 7.6 Percent in Full-year 2022, Philippine Statistics Authority.



While we made it through this brief economic winter, we recognize our vital role in preventing similar catastrophes. Meralco is uniquely positioned to contribute to the achievement of the UNSDG* 7: Affordable and Clean Energy, enabling us to continue powering cities and communities while preserving our planet, empowering our people, and creating prosperity for all—the hallmarks of our sustainability agenda, Powering the Good Life.

POWER

We brighten the lives of our customers.

In 2022, we continued our charge towards energy for all. Through the Meralco Electrification Program, we delivered power to 99.98% of households in our franchise area, ensuring that remote and low-income communities received the gift of light in their homes.

Furthermore, while we sustained our support for residential customers who continued to work or study from home, we also ensured the stable flow of electricity to coxal districts and industrial centers fueling the country's economic growth.

Last year, we recorded our all-time best SAIFI and SAIDI at 1.30 and 128.42 minutes, respectively.²

2022 also saw us accelerate our just, orderly, and affordable transition to clean energy. We aggressively worked towards our goal of securing 1,500 MW of RE through 2025 by signing power supply agreements totaling 1,475 MW.³ In the same vein, we remained committed to building 1,500 MW of attributable RE generation capacity through 2027 with the commissioning in 2023 of MGen's two new solar farms in Baras, Rizal, and Currimao, Ilocos Norte.⁴

PLANET

We light up a greener future through innovation.

In 2022, we sped up our drive to greenify our Company's vehicle fleet. The roll-out of 132 electric vehicles keeps us on track to electrify at least 25% of our fleet by 2030, exceeding the 5% requirement of the Electric Vehicle Industry Development Act.

Another core undertaking was our Resource Conservation and Efficiency Program, through which we implemented key energy efficiency measures in our headquarters in Pasig City, resulting in almost 2.3 million kWh of electricity saved and 1,626 tonnes of CO₂ abated.

We continued to increase the amount of our solid waste diverted from landfills and oceans—from 17% in 2019 to a record high 96% in 2022 by constructing materials recovery facilities in our headquarters and offices and by continuing to raise awareness on best practices among our workforce.



² SAIFI: System Average Interruption Frequency Index | SAIDI: System Average Interruption Duration Index

³ Meralco DU PSAs: Terra (850 MW, solar) | MPower PSAs: Pangasinan (315 MW, solar), Talim (148.75 MW, wind), Sembrano (61.25 MW, wind), RERI (100 MW, solar, wind, and geothermal)

⁴ Total RE capacity attributable to MGen by end of 2022 was 102 MW, comprised of BulacanSol (33 MW), Vena Garcia II in Ilocos Norte (34 MW), and Satellite in Rizal (45 MW).

*United Nations Sustainable Development Goals (SDGs)

PEOPLE

Our employees are our greatest source of light.

In 2022, we continued to advance gender diversity and inclusion in our organization via our #Mbrace Program. Through this, we launched training and scholarship initiatives to help build our pipeline of female electrical technicians. By the end of the year, women comprised 22% of our Distribution Utility workforce, nearly double the global energy sector average of 13%.

In support of #Mbrace, we established and enacted a Diversity and Inclusion Policy to follow through on our pledge to respect all individuals regardless of gender, age, ethnicity, religion, and socioeconomic background, among others.

Finally, we ratified the Human Rights Policy to institutionalize our commitment to integrating human rights principles and standards into our business operations.



PROSPERITY

We illuminate the path towards a better life for our communities.

To cap our year-round information campaign on energy efficiency and conservation, we partnered with the Department of Energy in the 4th quarter of 2022 for an aggressive information and education campaign to prepare our customers in the residential, commercial, and industrial sectors for projected challenges related to power supply in 2023. This helped us maintain our customer satisfaction score at 8.03 despite significant macroeconomic headwinds.

We continue to anchor our business on social and environmental responsibility by partnering with like-minded organizations for initiatives to uplift the standard of living of marginalized communities. Among such efforts was the Trash-to-Cashback Program, a collaborative project between Meralco, the local government of Quezon City, and environmental nonprofits. Through this program, our customers traded recyclables in select Meralco Business Centers for points used to pay for their electricity bills. Through One Meralco Foundation's One for Trees (OFT) Program, we continue to help revive and

rehabilitate forests and watersheds. In 2022 alone, we sowed over 348,000 seedlings with the help of our host communities and organizations, bringing us to a total of 1.7 million trees planted. Beyond reforestation, OFT also provided a steady stream of income and dependable livelihood for our partner communities through agroforestry.

⁹ Diokno, B.E. (2022) Eco-Business Unlocking Capital for Sustainability 2022: New Election Promises and the Road to Sustainable Development, Department of Finance.

For all these accomplishments and accolades, the spotlight must shine on our employees, who have steadfastly kept the lights on amid a historic pandemic, natural calamities, and other crisis. Even in the darkest of times, they have powered us through with hope and vigor, enabling Meralco to shine brighter than ever.

(signed)

(signed)

Ray C. Espinosa
PRESIDENT AND CHIEF EXECUTIVE OFFICER

(As tomorrow comes, we will continue to deliver light to everyone.)



Board of Directors



FROM LEFT TO RIGHT Jose Maria K. Lim DIRECTOR | Lance Y. Gokongwei DIRECTOR and VICE CHAIRMAN | Anabelle L. Chua DIRECTOR | James L. Go DIRECTOR | Lydia B. Echauz INDEPENDENT DIRECTOR

FROM LEFT TO RIGHT Ray C. Espinosa DIRECTOR, PRESIDENT AND CEO | Manuel V. Pangilinan CHAIRMAN | Victorico P. Vargas DIRECTOR | Frederick D. Go DIRECTOR | Artemio V. Panganiban INDEPENDENT DIRECTOR | Pedro Emilio O. Roxas INDEPENDENT DIRECTOR



MANUEL V. PANGILINAN

Filipino, 76 years old
Chairman, Board of Directors
Chairman, Executive Committee
Chairman, Remuneration
and Leadership Development Committee
Chairman, Sustainability Committee
Director of Manila Electric Company
since May 26, 2009

Education and Training:

- BA Economics Degree, Ateneo De Manila University
- Masters in Business Administration, Wharton School of Finance and Commerce University of Pennsylvania
- Honorary Doctorate in Humanities, San Beda College/Xavier University/Holy Angel University/Far Eastern

Membership in Board of Listed Companies:

- PLDT Inc.
- Metro Pacific Investments Corporation
- Philex Mining Corporation
- PXP Energy Corporation
- Roxas Holdings, Inc.

Position and Membership in Other Organizations and Corporations:

Chairman of PLDT Inc., Smart Communications, Inc., Metro Pacific Investments Corporation, PLDT Communications and Energy Ventures Inc., Landco Pacific Corporation; Metro Pacific Hospital Holdings, Inc., Maynilad Water Services, Inc., Mediaquest, Inc., Associated Broadcasting Corporation (TV5), Makati Medical Center, Cardinal Santos Medical Center, Our Lady of Lourdes Hospital, Philex Mining Corporation, PXP Energy Corporation, NLEX Corporation, Digital Telecommunications Phils. Inc., Digitel Mobile Philippines, Inc. and MERALCO PowerGen Corporation

- Chief Executive Officer and Managing Director of First Pacific Company Limited
- Co-chairman of US-Philippines Society
- Chairman of the Board of Trustees of San Beda College, Hongkong Bayanihan Trust, Philippine Disaster Resilience Foundation, Disaster Recovery Foundation, Inc. and Philippine Business for Social Progress
- Vice Chairman of the Foundation for Crime Prevention
- Member of the Board of Overseers of The Wharton School, University of Pennsylvania
- Former Governor of the Philippine Stock Exchange

Membership in Board of Non-Listed Companies:

- Beacon Electric Asset Holdings, Inc.
- Smart Communications, Inc.
- PLDT Communications and Energy Ventures Inc.
- Landco Pacific Corporation
- Medical Doctors, Inc.
- Colinas Verdes Corporation
- Davao Doctors Hospital
- Riverside Medical Center, Inc.
- Our Lady of Lourdes Hospital
- Asian Hospital Inc.
- Maynilad Water Services, Inc.
- Mediaquest, Inc.
- Associated Broadcasting Corporation (TV5)
- NLEX Corporation
- MERALCO PowerGen Corporation
- Philex Petroleum Corporation
- Metro Pacific Hospital Holdings, Inc.
- Makati Medical Center
- Cardinal Santos Medical Center
- Digital Telecommunications Phils. Inc.
- Digitel Mobile Philippines, Inc.



LANCE Y. GOKONGWEI

Filipino, 56 years old
Member, Executive Committee
Member, Finance Committee
Member, Remuneration and Leadership
Development Committee
Member, Sustainability Committee
Director of Manila Electric Company
since December 16, 2013

Education and Training:

- BS Finance, Wharton School of Finance and Commerce University of Pennsylvania
- BS Applied Science, Penn Engineering School University of Pennsylvania

Membership in Board of Listed Companies:

- Altus Property Ventures, Inc.
- JG Summit Holdings, Inc.
- Universal Robina Corporation
- Cebu Air, Inc.
- Robinsons Land Corporation
- Robinsons Retail Holdings, Inc.
- RL Commercial REIT, Inc
- Shakey's Asia Pizza Ventures, Inc.
- Oriental Petroleum and Minerals Corporation
- United Industrial Corporation Limited

Membership in Board of Non-Listed Companies:

- Robinsons Bank Corporation
- Gokongwei Brothers Foundation, Inc.
- JG Summit Olefins Corporation
- Endeavor Acquisition Corporation
- JE Holdings, Inc.
- AB Capital and Investment Corporation
- JG Digital Equity Ventures, Inc.
- Data Analytics Ventures, Inc.

Position and Membership in Other Organizations and Corporations:

- Chairman of Universal Robina Corporation, Robinsons Land Corporation, Robinsons Retail Holdings, Inc., Robinsons Bank Corporation, and JG Summit Olefins Corporation
- Chairman of Cebu Air, Inc. and JG Summit Holdings, Inc
- Chairman and Trustee of Gokongwei Brothers Foundation, Inc.



RAY C. ESPINOSA

Filipino, 66 years old
President and CEO since May 28, 2019
Director of Manila Electric Company
since May 26, 2009

Education and Training:

- BS General Studies, University of Santo Tomas
- Bachelor of Laws, Ateneo De Manila University
- Master of Laws, University of Michigan Law School

Membership in Board of Listed Companies:

- PLDT Inc.
- Metro Pacific Investments Corporation
- Lepanto Consolidated Mining Company
- Roxas Holdings, Inc.

Membership in Board of Non-Listed Companies:

- AGN Philippines, Inc. – Co-Chairman of the Board
- Atimonan Land Ventures Development Corporation – Chairman of the Board
- Atimonan One Energy, Inc. – Chairman of the Board
- Aurora Managed Power Services Inc. – Chairman of the Board
- BTF Holdings, Inc – Director
- Beacon Electric Asset Holdings, Inc – Director
- Beacon PowerGen Holdings, Inc. – Director
- Bell Telecommunication Philippines, Inc. – Co-Chairman of the Board
- Bonifacio Communications Corp. – Director
- Bow Arken Holding Company, Inc. – Co-Chairman of the Board
- Brightshare Holdings Corporation – Co-Chairman of the Board
- Business World Publishing Corporation – Chairman of the Board
- Calamba Aero Power Corporation – Chairman of the Board
- Signal Cable Corporation (formerly Dakila Cable TV Corporation) – Director
- Signal TV, Inc. – Director
- Cinegear, Inc. – Chairman of the Board
- CIS Bayad Center, Inc. – Chairman of the Board
- Clark Electric Distribution Corporation – Chairman of the Board
- Cobaltpoint Telecom, Inc. – Co-Chairman of the Board
- Comstech Integration Alliance, Inc. – Chairman of the Board
- Connectivity Unlimited Resource Enterprise Inc. – Director
- Corporate Information Solutions, Inc. – Chairman of the Board
- Dominer Pointe, Inc. – Co-Chairman of the Board
- Eastern Telecommunications Philippines, Inc. – Co-President

- Enterprise Investments Holdings, Inc. – Director
- Epik Studios, Inc. – Vice Chairman of the Board
- e-Meralco Ventures, Inc. – Chairman of the Board
- eSakay, Inc. – Chairman of the Board
- eTelco, Inc. – Co-Chairman of the Board
- ESPI Real Estate Ventures, Inc. – President
- Federation of Philippine Industries, Inc. - Director
- First Agri Holdings Corporation – President and Director
- First Coconut Manufacturing, Inc. – Vice Chairman of the Board
- First Delta Group Security Services, Inc. – Director
- First Pacific Leadership Academy, Inc.- Trustee
- FPM Power Holdings, Inc. (BVI Company) – Director
- Francom Holdings, Inc. – Director
- Global Business Power Corporation – Director
- Hastings Holdings, Inc. – Chairman and Director
- Hi Frequency Telecommunications, Inc. – Co-Chairman of the Board
- JS' Publications (THE FREEMAN) Company, Inc. – Director
- Laguna Sol Corporation – Chairman of the Board
- Landco Pacific Corporation – Director
- Laro Technology, Inc. – Chairman of the Board
- Liberty Telecom Holdings, Inc. – Co-Chairman of the Board
- Maybank Philippines, Inc. – Independent Director
- Manila Overseas Press Club – Director
- Med Vision Resources, Inc. – Chairman of the Board
- Mediaquest Holdings, Inc. – Director
- Media5 Marketing Corporation – Director
- MGen Renewable Energy, Inc. – Chairman of the Board
- MGreen International Limited (BVI Company) – Director
- Meralco Energy, Inc. – Chairman of the Board
- Meralco Industrial Engineering Services Corporation (MIESCOR) – Chairman of the Board
- Meralco Power Academy – Director
- Meralco PowerGen Corporation – Vice Chairman of the Board
- Meralco Power Foundation, Inc. – Vice Chairman and Trustee
- Meridian Power Ventures Limited – Director
- Metro Pacific Assets Holdings, Inc. – Director
- Metro Pacific Holdings, Inc. – Director
- Metro Pacific Resources, Inc. – Director
- MIESCOR Infrastructure Development Corporation – Chairman of the Board
- MPG Asia Limited (BVI Company) – Director
- MPG Holdings Philippines, Inc. – Chairman of the Board
- MPG Mauban LP Corporation – Chairman of the Board
- M Pioneer Insurance, Inc. – Chairman of the Board
- MRail Inc. – Chairman of the Board
- MSpectrum, Inc. – Chairman of the Board
- Multi Technology Investments Holdings, Inc. – Co-Chairman of the Board
- MVP Rewards and Loyalty Solutions, Inc. – Director
- Nation Broadcasting Corp. – Chairman of the Board
- New Century Telecoms, Inc.

- – Co-Chairman of the Board
- Nuevo Solar Energy Corp. – Chairman of the Board
- One Meralco Foundation, Inc. –Vice Chairman and Trustee
- Pacific Aurora Plantation Corp. – Vice Chairman of the Board
- Pacific Global One Aviation Company, Inc. – Director
- Pacific Light Power PTE LTD (Singapore Company) – Director
- Pacific Light Renewables Pte. Ltd. (Singapore Company) – Director
- Paragon Vertical Corporation – Chairman of the Board
- Perchpoint Holdings, Inc. – Co-Chairman of the Board
- Perihelion, Inc. – Director
- PH Broadband Networks Holdings, Inc. – Co-Chairman of the Board
- PH Communications Holdings Corporation – Director
- Philippine Disaster Resilience Foundation, Inc. – Director
- Philippine Online Sportsleague, Inc. – Director
- Philippine Telecommunications Investment Corp – Director and Corporate Secretary
- Philstar Daily, Inc. – Chairman of the Board
- Philstar Global Corporation – Chairman of the Board
- Pilipinas Global Network Limited (TV5 International) – Director
- Pilipinas Natural Resources Holdings, Inc. – President and Director
- Pilipinas Pacific Enterprise Holdings, Inc. – President and Director
- Pilipina Pacific Natural Resources Holdings, Inc. – President and Director
- Pilipinas Pacific Telecom Holdings, Inc. – Asst. Corporate Secretary
- Pilipino Star Ngayon, Inc. – Chairman of the Board
- Pilipino Star Printing Company, Inc. – Chairman of the Board
- PLDT - Beneficial Trust Fund – Vice Chairman and Trustee
- PLDT Capital Pte Ltd. – Director
- PLDT Digital Investments Pte Ltd. – Director

- PLDT Global Corporation – Director
- PLDT Global Investments Corporation – Director
- PLDT Global Investments Holdings, Inc. – Director
- PLDT Online Investments Pte Ltd. – Director
- PLDT - Smart Foundation – Trustee
- Radius Telecoms, Inc. – Chairman of the Board
- Redondo Peninsula Energy, Inc. – Chairman of the Board
- Roxas Power Corporation – Director
- Sari Sari Network, Inc. – Co-Chairman of the Board
- SatVentures, Inc. – Director
- Shin Clark Power Holdings, Inc. – Director
- Shin Clark Power Corporation – Director
- Skyphone Logistics, Inc. – Co-Chairman of the Board
- Somete Logistics & Development Corporation – Co-Chairman of the Board
- Smart Communications, Inc. – Director
- Stargate Media Corporation (People Asia) – Chairman of the Board
- Straight Shooters Media, Inc. – Vice Chairman of the Board
- Studio5, Inc. – Chairman of the Board
- Talas Data Intelligence, Inc. – Director
- Telecommunications Service Providers, Inc. – Director
- Telecommunication Technologies Philippines, Inc. –Co-President and Co-Chairman of the Board
- Telemedia Business Ventures, Inc. – Chairman of the Board
- Tori Spectrum Telecom, Inc. – Co-Chairman of the Board
- TV5 Network Inc. – Director
- Two Cassandra – CCI Conglomerate, Inc. – Co-Chairman of the Board
- Two Rivers Pacific Holdings Corporation – Director
- UxS Inc. (formerly Unitel Production, Inc.) – Vice Chairman of the Board
- Upbeam Investments, Inc. – Chairman of the Board
- Vega Telecom, Inc. – Co-Chairman
- WREIT, Inc. – Independent Director

Position and Membership in Other Organizations and Corporations:

- Audit Committee Chairman of Lepanto Consolidated Mining Company
- Risk Management Committee Chairman, Trust Committee Member of Maybank Philippines
- Member of the Integrated Bar of the Philippines, Philippine Bar Association, and Inter-Pacific Bar Association
- Nomination, Election and Governance Committee Member of Roxas Holdings, Inc.
- Executive Committee Member of LAWASIA Energy Section
- President of Mediaquest Holdings, Inc.
- Chairman of Business World Publishing, Inc. and Philstar Daily, Inc.



FREDERICK D. GO

Filipino, 62 years old
Member, Audit Committee
Member, Risk Management Committee
Member, Nomination and Governance Committee
Member, Related Party Transactions Committee
Director of Manila Electric Company
since May 31, 2016

Education and Training:

- BS Management Engineering, Ateneo de Manila University

Membership in Board of Listed Companies:

- Robinsons Land Corporation
- RL Commercial REIT, Inc.
- Altus Property Ventures, Inc.
- Cebu Air, Inc.

Membership in Board of Non-Listed Companies:

- Universal Hotels and Resorts Incorporated
- Robinsons Bank Corporation
- Luzon International Premier Airport Development Corporation
- Cebu Light Industrial Park

Position and Membership in Other Organizations and Companies:

- President and Chief Executive Officer, Robinsons Land Corporation Group of Companies
- Chairman, RL Commercial REIT, Inc.
- Chairman, Altus Property Ventures, Inc.
- President and Chief Executive Officer, Universal Hotels and Resorts Incorporated
- Vice-Chairman, Luzon International Premier Airport Development Corporation
- Group General Manager, Shanghai Ding Feng Real Estate Development Company Limited
- Group General Manager, Xiamen Pacific Estate Investment Company Limited
- Group General Manager, Chengdu Ding Feng Real Estate Investment Company Limited
- Group General Manager, Taicang Ding Feng Real Estate Development Company Limited
- Vice Chairman, Robinsons Bank Corporation
- Director, Cebu Air, Inc.
- Director, Cebu Light Industrial Park
- Vice Chairman, Philippine Retailers Association



ANABELLE L. CHUA

Filipino, 62 years old
Member, Finance Committee
Member, Audit Committee
Member, Risk Management Committee
Member, Nomination and Governance Committee
Member, Related Party Transactions Committee
Director of Manila Electric Company
since May 31, 2016

Education and Training:

- BS Business Administration and Accountancy, University of the Philippines

Membership in Board of Listed Companies:

- Philippine Stock Exchange

Membership in Board of Non-Listed Companies:

- Beacon Electric Asset Holdings, Inc.
- PLDT Communications and Energy Ventures, Inc.
- Smart Communications, Inc.
- Digital Telecommunications Phils., Inc.
- ePLDT, Inc.
- Philippine Telecommunications Investment Corporation
- Voyager Innovations, Inc.
- Maya Philippines, Inc.
- Mediaquest Holdings, Inc.
- Signal TV, Inc.
- TV5 Network, Inc.
- Philstar Daily, Inc.
- Securities Clearing Corporation of the Philippines

Position and Membership in Other Organizations and Corporations:

- Chief Finance Officer, Chief Risk Management Officer and Senior Vice President, PLDT Inc.
- Chief Finance Officer, Smart Communications, Inc.
- Member of the Board of Trustees of PLDT Beneficial Trust Fund and PLDT Foundation, Inc.



JOSE MA. K. LIM

Filipino, 70 years old
Chairman, Finance Committee
Chairman, Risk Management Committee
Member, Executive Committee
Member, Audit Committee
Member, Related Party Transactions Committee
Member, Nomination and Governance Committee
Member, Sustainability Committee
Director of Manila Electric Company
since May 29, 2012

Education and Training:

- BA Philosophy Degree, Ateneo De Manila University
- MBA Degree, Asian Institute of Management

Membership to the Boards of Listed Companies:

- Metro Pacific Investments Corporation

Membership in Board of Non-Listed Companies:

- Beacon Electric Asset Holdings, Inc.
- Metro Pacific Holdings, Inc.
- Metro Pacific Tollways Corporation
- Colinas Verdes Hospital Managers Corporation
- Maynilad Water Services, Inc.
- Maynilad Water Holding Company, Inc.
- MetroPac Logistics Company, Inc.
- MetroPac Movers, Inc.
- PremierLogistics, Inc.
- MetroPac Water Investments Corporation
- Metro Pacific Light Rail Corporation
- Metro Pacific Investments Foundation, Inc.
- Meralco PowerGen Corporation

Position and Membership in Other Organizations and Corporations:

- Trustee of Metro Pacific Investments Foundation, Inc.
- President and Director of Beacon Electric Asset Holdings, Inc., Metro Strategic Infrastructure Holdings,
- Chairman of MetPower Ventures Partners Holdings, Inc.
- President and Chairman of Neo Oracle Holdings, Inc.
- Trustee of Philippine Disaster Recovery Foundation
- Founding Member of the Shareholders Association of the Philippines

- Light Rail Manila Corporation
- AF Payments, Inc.
- AHI Hospital Holdings Corporation
- Light Rail Manila Holdings, Inc.
- Asian Institute of Management
- Ateneo Graduate School of Business
- Global Business Power Corporation
- NLEX Corporation
- Metro Pacific Tollways North Corporation
- Pacific Global One Aviation Company, Inc.
- Philippine Disaster Risk Foundation, Inc.
- Philippine Telecommunications Investment Corp.
- Landco Pacific Corporation
- Metro Vantage Properties, Inc.
- MetroPac Property Holdings, Inc.
- Surallah Biogas Ventures Corp.
- MetPower Venture Partners Holdings, Inc.
- Egis Investment Partners Philippines, Inc.
- KM Infrastructure Holdings, Inc.
- Razor Crest Infrastructure Holdings Corporation
- Hyperion Storage Holdings Corporation
- Metro Pacific Health Tech Corporation
- Philippine Coastal Storage and Pipeline Corporation
- Philippine Tank Storage International (Holdings), Inc.
- Signal TV, Inc.
- Metro Strategic Infrastructure Holdings
- MPIC-JGS Airports Holdings, Inc.



VICTORICO P. VARGAS

Filipino, 71 years old
Member, Finance Committee
Member, Remuneration and Leadership Development Committee
Director of Manila Electric Company
since May 28, 2019

Education and Training:

- BS Psychology, University of Santo Tomas

Membership in Board of Non-Listed Companies:

- Smart Communications, Inc.
- PLDT Global, Inc.
- PLDT Subic Telecom, Inc.
- PLDT Clark Telecom, Inc.
- MGen Global Power
- Beacon Electric Asset Holdings, Inc.
- Beacon Power Gen Holdings, Inc.

Position and Membership in Other Organizations and Companies

- Associate Director of First Pacific Company Limited
- Senior Talent Culture and Cultivation – Office of the Chairman
- Head of Leadership Transition Office of the PLDT Group
- President of the Board of Trustees of First Pacific Leadership Academy

- Trustee of the MVP Sports Foundation and Ideaspace Foundation
- Trustee of the PLDT-Smart Foundation.
- President of PhilPop Music Fest Foundation
- Chairman of the Association of Boxing Alliances in the Philippines
- Chairman of the Philippines Basketball Association for Season 2017-Present
- Immediate Past President of the Philippine Olympic Committee and currently a member of the Board of Directors
- Former President and Chief Executive Officer of Maynilad Water Services, Inc.



LYDIA B. ECHAUZ

Filipino, 75 years old
Member, Finance Committee
Member, Nomination and Governance Committee
Member, Audit Committee Director
of Manila Electric Company since May 25, 2021

Education and Training:

- Doctor of Business Administration, De La Salle University
- Master in Business Administration, Ateneo de Manila University
- Bachelor of Arts, Major in Economics and Mathematics, St. Theresa's College

Membership in Board of Listed Companies:

- D&L Industries, Inc.
- Pilipinas Shell Petroleum Corp.

Membership in Board of Non-Listed Companies:

- PLDT Beneficial Trust Fund
- MediaQuest Holdings, Inc.
- Tahanan Mutual Building and Loan Association, Inc.
- Philstar Group
- FERN Realty Corporation
- Riverside College, Inc.
- NBS College
- De La Salle College of St. Benilde
- Mano Amiga Academy
- Henry Sy Foundation, Inc.
- Felicidad Sy Foundation, Inc.
- SM Foundation, Inc.
- Akademyang Filipino Assoc., Inc.
- Museo de Galeon Foundation, Inc.



ARTEMIO V. PANGANIBAN

Filipino, 86 years old
Lead Independent Director
Chairman, Audit Committee
Member, Executive Committee
Member, Risk Management Committee
Member, Related Party Transactions Committee
Independent Director of Manila Electric Company since May 27, 2008

Education and Training:

- Associate in Arts Degree ("With Highest Honors"), Far Eastern University
- Bachelor of Laws ("Cum Laude"), Far Eastern University
- Doctor of Laws (Honoris Causa), University of Iloilo/ Far Eastern University/ University of Cebu/Angelos University/ Bulacan State University

Membership in Boards of Listed Companies, aside from Meralco:

- Petron Corporation
- PLDT Inc.
- Metro Pacific Investments Corporation

- JG Summit Holdings, Inc.
- GMA Network, Inc.
- GMA Holdings, Inc.
- Asian Terminals, Inc.
- RL Commercial REIT, Inc.
- Jollibee Foods Corporation

Adviser to the Boards of Listed Companies:

- Bank of the Philippine Islands
- Metropolitan Bank and Trust Co.
- Double Dragon Properties Corp.
- Merry Mart Consumer Corp.

Membership in Board of Non-Listed Companies:

- Metro Pacific Tollways Corporation
- Team Energy Corporation
- Asian Hospital Inc.

Position and Membership in Other Organizations and Corporations:

- Chairman, Board of Advisers of Metrobank Foundation; President, Manila Metropolitan Cathedral-Basilica Foundation, Inc.; Chairman, Board of Trustees, Foundation for Liberty and Prosperity and of the Philippine Judges Foundation; Chairman, Philippine National Committee of the ASEAN Law Association; Trustee, Tan Yan Kee Foundation; Claudio Teehankee Foundation; and Member (and Chairman of the Philippine National Group) of the Permanent Court of Arbitration (The Hague, Netherlands)
- Columnist, Philippine Daily Inquirer
- Senior Legal Advisor, Department of Energy (Law and Energy Advisory Panel)
- Retired Chief Justice of the Supreme Court of the Philippines



PEDRO EMILIO O. ROXAS

Filipino, 67 years old
Chairman, Nomination and Governance Committee
Chairman, Related Party Transactions Committee
Member, Finance Committee Member, Audit Committee
Member, Risk Management Committee
Member, Remuneration and Leadership Development Committee Member, Sustainability Committee
Independent Director of Manila Electric Company since May 25, 2010

Education and Training:

- BS Business Administration, University of Notre Dame Indiana, USA

Membership in Board of Listed Companies:

- Roxas and Company, Inc.
- Roxas Holdings, Inc.
- Cemex Holdings Inc.
- Metro Pacific Investment Corporation

Membership in Board of Non-listed Companies:

- Roxaco Land Corporation
- Club Punta Fuego, Inc.
- Brightnote Assets Corporation
- Fundacion Santiago, Inc.
- Oona Insular Insurance Corporation

Position and Membership in Other Organizations and Corporations:

- Chairman of Roxas and Company, Inc., Roxaco Land Corporation, Roxas Holdings, Inc. and Club Punta Fuego, Inc.
- Trustee of Roxas Foundation, Inc.



JAMES L. GO

Filipino, 83 years old
Member, Executive Committee
Member, Audit Committee
Member, Risk Management Committee
Member, Finance Committee
Member, Nomination and Governance Committee
Member, Related Party Transactions Committee
Director of Manila Electric Company since December 16, 2013

Education and Training:

- BS Chemical Engineering, Massachusetts Institute of Technology
- Masters in Chemical Engineering, Massachusetts Institute of Technology

Membership in Board of Listed Companies:

- JG Summit Holdings, Inc.
- Oriental Petroleum and Minerals Corporation
- Robinsons Land Corporation
- Universal Robina Corporation
- Robinsons Retail Holdings, Inc.
- Cebu Air, Inc.
- PLDT Inc.

Membership in Board of Non-Listed Companies:

- JG Summit Olefins Corporation
- Gokongwei Brothers Foundation, Inc.
- JE Holdings, Inc.

Position and Membership in Other Organizations and Companies:

- Chairman of JG Summit Holdings, Inc. and Cebu Air, Inc. and Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation
- Chairman Emeritus of Robinsons Land Corporation, Universal Robina Corporation, JG Summit, Petrochemical Corporation and JG Summit Olefins Corporation Vice-Chairman of Robinsons Retail Holdings, Inc.
- President and Trustee of Gokongwei Brothers Foundation, Inc.

Management Committee and Key Officers



FROM LEFT TO RIGHT William S. Pamintuan SENIOR VICE PRESIDENT AND CHIEF LEGAL COUNSEL, ASSISTANT CORPORATE SECRETARY, COMPLIANCE OFFICER AND HEAD, LEGAL AND CORPORATE GOVERNANCE OFFICE | Ronnie L. Apercho SENIOR VICE PRESIDENT AND HEAD, NETWORKS | Melanie T. Oteyza FIRST VICE PRESIDENT AND CHIEF AUDIT EXECUTIVE AT MERALCO | Raymond B. Ravelo FIRST VICE PRESIDENT, CHIEF SUSTAINABILITY OFFICER AND HEAD, STRATEGIC BUSINESS DEVELOPMENT OFFICE | Edgardo V. Carasig FIRST VICE PRESIDENT AND HEAD, HUMAN RESOURCES AND CORPORATE SERVICES | Maria Luisa V. Alvendia FIRST VICE PRESIDENT, CHIEF OF STAFF AND SUPPLY CHAIN ADVISOR | Roberto Almazora SENIOR VICE PRESIDENT AND HEAD, MPOWER

FROM LEFT TO RIGHT Ferdinand O. Geluz FIRST VICE PRESIDENT AND CHIEF COMMERCIAL OFFICER AND HEAD, CUSTOMER RETAIL SERVICES | Jose Ronald V. Valles FIRST VICE PRESIDENT AND HEAD, REGULATORY MANAGEMENT OFFICE | Jaime T. Azurin PRESIDENT AND CEO OF MERALCO POWERGEN CORPORATION (MGEN) | Betty C. Siy-Yap SENIOR VICE PRESIDENT, CHIEF FINANCE OFFICER, CHIEF RISK OFFICER | Roque D. Bacani FIRST VICE PRESIDENT AND HEAD, INFORMATION, COMMUNICATION, TECHNOLOGY & TRANSFORMATION | Simeon Ken R. Ferrer CORPORATE SECRETARY

Subsidiary Heads



FROM LEFT TO RIGHT Jimmy Azurin MGEN | Raymond Ravelo ESAKAY | Betty C. Siy-Yap LIGHTHOUSE | Francisco Viray SHIN CLARK | Ernie Cabral VANTAGE ENERGY | Lawrence Ferrer BAYAD

FROM LEFT TO RIGHT Redel Domingo CLARK ELECTRIC | Quiel Delgado RADIUS | Ferdie Geluz SPECTRUM | Ronnie Apercho MSERV, MRAIL, MIESCOR | Dennis Uy COMSTECH

How Meralco Creates and Delivers Value

GRI 2-6, GRI 2-7,2-8,203-1,302-1,401-1,IF-EU-240A.4

Meralco delivers profitable growth for its shareholders through our five growth platforms and by focusing on key business imperatives.

Meralco brings reliable and affordable energy to customers across all segments. In 2022, we touched more lives and industries as Meralco reached 7.6 million customers. This is a 3% increase from 2021's 7.4 million when electricity consumption in the Meralco franchise area already represented more than 50% of the country's total electricity consumption. This record number of end-users, coupled with overall higher demand, pushed distribution volume up by 6%, delivering 48,916 GWh of electricity at an average retail rate of PhP9.52 per kilowatt-hour. As a result, Meralco's electricity sales revenue went up to PhP426.5 billion, demonstrating a noteworthy 34% increase from PhP309.2 billion in the preceding year.

To deliver this, Meralco leveraged its various forms of capital to continuously connect more customers to the grid, boost its hiring and technical capacity, and enhance and digitize its business processes.

Meralco spent PhP322.6 billion of financial capital, an increase of 43% from PhP224.9 billion in 2021, to purchase power (natural capital) from generation companies, the wholesale electricity spot market, and other suppliers to meet the electricity needs of its consumers.

Consolidated capital expenditures rose to PhP42.6 billion, 55% higher than PhP27.5 billion in 2021. Of this amount, PhP19.0 billion went to new connections, asset renewals, and load growth projects to improve operational efficiency and enable a more resilient distribution network against extreme weather. These included enhancements to manufactured capital, such as Clark Electric Distribution Corporation's new power lines, substations, and transformers.

Vital to its success were programs implemented to improve operational efficiency, transparency in the selection of power suppliers, and compliance to protect consumer rights and welfare. Meralco's social capital with various governmental regulatory agencies enabled this achievement.

Investments in human capital powered the dedication of its workforce. Strategic investments in intellectual capital included the implementation of data-driven centralized control rooms with real-time monitoring, the adoption of digital and mobile technologies to enhance the customer experience, and the implementation of Storm Hardening and Lightning Protection Improvement Programs to serve these initiatives and collectively contribute to Meralco's commitment to operational excellence and customer satisfaction.

The Meralco brand stands as a vital component of our intellectual capital representing 119 years of expertise in the power industry. It symbolizes our commitment to powering progress and making substantial contributions to nation building amid various challenges including geopolitical, environmental and economic crises. Leveraging the strength of the Meralco brand, we extend our reach beyond the meter, exploring opportunities to expand into other sectors within the power industry and even interrelated industries beyond energy.

Value Creation Framework

Cognizant of market trends, we aim to mitigate risks and maximize opportunities

see page 42

INPUT see page 54

FINANCIAL

Diverse business portfolio and strategic alliances

INTELLECTUAL

Technical expertise among different programs and strong brand equity

MANUFACTURED

Strategically located properties

HUMAN

Best in class talent and Gender diversity



NATURAL

Responsibly harnessing energy



SOCIAL & RELATIONSHIP

Continued partnership with government, suppliers, customers, and communities

Fueled by our drive for excellence, we continue to deliver value across our growth platforms **for our stakeholders**



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

Revenue Enhancement & Expansion



see page 73

Customer Centricity

see page 96



Digital Transformation

see page 102



Sustainability

POWER see page 118
Providing energy for all, always.

PLANET see page 136
Protecting and preserving Mother Earth

PEOPLE see page 160
Nurturing sustainability from within

PROSPERITY see page 183
Creating better lives for all



Contributing to the following priority goals



OUTPUT/IMPACT

Strong financial results

Strengthened leadership in key areas

GWh produced, transaction Value

Engaged workforce and women representation

Renewable Energy saved

Engaging community



Build the Power Generation Portfolio

Develop and grow New Energy Businesses



Profitably compete in Retail Electricity Supply

Drive the expansion of the Subsidiaries & Affiliates

Strengthen and expand the Core Distribution Business

INPUT

OUTPUT/IMPACT

FINANCIAL

- Strong Financial Position
- Diverse business portfolio within the energy sector and related businesses
- Strategic alliance with Metro Pacific Investments Corporation and Gokongwei Group

PhP
519.3B
assets

PhP
42.6B
in capital expenditures

CCNI
PhP27.1B

CORE EBITDA
PhP51.2B

Core Earnings per Share
PhP24.05 at an average retail rate
of PhP9.52per kWh

INTELLECTUAL

- Technical expertise in the energy sector and in the financial sector
 - Strong brand equity backed by 119 years of leadership in Philippine electricity
 - Customer Centricity and Digital Transformation Programs
 - Control room technologies
 - High-efficiency, low-emissions
- Solar technology & EV expertise
 - Meralco-branded / endorsed subsidiaries

Strengthened
leadership in
growth areas:

- DU–26% reduction of Average Processing Time (APT) for service applications

Bayad–Increased billers by 22% to 585

Launched Bayad Asenso App and Bayad Checkout
- Spectrum-posted a 125% increase in clean energy generation

43% increase in customer count; pioneered nationwide distribution of microinverters



MANUFACTURED

- Strategically located substations and Bayad outlets

133
SUBSTATIONS
(21,263 MVA)

19,557
KM OF POWER
DISTRIBUTION LINES

1,532
MW OF ATTRIBUTABLE
POWER GENERATION
CAPACITY (MGEN)

DISTRIBUTED
48.9^{GWh}
OF RELIABLE
POWER TO
7.6M
CUSTOMERS

GENERATED
12,514^{GWh}
SOURCED FROM NON-RE FUEL

906
BAYAD CENTERS
99,000
BAYAD PARTNERS



HUMAN

- Best-in-class engineering talent
- Gender diversity and Human Rights policies in place

22,580

EMPLOYEES
AND WORKERS
NURTURED

Engaged workforce with 23% group-wide women representation nearly double the global energy sector average 4% gender pay gap

NATURAL

1,272
GIGALITERS OF WATER
WITHDRAWN

4.7M
MT OF FEEDSTOCK COAL

26.7M
LITERS OF FEEDSTOCK OIL

Generated
112.5^{GWh}
sourced from RE

OFT : planted close to
350,000
seedlings bringing us to a total of 1.8 million trees planted and nurtured

SOCIAL&
RELATIONSHIP

Relationships with DOE, ERC, DPWH, NGCP, suppliers, customers and communities

Delivered power to 99.98% of customers in franchise area

More than 50k families benefited from OMF programs - 6k low income households, 14 public schools

Supported more than 3k public school students. Provided disaster relief to close to 18k families

Our risks and opportunities

Market Trends

Electricity utilities operate in a heavily regulated environment under strict policies and the close watch of government agencies.

Outlook

Meralco’s strong relationship with government agencies enables it to provide better and faster service to Filipinos. This is especially helpful in the Meralco franchise area, which covers 38 cities and 73 municipalities administered by different local government units. The Energy Regulatory Commission (ERC) also closely supervises and approves Meralco’s expenditures and tariffs, power supply agreements, and implementation of energy policies. Thus, maintaining smooth and productive relations with government agencies leads to more efficient operations, allowing Meralco to provide reliable, adequate, and affordable electricity to customers.

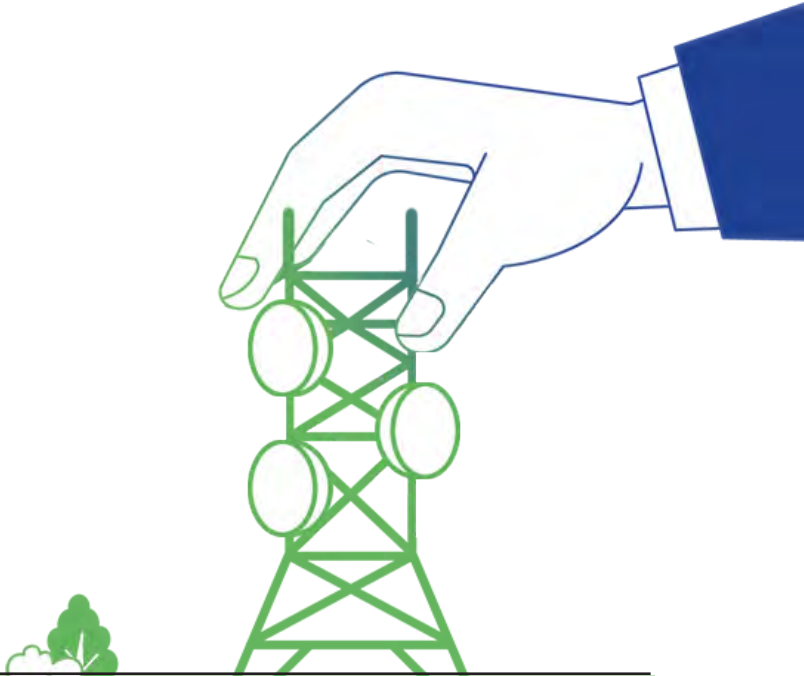
Risks and Opportunities

Like any business, Meralco is affected by the country’s political and economic climate as well as new legislation. Any changes in ERC’s regulations, rules, or decisions directly affect Meralco’s internal policies, operations, and rates. The company may also be impacted by shifts in political regimes, government policies affecting the private sector and power industries, and economic slowdowns. Meralco’s efforts to provide innovative and sustainable solutions for customers can also be influenced by these changes.

Our Business Strategies

We work around these challenges through the following strategies:

- Proactive stakeholder engagement sessions such as public consultations and liaising with industry players;
- Periodic risk assessments and scenario planning exercises;
- Robust compliance management processes.



Market Trends

The years 2021 and 2022 saw a global trend in businesses called “The Great Resignation,” as huge numbers of employees in various industries quit their jobs to seek new opportunities. Businesses are challenged to attract new hires and retain employees through more relevant benefits, work arrangements, development programs, workplace culture changes, and value alignment initiatives.



Outlook

Meralco is known for living out its value of *Malasakit*, not only through its services for customers but also in the way it treats its employees. The company is able to deliver on lofty goals and strive for improved efficiency through employees who value innovation, dynamism, and self-development.

Risks and Opportunities

Work opportunities abound domestically and abroad, especially in the fields of information technology, engineering, and cybersecurity. Additionally, demand for skilled workers is driven further by industry competition. This round-robin movement presents Meralco with an opportunity to acquire fresh talents who may offer different perspectives and diversify its workforce.

Our Business Strategies

To address these workforce concerns, the following strategies were put in place:

- Capacity planning and workforce review to anticipate future employee needs and to identify and address potential skill gaps;
- Succession planning and placement for key leadership positions;
- Continuous improvement of employee engagement programs to promote a positive workplace culture and improve employee engagement and satisfaction, among others.

Market Trends

The long-term effect of the war in Ukraine and post-pandemic realities resulted in the supply chain disruptions for oil and gas.



Outlook

Finding cost-efficient and reliable alternatives that will help it manage its power supply and demand balance is an essential part of Meralco’s mandate as a distribution utility. The company is also guided by the demand-supply requirements of the Philippine Power Development Plan (PDP) formulated by the Department of Energy (DOE).

Our Business Strategies

Meralco’s Power Sourcing

To manage price fluctuations in specific fuel markets, Meralco engages in power supply diversification by sourcing different types of fuel, such as fossil fuels and renewable energy. Securing supply via DOE’s Competitive Selection Process (CSP) helps manage prices.

Demand-side Management Programs

Further implementing current programs such as the Interruptible Load Program and Peak Off Peak offers customers savings which contribute to a lower overall demand for electricity.

Risks and Opportunities

Fuel Prices:

Rising fuel prices can significantly impact the cost of generating electricity, which in turn can affect the cost that Meralco’s power providers incur. Ultimately, it is the customers who carry the burden of higher electricity costs.

Power Supply Demand:

Disruption in the sourcing of oil and gas affects the balance between power supply and demand, leading to higher rates of power outages.

The following key factors also contribute to the power supply and demand risk:

- The Philippine Power Development Plan (PDP) formulated by DOE
- Malampaya gas supply restrictions
- The franchise’s least cost mandate
- Scheduled and forced outages of power plants
- Surges in demand due to rising temperatures

Inflation Rate:

A rise in the price of electricity will pose a threat to consumers’ purchasing power. Eventually, it may have an adverse effect on Meralco’s overall sales.

Renewable Energy

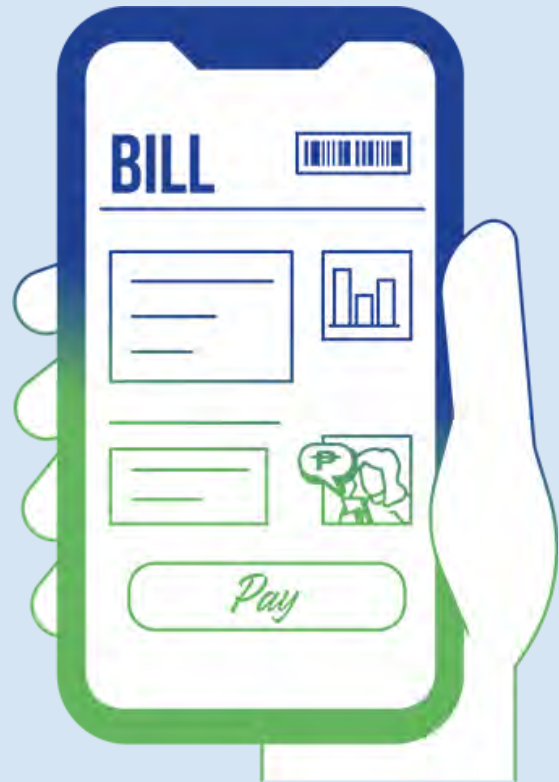
Utilizing renewable energy sources helps to increase the stability of the country’s power grid.

Smart Grid

Available, reliable smart grids provide operational efficiency, leading to energy efficiency and smarter consumption.

Market Trends

More customers transitioned to digital payment channels and information sources.



Outlook

One Meralco centers its customers by meeting their evolving needs and demands.

Risks and Opportunities

Cybersecurity:

The digital transformation of Meralco's operations provides additional risk and exposure to cyberattacks that may reduce or hamper regular operations. Misleading and false information about Meralco, its operations, and other businesses may also challenge brand image and public relations.

Fintech standards and regulations:

Despite the emerging popularity of e-finance, its standards and regulations are still evolving. Changes in these may pose both risks and opportunities for our payment channels.

Big Data Analytics:

Using big data can paint a more accurate picture of customer behavior and preferences.

Data Privacy:

Easy access to information through digital platforms and payment channels may also lead to potential data privacy leaks. To manage this threat, ensuring data security is essential.



Market Trends

Higher temperatures and extreme weather events caused by global climate change are catalyzing environmentally conscious behavior. More people are beginning to clamor for clean energy.

Outlook

According to the 2022 World Risk Index Report, the Philippines is ranked as the most disaster prone country and the most vulnerable to the negative impacts of climate change. These calamities could have adverse effects on Meralco's business operations.

In line with the company's sustainability agenda, Meralco supports the transition to clean energy and committed a significant portion of our power requirements to renewable energy resources.

Risks and Opportunities

Extreme weather events could increase the severity and frequency of power interruptions. Given the risks of using non-renewable energy, power companies must carefully consider the value of traditional energy sources. On the other hand, increasing the use of renewable energy may have an impact on the distribution grid and company operations. The increased demand for solar power and other forms of renewable energy also entails a review of standards for these. Lastly, the development new clean energy sources and solutions for improving grid efficiency need to be studied as well.

Our Business Strategies

- Digital platforms such as Meralco Online and private electrical contractors Certified By Meralco provided digital natives a channel to transact with Meralco anytime and anywhere.
- Bayad expanded its offerings as an E-wallet and improved its compatibility through QR PH.

Meralco Data Platform

Meralco stores customer data and transforms it into dashboards for management reports and analysis.

Cybersecurity and Data privacy

Meralco ensures that its data platforms and processes comply with the latest cybersecurity and data privacy standards.

Workforce Capability building

With the changing needs and demands of customers, it is necessary to upgrade our workforce so that Meralco can continue to address their needs.

Smart Grid

Expanding the capabilities of our grid also empowers customers through smarter energy services which not only provide information on power consumption but also payment flexibility.

Business Strategies

Spearhead climate risk analysis exercises to optimize investments in asset resilience.

One Meralco's Long Term Sustainability Strategy (LTSS)

This strategy is underpinned by the Group's just, orderly, and affordable transition to clean energy, pushing towards its goal of being coal free by 2050.

Renewable Energy (RE):

Demand for RE in the country has been steadily growing in the recent years. As such, the Philippine government has set a target for RE to comprise 35% of the country's total power generation by 2023 and 50% by 2040.

Smart Grid and Advanced Metering

Infrastructure (AMI):

Meralco has sent the ERC a request to approve the upgrade of its existing metering equipment. The expanding requirements for its energy transition will also require the company to develop a smarter, more flexible grid.

Electric Vehicles (EV) and EV Charging Stations:

Meralco promotes the use of cleaner energy through adopting E-vehicles and installing various EV charging stations within its franchise area.

Smart City:

Meralco is able to incorporate aforementioned technologies within an area/district to promote energy efficiency and sustainability.

Corporate Social Responsibility

The year 2022 is considered a year of recovery from the pandemic for many households, but most especially for marginalized communities. One Meralco Foundation (OMF), Meralco's corporate social responsibility arm, addressed the needs of the community in the past two years through a pandemic response program, and supported its recovery through the foundation's flagship advocacies: community electrification, environmental sustainability, and community relations. As communities affected by calamities recover and strive towards productivity, Meralco provided support through electricity access to unenergized families, remote, off-grid public schools, livelihood centers and health centers with *Malasakit*, one of its corporate values, as driving force.



Energy for Productivity

Through the household electrification advocacy, Meralco assisted 6,376 low-income families in its franchise area to obtain access to the distribution grid. The 12-year-old advocacy brings together Meralco's business centers and network sectors, the local government, the beneficiaries, and OMF to collectively resolve technical, legal, and financial hurdles which make electrification challenging in far-flung villages, as well as in informal settlements and relocation sites. Since the program started, OMF has energized 69,964 low-income households.

Outside the grid, it bridges the technology gap in remote, far-flung public schools through the school electrification advocacy program, with the help of solar photovoltaic (PV) technology. In 2022, fourteen island schools from Bohol, Camarines Norte, Albay, Iloilo, and Antique benefited from the program, which brings the total of energized schools to 290 since the program started in 2012.



The learnings and success of the school electrification were replicated in more projects, including the electrification of water access initiatives, rural health centers and barangay health stations as well as agricultural and livelihood programs and facilities. In 2022, Meralco committed to reach out to underserved communities through these expanded initiatives, and to support inclusive development in remote communities, so local actors can be active players in the economic and social needs of their own constituencies.

As part of Meralco's advocacy to "spread the light," One Meralco Foundation also distributed 4,102 solar lamps to fisherfolk from Rizal, Romblon, Camarines Norte, Camotes Island in Cebu and Siargao Island; Indigenous People families from Bulacan, Bataan, Bukidnon, Mindoro and Tarlac; earthquake victims from Abra; soldiers from Sulu; forest rangers from Benguet and Sibuyan Island in Romblon; and students from Ifugao and urban farmers from Quezon City.



Reforestation and Biodiversity



Following the company's pilot reforestation project in San Miguel, Bulacan, Meralco expanded its "One for Trees" (OFT) program to the rest of the country through partnerships with grassroots peoples' organizations. With new trees numbering to 348,000 planted in 2022, it has partnerships and plantation sites in Siniloan, Laguna (FEED - Fostering Education and Environmental Development), various LGUs in the Province of Bohol (PROCESS BOHOL - Participatory Research, Organization of Communities and Education towards Struggle for Self-Reliance of Bohol), Butuan, Agusan del Norte (BCWD – Butuan City Water District), Kalibo Save the Mangrove Association (KASAMA) and Pangantucan, Bukidnon (XSF – Xavier Science Foundation). It also has reforestation sites in Cebu and Iloilo under the care of Meralco subsidiary, Meralco PowerGen Corporation. By the end of 2022, OFT has planted and nurtured 1.8 million trees.



Community Relations

Meralco implemented 228 community relations projects in partnership with public schools, local governments, other national government agencies, private organizations, and non-government organizations (NGO) as well as civil society and peoples' organizations in 2022. These projects ranging from computer donations, distribution of school kits and learning materials, multimedia equipment, food and sanitation packs, support to environment initiatives and relief goods post-disaster were means to help the priorities of the various communities in need within the Meralco franchise area. Many of these are very strategic to the operational improvements and service enhancement of institutions. For example, computer donations to police stations, barangays and NGO offices enable them to automate their operations and workflows.

In July 2022, OMF implemented its annual back-to-school campaign dubbed as "Balik Eskwela". More than 3,000 public school students from 59 public schools received a specially- designed bag, containing a lunch box set with utensils, tumbler, washable facemask and hand sanitizer to encourage students to return to classes equipped with basic protection from the COVID-19 virus. The project was fully funded by employee donations worth Php 1.7M and implementation was led by the same.

Meralco ensured that help and support were accessible and reflected the needs of communities affected by calamities in its franchise area and beyond. A total of 17,683 families directly affected by fires, floods, and typhoons benefited from its relief operations, which included food and hygiene kits and in some occasions, hot meals served immediately in evacuation centers. Outside its franchise area, Meralco lent a hand to provinces hit by Typhoon Odette (Rai) in December 2021 until February 2022. The Company deployed its power restoration teams and equipment to help local electric distribution utilities immediately repair damaged facilities in Cebu, Bohol, Surigao, and Surigao del Norte. One hundred fifty-five engineers, linemen, and support crew worked with local electric cooperatives to help restore power in the affected areas paving the way for faster recovery from the disaster.



To help local governments address the immediate needs of typhoon victims, Meralco also lent 33 generator sets to Bohol, Surigao City, Dinagat, and Surigao del Norte. The typhoon devastated electric distribution lines and left these provinces in total blackout for months. The generator sets were vital in powering up evacuation centers and restoring water supply, filtration and distribution.

As part of its commitment to support multi-stakeholder disaster resilience and readiness, OMF supported the newly launched PlanSmart Ready to Rebuild web application developed by the Department of Science and Technology (DOST), Philippine Institute of Volcanology and Seismology (PHIVOLCS) in collaboration with the National Disaster Risk Reduction and Management Council (NDRRMC), Office of

Civil Defense (OCD), and the World Bank. It is envisioned to revolutionize disaster risk reduction and management planning processes in the country, helping the government to efficiently plan for disasters, work smarter, and rebuild faster.

The three-day capacity-building activity was attended by around 70 LGU officers from 16 local governments in the National Capital Region and technical staff working on disaster risk management, planning, and database management and by technical officers from MMDA, DILG, and OCD.



Within the Company, OMF continued its annual program of recognizing the academic excellence of dependents of Meralco rank and file and supervisory employees through the MVP Academic Achievement Awards. The program celebrated its 12th year through a virtual recognition ceremony, honoring 210 awardees and 95 top achievers. It received a record- breaking 966 nominations.

Guided by the United Nation’s Sustainable Development Goal (UN SDG) 5, on Gender Equality and UN SDG 10 on Reduced Inequalities, Meralco and OMF launched two scholarship programs dedicated for women: Program for Women Technicians in partnership with Don Bosco College Canlubang which allows aspiring women to become skilled electrical technicians.



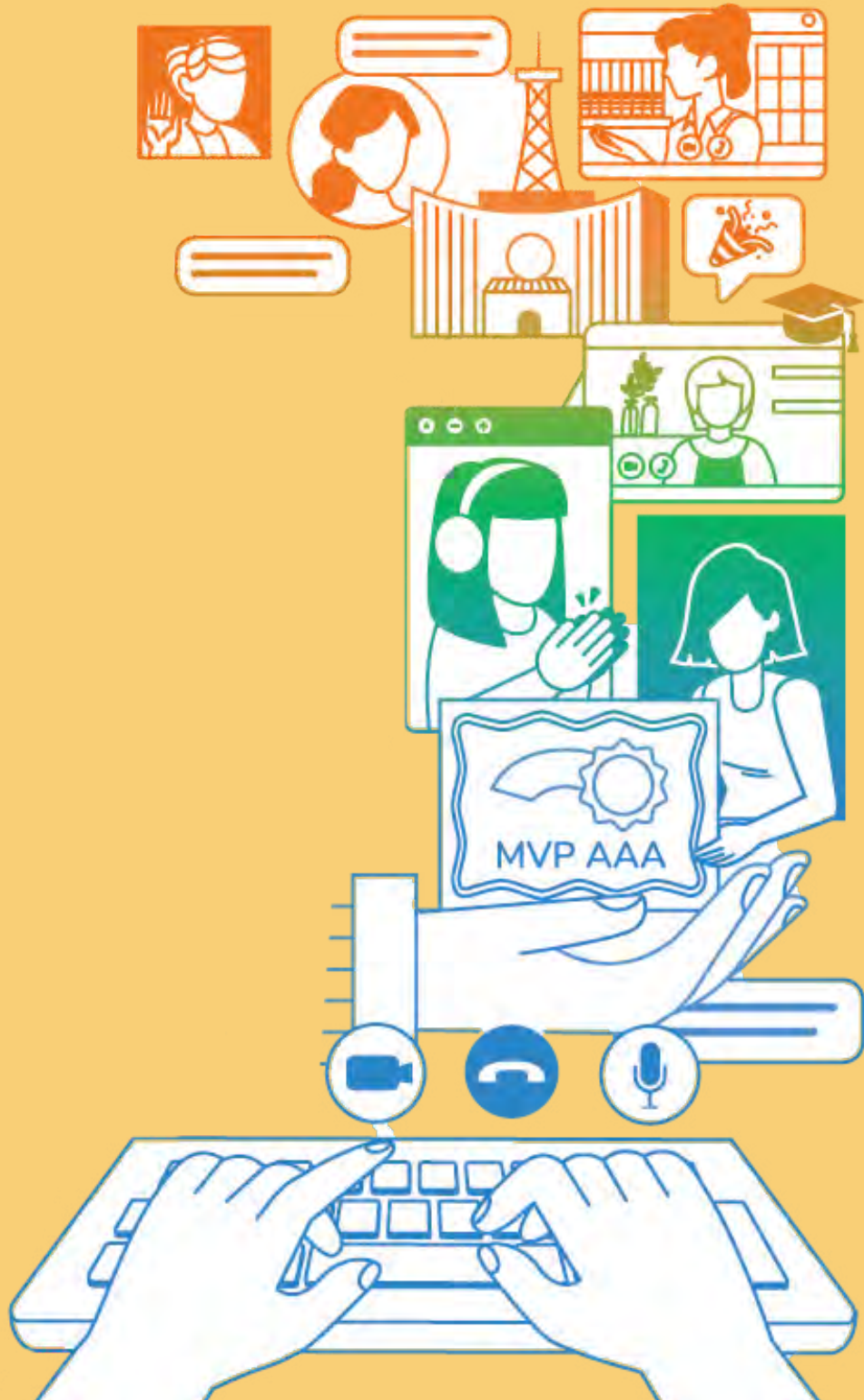
There are currently 15 scholars in this initiative. The other program, dubbed as MPowHER is for aspiring women who wish to pursue a degree on electrical engineering. Eighteen women scholars are now realizing their dreams by studying in MPowHER partner universities such as the Nueva Ecija University of Science and Technology, Polytechnic University of the Philippines and the University of the Philippines Diliman and Los Baños.

Similarly, Meralco and One Meralco Foundation launched the Meralco -Pasig Medical Scholarship Program together with the local government of Pasig and the Ateneo School of Medicine and Public Health which will enable outstanding students from financially challenged families from Pasig City to pursue a joint degree of Doctor of Medicine and Master’s in Business Administration beginning academic year 2022-2023. The program covers 100 percent tuition fees, laptop and internet expenses, payments for books, and other miscellaneous fees. Other recurring fees like uniform and transportation allowances are sponsored by the local government.

Throughout the year, with *Malasakit* at the core of all employees, they contributed to the work of One Meralco Foundation through volunteerism and donations. In 2022, they raised Php 2.92 million to fund various OMF initiatives.

One Meralco Foundation was recognized by esteemed institutions here and abroad such as the International Business Awards, the Philippine Quill Awards by the International Association of Business Communicators-Philippines, and the Anvil Awards by the Public Relations Society of the Philippines. These achievements could not have been made possible without the support of Meralco leaders, advocacy partners, and volunteers, as well as the trust of its stakeholders in the community.

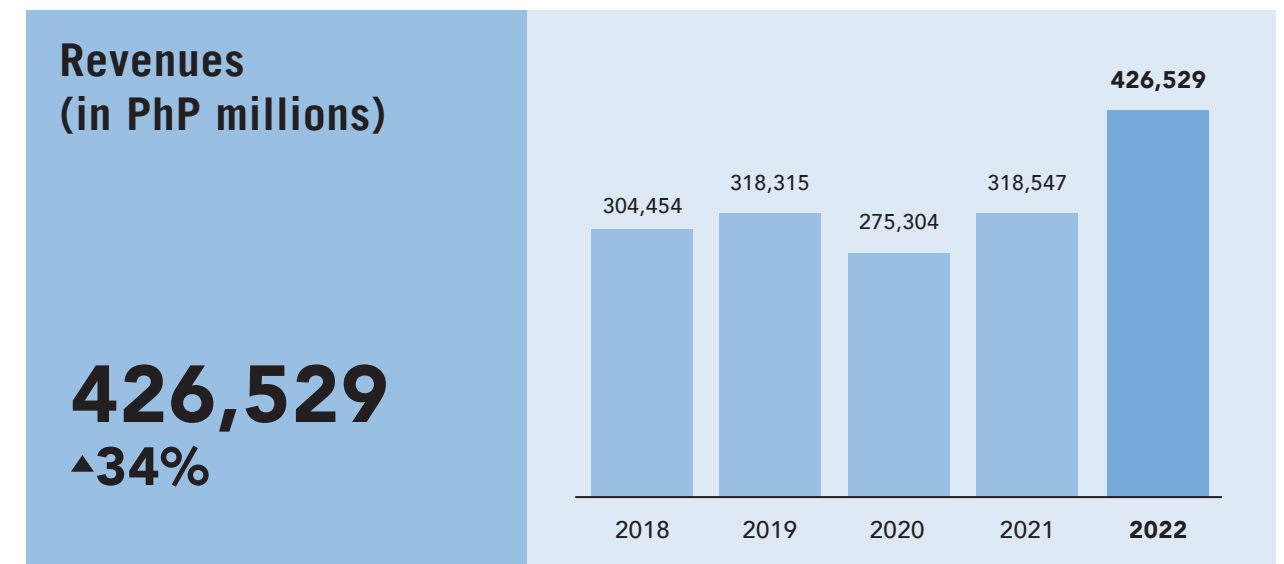
As the country begins to move forward despite the emerging challenges, Meralco remains committed to helping communities particularly the marginalized and underserved take the leap onward through electrification and other interventions that enable equitable and inclusive development.



Strategic Report

Revenue Enhancement & Expansion

Financial and Operational Highlights GRI 203-1

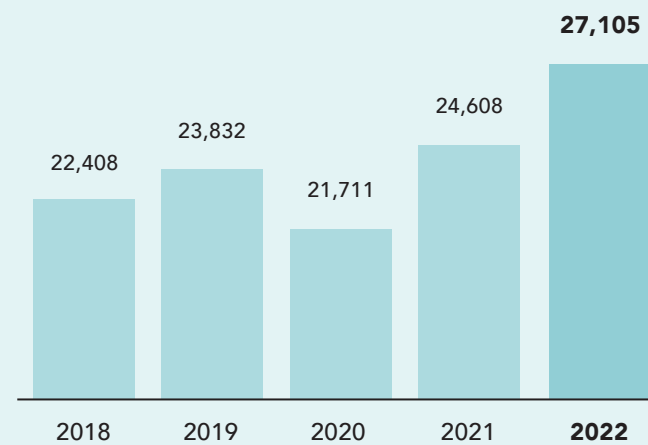


Driving revenue growth through the expansion of service and operations

Total Revenues rose by 34% equivalent to PhP426.5 billion, an amount that reflects higher volumes and was primarily caused by pass-through generation charges. Total energy sales was also at its highest as it grew by 6%, totaling 48,916 GWh. The continuing upward trajectory in demand is driven by the renewed confidence of businesses and the public as the country bounced back from the pandemic. Double-digit improvements in commercial sector volumes were observed following the easing of movement restrictions in the first quarter. Record-high growth was posted in April as summer activities coincided with the election campaign period, and in September as schools resumed face-to-face classes. Higher demand in retail, malls, restaurants, hotels, leisure, and real estate was also evident as the government allowed full operations and most employees returned to on-site work.

Core Income (in PhP millions)

27,105
▲10%



Core Net Income increased by 10%.

Out core net income amounted to PhP27.1 billion, a record-breaking achievement largely driven by the higher contribution from the power generation business. Meralco PowerGen Corporation (“MGen”) contributed PhP5.4 billion, up 346% from PhP1.2 billion from a year earlier. This was motivated primarily by the contribution of Singapore-based PacificLight Power Pte. Ltd. MGen currently has a total power generation capacity of 2,251 MW (net).

Reported Net Income improved, reflecting a 21% increase and amounting to PhP28.4 billion. This is the highest ever level for the Group.

Capital expenditures amounted to P42.6 billion,

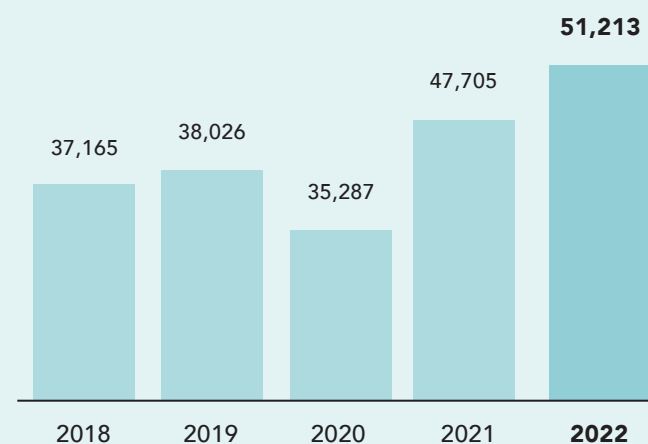
55% higher than the previous year. Meralco invested a great amount to launch power generation projects, upgrade distribution facilities, improve customer service and network, boost facilities for its fiber network, and investments in its towers business.

Other Updates

In August 2022, Meralco’s infrastructure unit, MIESCOR Infrastructure Development Corporation, signed a sale and leaseback agreement with Globe Telecom, Inc. (“Globe”) for the acquisition of 2,180 towers and passive telecom infrastructure for a total consideration of PhP26.2 billion. As of end-December, MIDC and Globe completed the handover of 860 towers with a cumulative value of PhP10.3 billion, representing 39% of the portfolio deal. Completion of the tower transfers and final closing are targeted for the third quarter of 2023.

Core EBITDA (in PhP millions)

51,213
▲7%



2022 BRIGHTER AND STRONGER THAN EVER

FINANCIAL HIGHLIGHTS in PhP

PROFITABILITY

Consolidated Core Net Income

27,105 M ▲10%

vs. 24,608 M in 2021

Consolidated Net Income

28,431 M ▲21%

vs. 23,498 M in 2021

Core EBITDA

51,213 M ▲7%

vs. 47,705 M in 2021

Reported EBITDA

51,947 M ▲12%

vs. 46,538 M in 2021

SHAREHOLDER VALUE

Dividends declared out of Core Earnings

16.834 M ▲10%

vs. 15.283 M in 2021

Payout ratio

70%

Same as 2021

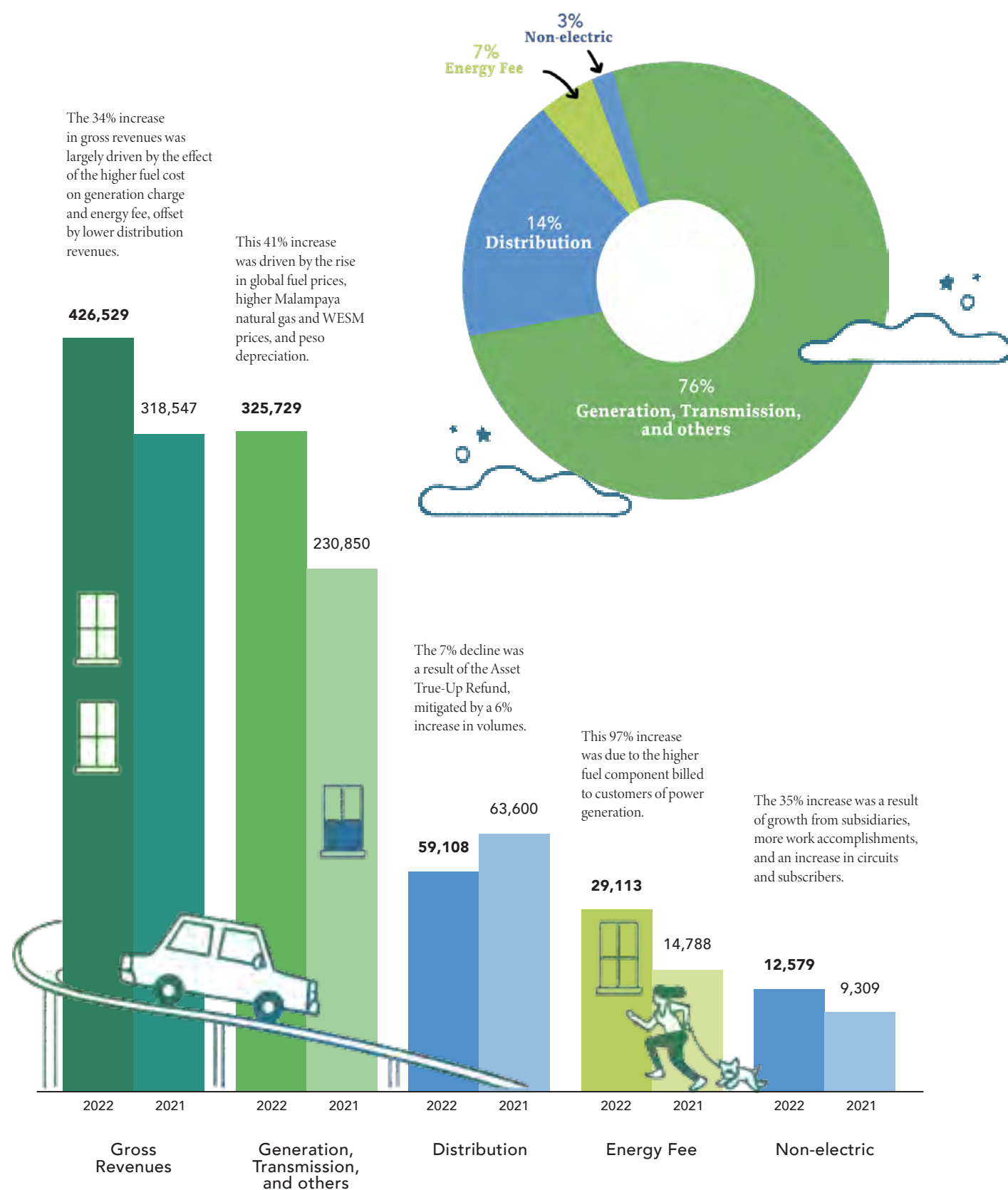
Year-end Share Price

298.80 ▲1%

vs. 295.20 in 2021

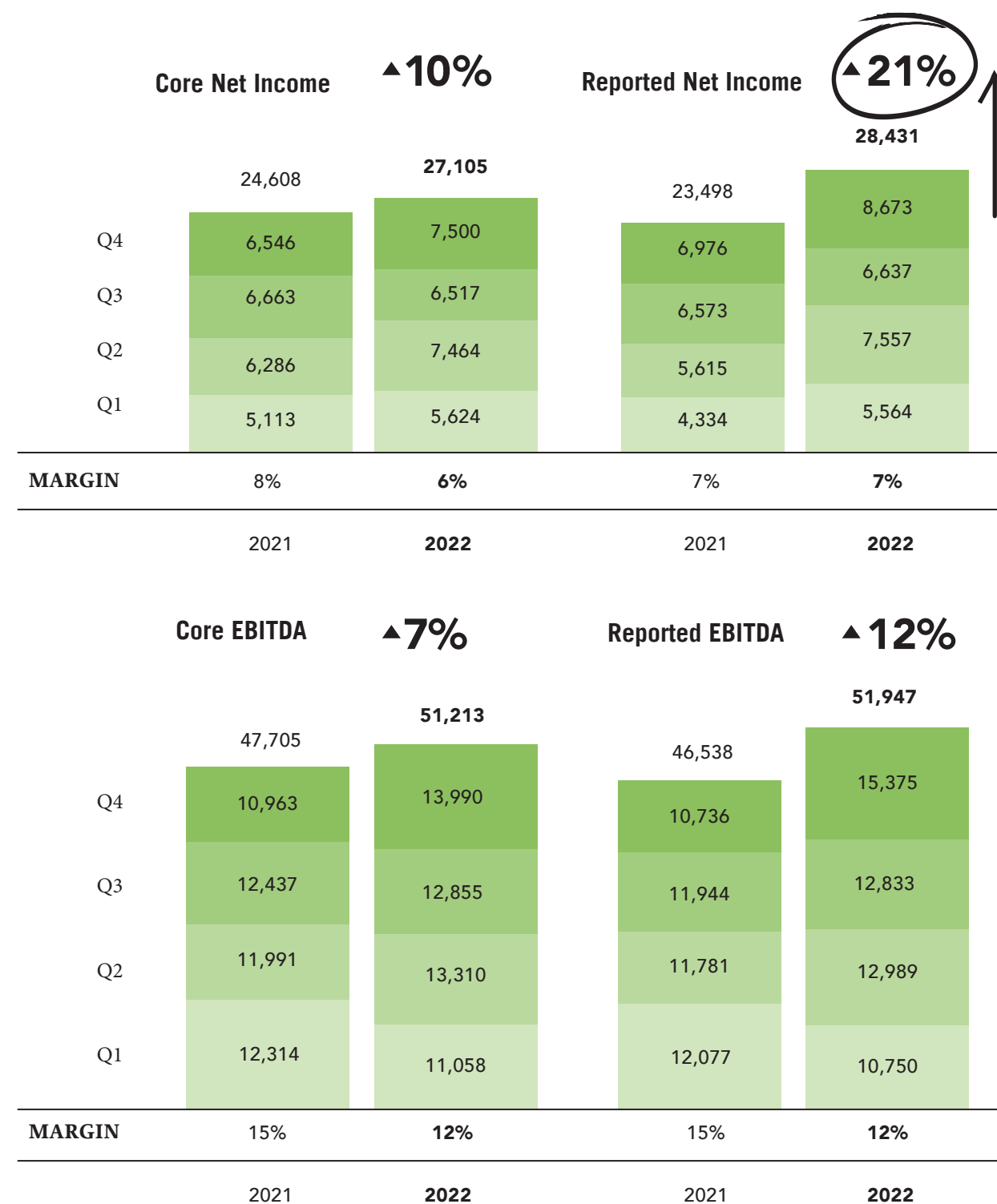


2022 Revenues (in PhP, Mn)



2022 Net Income and EBITDA (in PhP, Mn)

Net income and EBITDA growth was propelled by a strong contribution from its power generation operations as well as a solid DU performance with a 6% increase in energy sales volumes in spite of the impact of the 3RP Asset True-Up refund.



2022 Power Generation Results of Operations

MGen's contribution increased 4.5x and was driven by PacificLight's strong performance along with San Buenaventura and BulacanSol's continued delivery to Meralco under 20-year PSAs.



CORE NET INCOME
PhP12,079B

MERALCO STAKE
58%

HIGHLIGHTS OF OPERATIONS

- 5,619 GWh of energy delivered in 2022 with an average plant availability of 95.3%
- Strong contribution driven by increasing demand in Singapore, and higher margin on spot prices
- Total net capacity of 771 MW, of which 654 MW are contracted



CORE NET INCOME
PhP3,534M

MERALCO STAKE
51%

HIGHLIGHTS OF OPERATIONS

- 2,765 GWh of energy delivered in 2022 with an average plant availability of 87.9%
- Higher net income despite a decrease in energy sold in 2022 due to lower unrecovered fuel costs with the lower dispatch rate as well as lower interest expense
- Fully-contracted with Meralco under a 20-year PSA that is valid until 2039



CORE NET INCOME
PhP228M

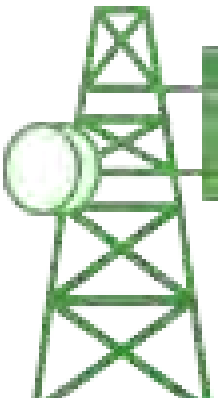
MERALCO STAKE
60%

HIGHLIGHTS OF OPERATIONS

- 112 GWh of energy delivered in 2022 with an average plant availability of 97.8%
- Remains the single largest solar power plant in the country to date; it began commercial operations on May 12, 2021
- Fully-contracted with Meralco under a 20-year PSA that is valid until 2041



MIDC contributed PhP222M in revenues and reached a second closing milestone with 860 towers out of its 2,180-tower transaction with Globe Telecoms, Inc.



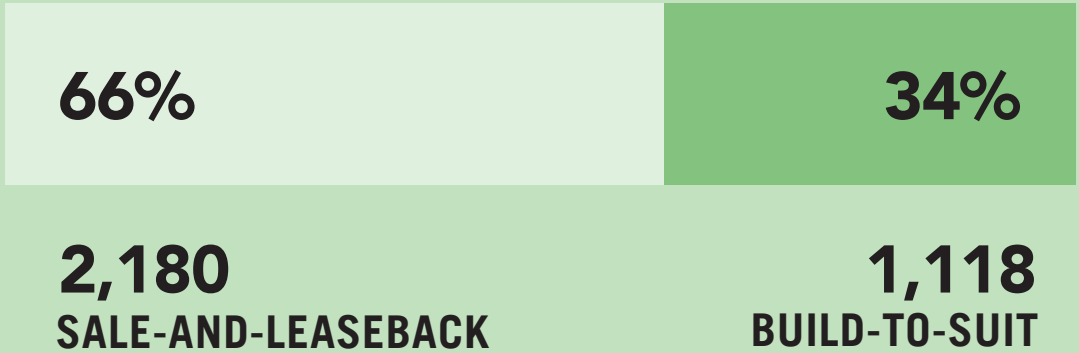
NOVEMBER 29, 2021

MIDC was incorporated and registered with the SEC to provide services related to communication infrastructure, systems, and lines; It is a 51%-49% joint-venture between MIESCOR and Stonepeak Infrastructure Partners.

AUGUST 11, 2022

MIDC signed a sale and leaseback agreement with Globe Telecoms, Inc. to acquire 2,180 telecom towers and related passive infrastructure for PhP26.2B.

BREAKDOWN OF ACTIVE TOWERS FROM AWARDED CONTRACTS



2022 HIGHLIGHTS



**TOTAL REVENUES OF
PhP222M**

These revenues come from 860 Sale and Leaseback (SLB) towers acquired from Globe, and 21 Build-to-Suit (BTS) towers from contracts with Globe and Smart.

3,298
ACTIVE TOWERS FROM AWARDED CONTRACTS
66% Sale and Leaseback and 34% Build-to-Suit

**TOTAL CAPEX SPEND OF
PhP10.6B**



OCTOBER 13, 2022

MIDC and Globe achieved the first closing milestone with the handover-takeover of an initial 701 towers valued at PhP8.4B.

STONEPEAK

DECEMBER 16, 2022

MIDC closed out 159 more towers valued at PhP1.9B. This effectively raises the number of transferred towers from Globe to MIDC to 860 with a cumulative value of PhP10.3B.

2022 BRIGHTER AND STRONGER THAN EVER

OPERATIONAL HIGHLIGHTS

BUSINESS DRIVERS

Energy Sales 48,916 GWh ▲6% vs. 46,073 GWh in 2021	Customer Count 7.63M ▲3% vs. 7.41 M in 2021	Net System Input 51,271 GWh ▲6% vs. 48,325 GWh in 2021
Meralco Peak Demand 8.11 GW ▲4% vs. 7.81 GW in 2021	Capital Expenditures PhP42,597M ▲55% vs. 27,500 M in 2021	

SERVICE PERFORMANCE

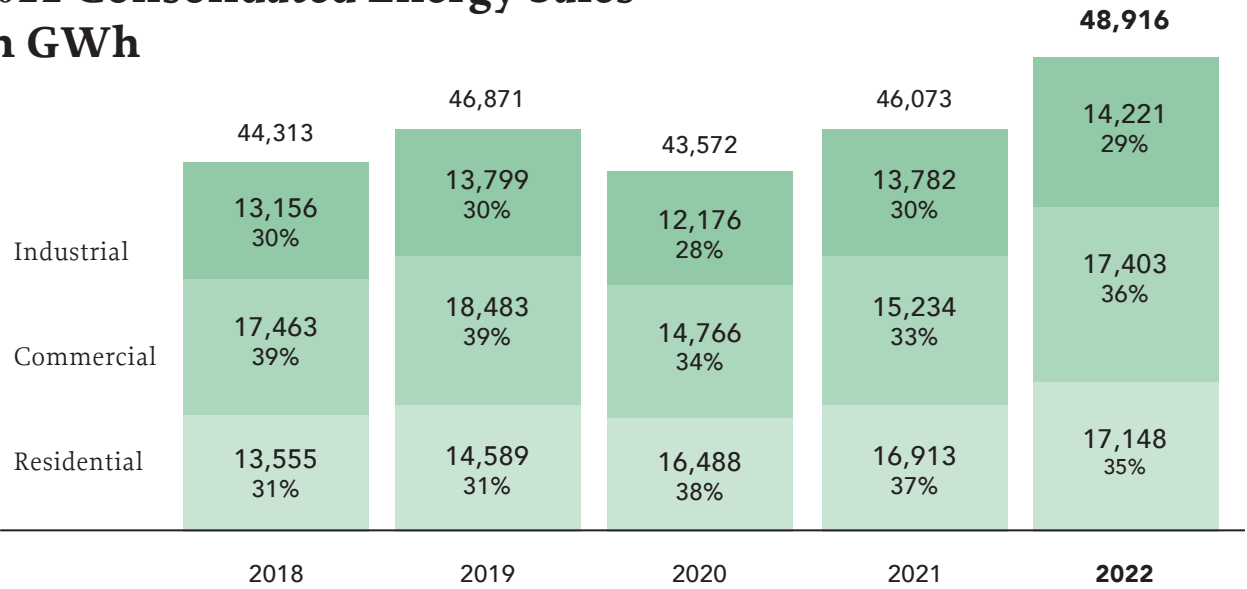
System Loss 5.77% ▼0.08%PT vs. 5.85% in 2021	Time to Connect 1.64 days ▼5% vs. 1.73 days in 2021	Customer Satisfaction Index 8.07 ▼0.03%PT vs. 8.10 in 2021
System Average Interruption Duration Index 128.42 minutes ▼7% vs. 138.77 minutes in 2021	System Average Interruption Frequency Index 1.30 times ▼8% vs. 1.41 times in 2021	

SERVICE PERFORMANCE

Electricity Rate per kWh PhP9.52 ▲16% vs. PhP8.24 in 2021	
---	--

Apace with our financial gains was the enhanced operational performance of our distribution business. Energy sales surpassed pre-pandemic levels with the increase in mobility and economic activities reflecting a 6% growth vs. 2021 mainly driven by double-digit growth from our commercial segment.

2022 Consolidated Energy Sales in GWh



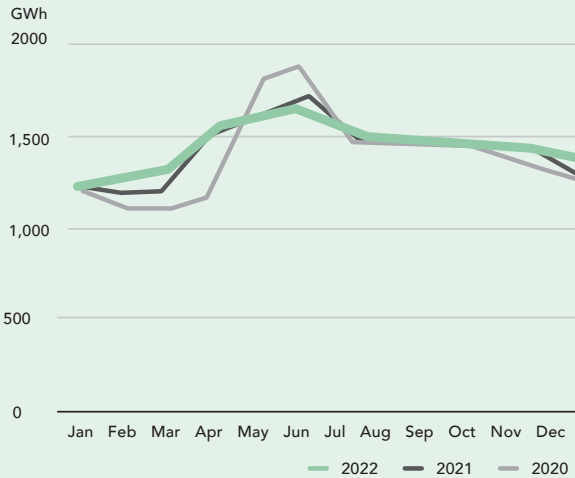
Parent is 99%, CEDC is 1%
Flat streetlights account for <1%

2022 DU Energy Sales Profile and Drivers

RESIDENTIAL
▲1%, YTD

Grew 1% despite customers spending less time at home due to face-to-face classes, on-site work, and “revenge” travel

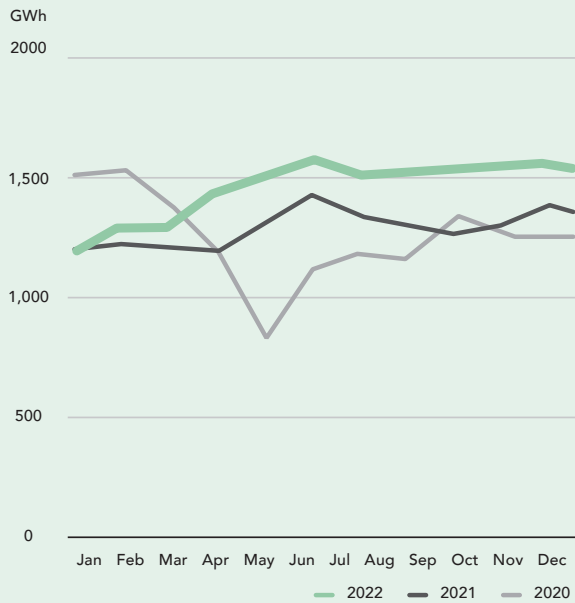
- Increase in consumption among half-way dwellings in Central Business Districts (CBD) and school/ university areas, offsetting the negative impact of greater mobility
- Sustained energization performance



COMMERCIAL
▲14%, YTD

Grew 14% with continued mobility and an increase in commercial activities and public confidence

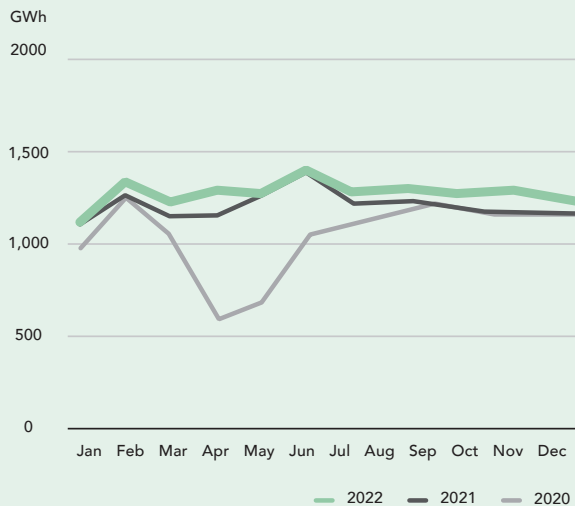
- Education improved as public schools fully transitioned to 5-day on-site classes
- Retail and restaurants benefitted from higher mall traffic and revenge spending
- Hotels boosted by more foreign arrivals, business events, and social gatherings
- Real estate increased due to on-site work
- Transport recovered due to more traveling and commuting



INDUSTRIAL
▲3%, YTD

Grew 3% amid high inflation and global supply issues

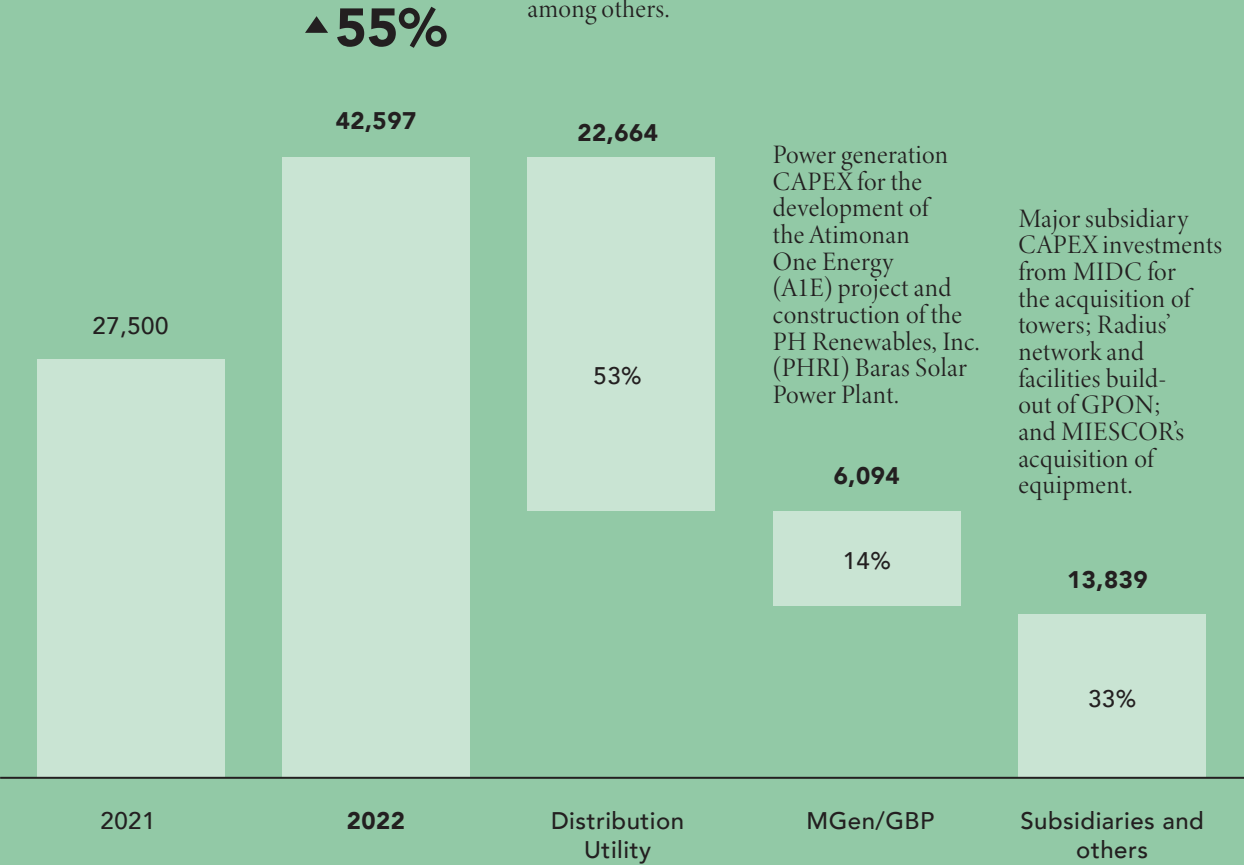
- Semiconductor declined following a drop in the production of consumer electronic-related products
- Steel and cement increased driven by continuous operations vs. previous year
- The food and beverage industry and plastics were boosted by higher commercial activities and demand for essentials



2022 Capital Expenditures
(in PhP, Mn)

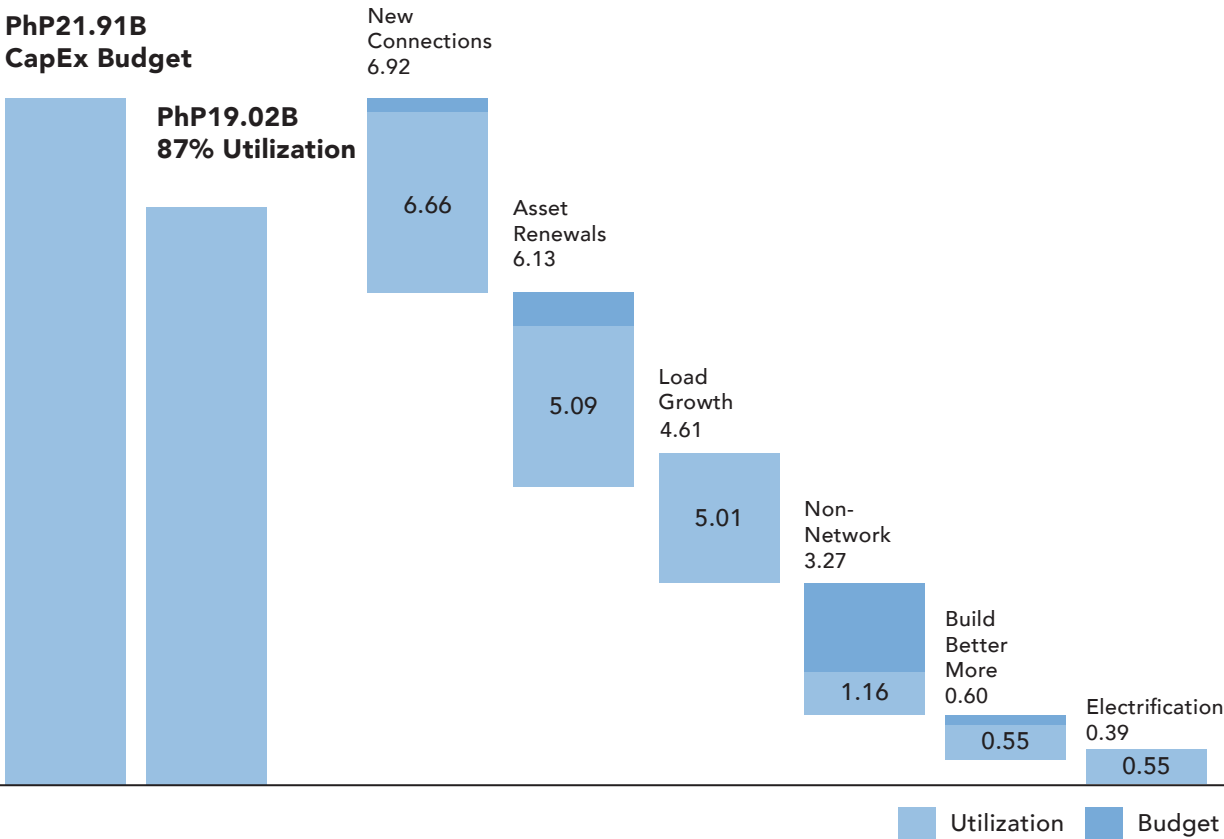
To further future proof our business, we increased our capital investments by 55% to cover power generation projects, upgrade distribution facilities, improve customer service, build our nation, strengthen our fiber back bone and, invest in our common tower business.

Major networks projects completed during 2022 include the development of the North Caloocan 115-34.5 kV Gas Insulated Substation, La Mesa 115 kV Switching Station Phase 1, and government-related BBB and PPP projects, among others.



2022 NETWORKS CAPEX IN PHP, B

We utilized 87% of our budget for capital expenditures with the majority of it spent on new connections, asset renewals, and load growth while continuing to support government projects.



POLE RELOCATION PROGRAM

BUILD BETTER MORE

64%

1,024
RELOCATED POLES
out of 1,596

DPWH ROAD WIDENING

80%

We relocated 2,587 poles, a record-high amount that was affected by road-widening projects by the DPWH and various LGUs.



Meralco continued to deliver within performance ceilings, improving on its performance in the previous year.

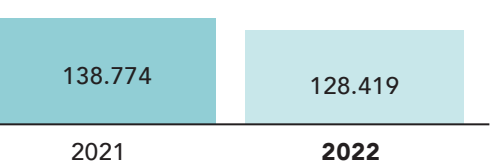
2022 S-FACTOR PERFORMANCE AND GUARANTEED SERVICE LEVELS (GSL)

NETWORK

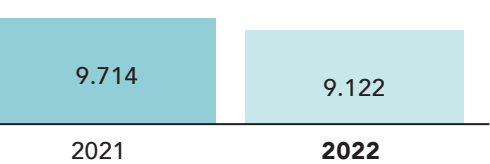
SAIFI TIMES ▼8%
(System Average Interruption Frequency Index)
Rewards < 1.43



SAIDI IN MINUTES ▼7%
(System Average Interruption Duration Index)
Rewards < 157.04



MAIFI TIMES ▼6%
(Momentary Average Interruption Frequency Index)
Rewards < 7.59

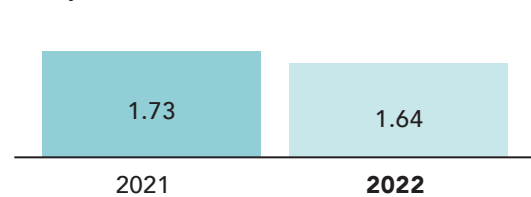


CUSTOMER

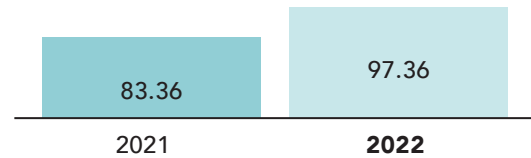
AVERAGE TIME TO PROCESS APPLICATIONS ▼26%
in days | Rewards < 3.63



AVERAGE TIME TO CONNECT ▼5%
in days | Rewards < 1.82



CALL CENTER PERFORMANCE ▲14%PT
in % answered within 20 sec. | Rewards < 85.58%



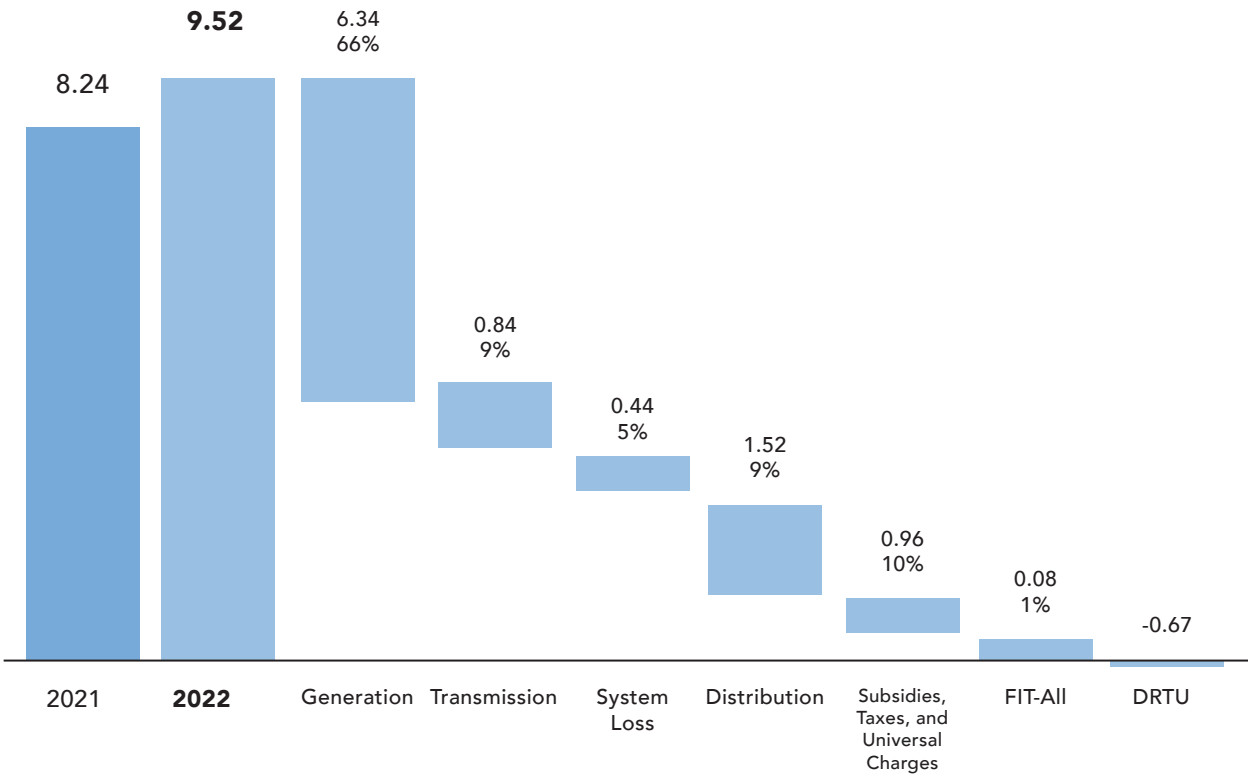
For the next regulatory year, Meralco is proposing more stringent metrics for our GSL indicators to better align with customer expectations.

2022 AVERAGE RETAIL RATE IN PHP PER KWH

Higher pass through charges resulted in a 16% increase in Meralco's retail rate at PhP9.52 per kWh from PhP8.24 per kWh amidst a persistent increase in global fuel price, high spot market price, and peso depreciation.

On the other hand, Meralco's distribution charge of PhP0.84 per kWh, which accounted for 9% of the retail rate, dropped by 4% following the implementation of DRTU refund.

16% higher vs. 2021 mainly due to higher generation charge



↑

31.8% increase in **Generation**: Higher fuel costs, peso depreciation, higher WESM prices

↑

19.1% increase in **Transmission**: Higher Ancillary Service and Power Delivery Service charges, and absence of transmission over recovery refund

↑

41.5% increase in **System Loss**: Higher generation and transmission costs, and absence of system loss over recovery refund

↓

3.9% decrease in **Distribution**: Shift of share of sales towards Commercial customers and decreased effective rate in Commercial and Industrial sectors prompted by the continued ease of quarantine restrictions

↑

11.11% increase in **Subsidies, Taxes, and Universal Charges**: Higher effective taxes

🏠

10.40
Residential

👛

9.57
Commercial

⚙️

8.31
Industrial

💡

10.69
Streetlights

📈

0.48
Generator Wheeling

AVG. RATE PER CUSTOMER SEGEMENT

Thanks to the success of our various growth platforms, Meralco maintained a strong presence in energy-related and infrastructure industries.

MPower and Vantage Energy concluded 2022 with combined energy sales of close to 7,900 GWh, serving more than 700 contestable customer accounts.

Outside the core distribution utility, the retail electricity business witnessed robust nationwide sales and customer growth.

ENERGY SALES IN GWh

Year	Energy Sales (GWh)	Change (%)
2020	6,588	-
2021	7,131	-
2022	7,859	▲ 10%

CUSTOMER COUNT

Year	Customer Count	Change (%)
2020	537	-
2021	691	-
2022	716	▲ 4%

- Other RES: Global Energy Supply Corporation (353 GWh, 20 customers), Cogent Energy (164 GWh, 12 customers), and Meridan X (4GWh, 1 customer)
- MPower sustained efforts to assist and guide customers affected by Fuel Cost Recovery Adjustment (FCRA) by providing installment payment plans and developing price simulators

ANNUAL REPORT 2022

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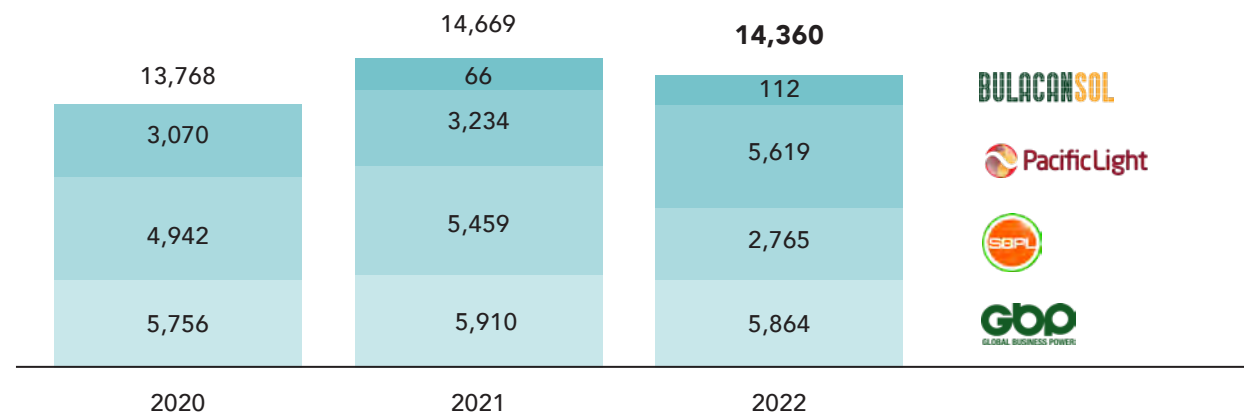
89

SIKAT



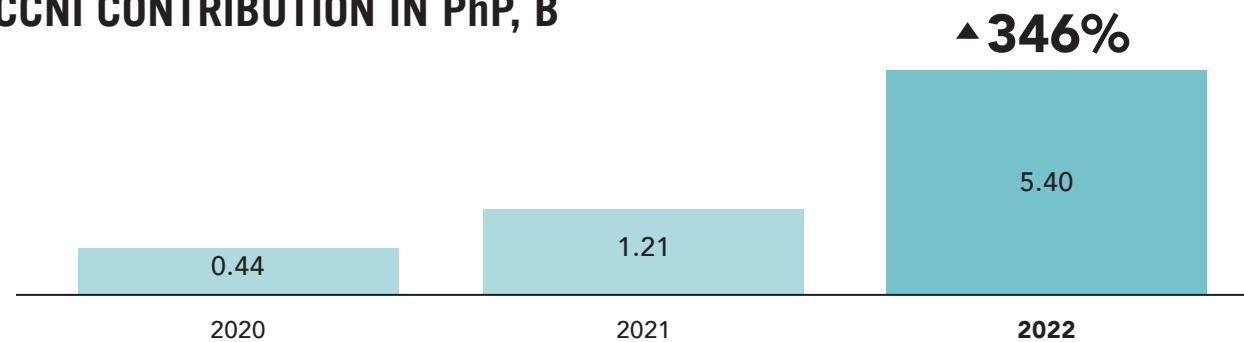
The company sustained year-on-year energy sales performance in 2022. The generation units delivered around 14,400 GWh of power, contributing close to PhP5.4B to our consolidated core net income and bringing a strong 346% increase vs. 2021.

DELIVERED ENERGY (GWh)



4.5x growth in CCNI Contribution of Power Generation business

CCNI CONTRIBUTION IN PhP, B

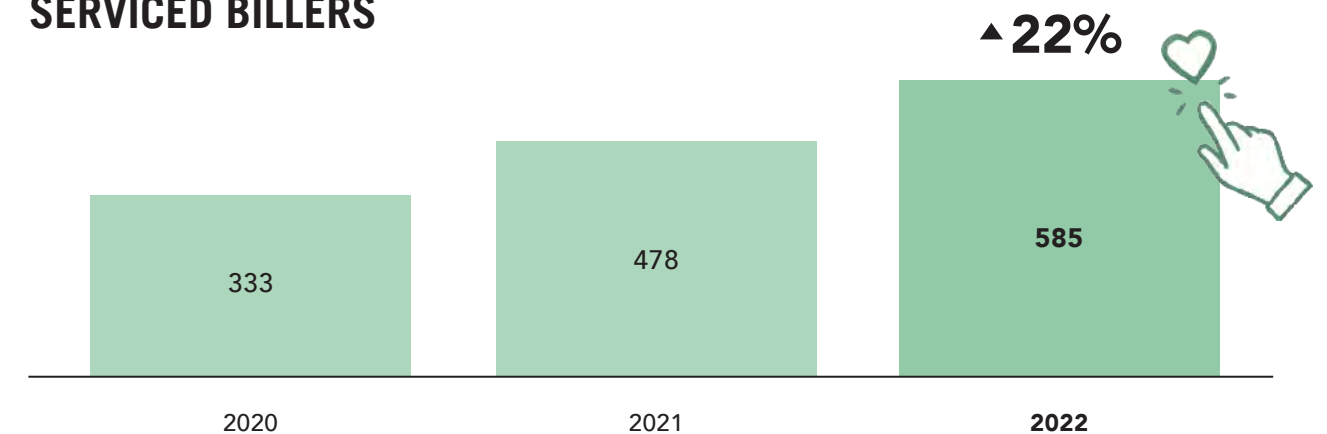


- Pacific Light Power: Higher margins on spot prices and 2% growth in demand
- San Buenaventura Power Limited: Average plant availability of 88%
- Global Business Power: Delivered 4,928 GWh from its portfolio with a net capacity of 970 MW
- BulacanSol: Delivered 112 GWh in its first full year of operations
- Developed additional RE capacity: 68-MWac Currimao, Ilocos Norte (March 2023) and 75-MWac Baras, Rizal (April 2023)

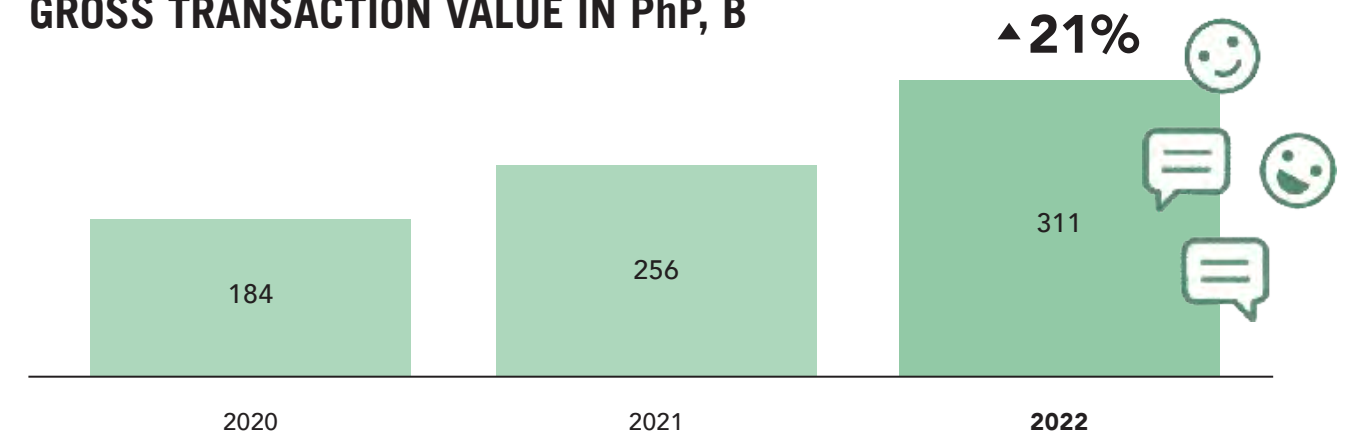


Bayad remained dedicated to providing a seamless onsite-to-online customer experience, reaching around 600 billers by end 2022 and achieving more than PhP310B in gross transaction value.

SERVICED BILLERS



GROSS TRANSACTION VALUE IN PhP, B

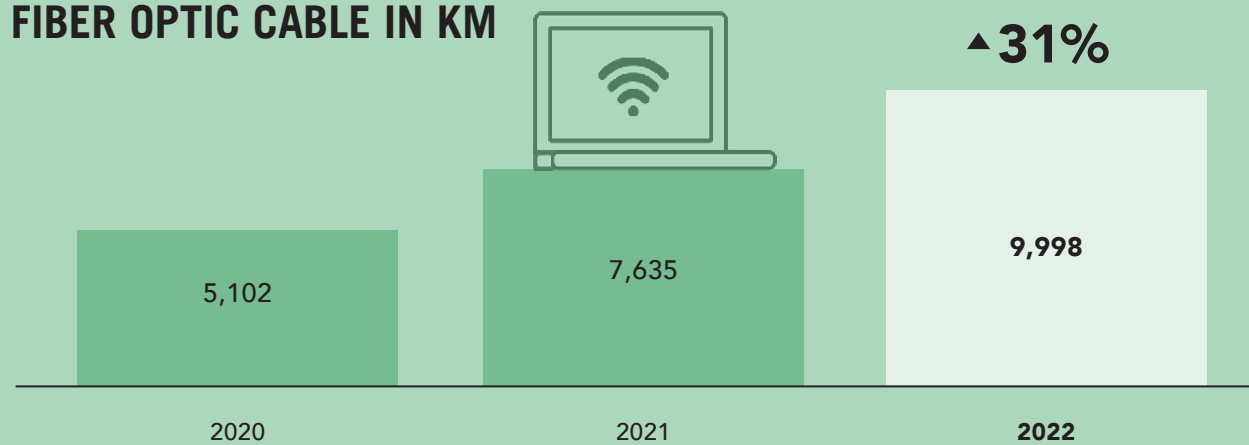


- Launched Bayad Asenso App and Bayad Checkout
- Added 196 new billers
- Advocacy in the digital space: the Bayad App increased its share of digital transactions with 436,700 downloads

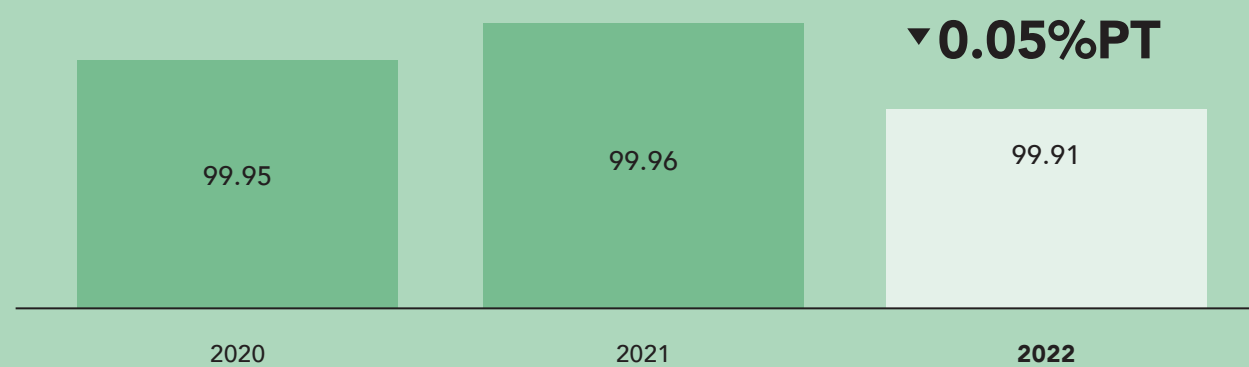


Radius solidified its position as one of the country’s leading data and internet service providers with nearly 10,000 km of fiber optic cable deployed and 46,000 active subscribers.

FIBER OPTIC CABLE IN KM



SERVICE LEVEL AVAILABILITY %

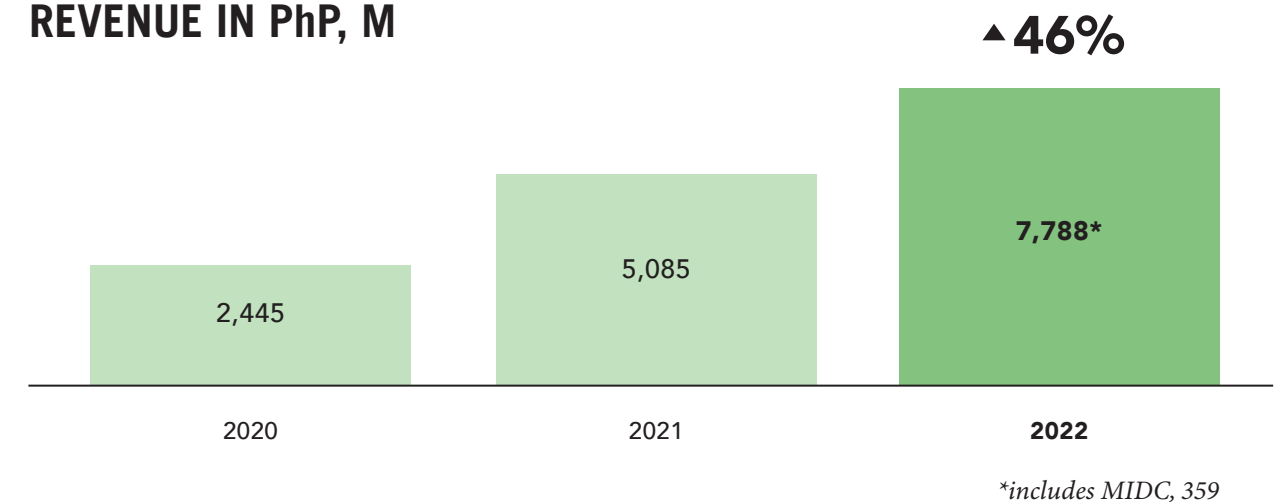


- RED Fiber: Presence in Metro Manila, Bulacan, Cavite, Laguna, Cebu, and Clark with over 46k active subscribers.
- Continued to enhance its customer-centricity efforts with dedicated customer care agents available 24/7

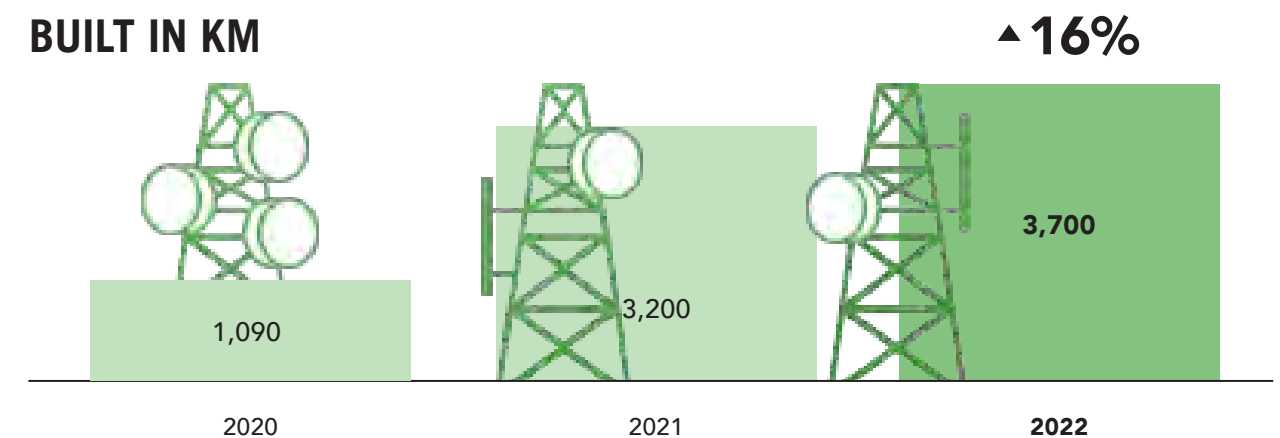


With its two wholly-owned subsidiaries, MIESCOR leveraged 49 years of industry expertise to contribute PhP427.6M to Meralco’s CCNI as revenues grew 48% to PhP7.5B driven by its Engineering, Procurement, and Construction (EPC) and Telecommunications contracts.

REVENUE IN PhP, M



FIBER OPTIC NETWORK INFRASTRUCTURE BUILT IN KM



MIESCOR Infrastructure Development Corporation (MIDC) signed a sale and leaseback agreement with Globe Telecom for the acquisition of 2,180 towers, enabling MIDC to participate in the Philippine government’s push to improve connectivity through the Common Tower Policy.

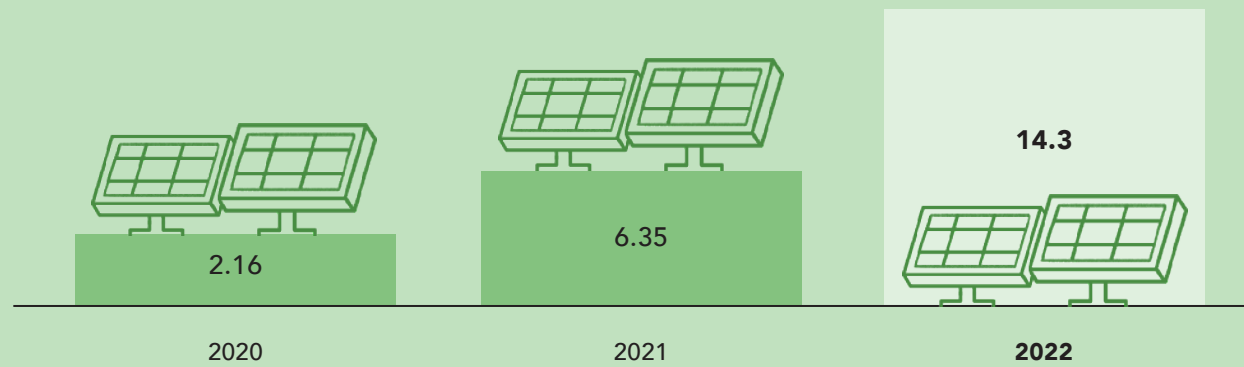


S P E C T R U M

Spectrum delivered market-leading and end-to-end solar solutions to customers, reaching a total of more than 50MW in installed capacity.

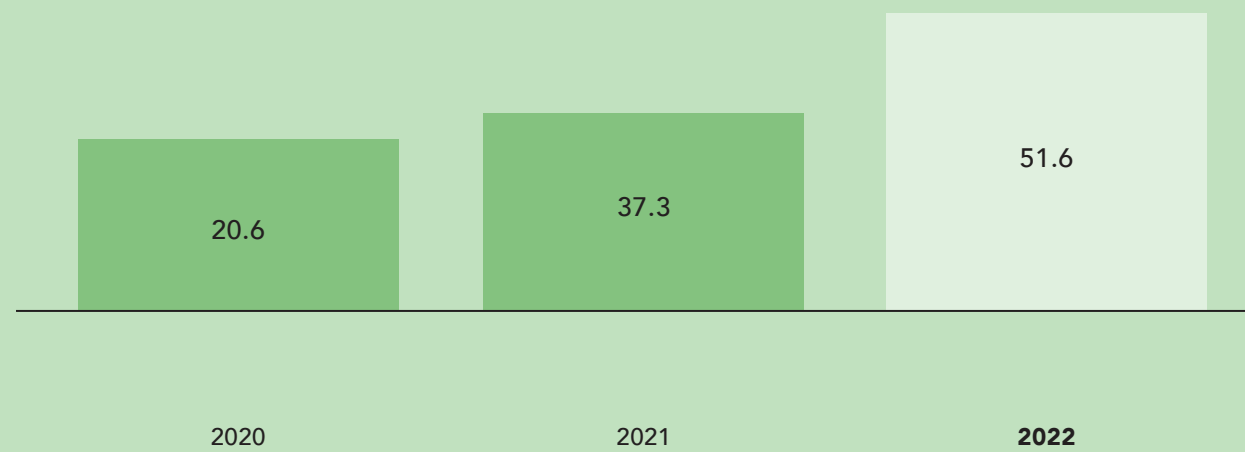
CLEAN ENERGY GENERATED IN GWh

▲ 125%



INSTALLED CAPACITY IN MW

▲ 38%

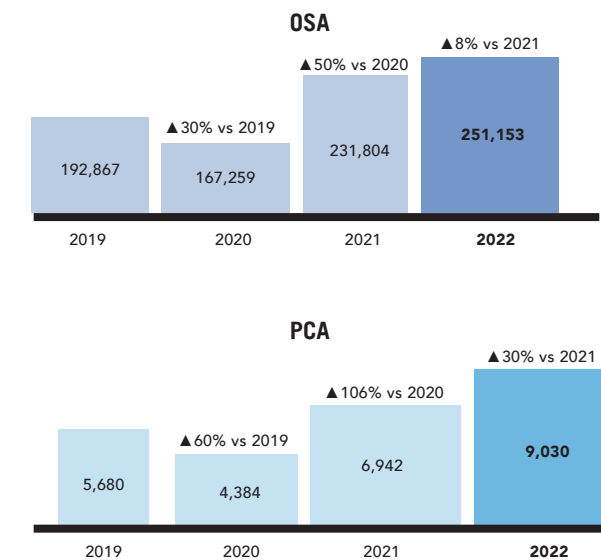


- Served customer count to 489 (43% increase vs. 2021)
- Pioneered the nationwide distribution of micro-inverters

Powering and Empowering Our Customers

As business and public confidence were rebuilt, Meralco was there to illuminate the path towards a better life for our customers and the communities where we operate.

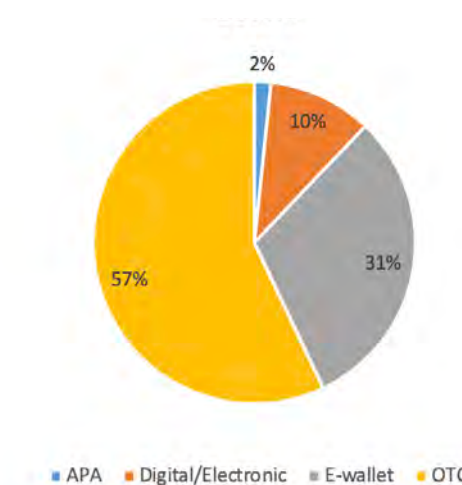
Recording all-time highs for energization



Closing the year with over 7.6 million customers, Meralco continued to nurture and strengthen existing partnerships and forged new ones with both the public and private sectors:

- Meralco streamlined the process of issuing permits ultimately benefiting customers and contractors. This led to timely energization and execution of key customer and network backbone projects.
- The close collaboration with the Commission on Elections (COMELEC) ensured reliable power supply in schools / voting precincts for the National Elections, which was carried over to the re-opening of schools in August.
- An online platform was launched that allowed customers to access the services of electrical experts Certified By Meralco (CBM) for their added convenience in service application and to ensure that the safety standards of Meralco are followed.

Consolidated Customer Count



Building on the momentum of the Customer Centricity Transformation Program + Digitalization (CCTP+D) launched in 2021, Meralco continued to innovate and transform the experience of our customers.

- To shorten and better manage customer waiting time, Meralco deployed a Queuing Management System in 55 Business Centers. To date, it serves 40,000 customers per day across the franchise.
- The company upgraded handheld terminals for meter reading to improve accuracy, timeliness and completeness of readings.
- Meralco leveraged the penetration of e-wallets into the unbanked market, with e-wallets now representing 31% of payment transactions. Integration of Maya and GCash in Meralco Online led to increased e-wallet transactions by 16%, making it the highest source of payment transactions in Meralco Online. Meralco Online customers also reaped about PHP2.9M in savings due to lower convenience fees for e-wallets versus credit cards.
- Geo-tagging of customer locations led to more efficient execution of field orders and resolution of outage reports.

Realizing efficiencies in digital self-assist and digital self-service

Lower volume of cases by 5%
3.5M vs 3.7M in 2021

Meralco Business Centers (BC) maintained regular and sometimes extended working hours throughout 2022, open to customers from all sectors.

In addition:

- Residential customers had 24/7 access to Meralco through Facebook Messenger, Twitter, Email and the hotline.
- Business customers, National and Local government had dedicated assigned relationship managers on top of available Viber messenger groups, emails, and a dedicated hotline.

Paperless Billing Campaign

Meralco Mobile App

Whole NEW look.
Easier on the eyes.



DOWNLOAD NOW

WORRY LESS
WITH **PAPERLESS**
The safest way to manage
your Meralco bills.

Meralco Mobile App
Whole NEW look.
Easier on the eyes.



DOWNLOAD NOW

Meralco Online

Display Ads

Social Ads

All you need, All in
one place, thanks to the
**NEW Meralco
Mobile App!**

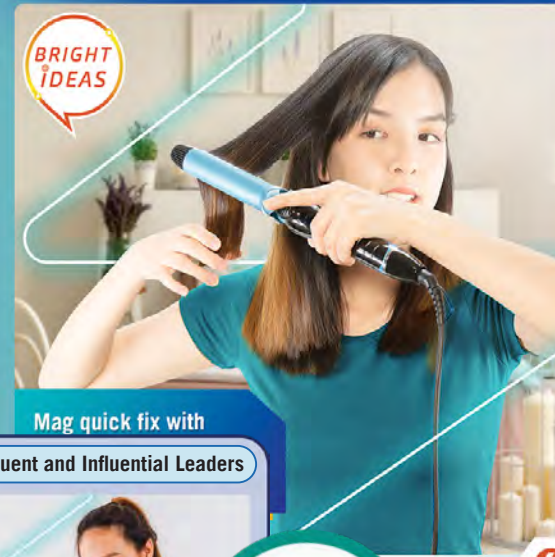


Personalization at Scale

*The company empowered
its customers further by
proactively pushing relevant
information, leveled up to deliver
personalization at scale*

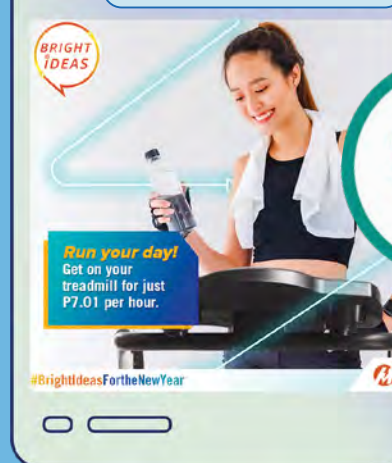
The monthly information drive on electricity rates advisories was boosted to reach at least 4 million viewers and listeners on traditional media and over 3 million viewers via our online assets.

Gamers and Travelers



Mag quick fix with

Affluent and Influential Leaders



Run your day!
Get on your
treadmill for just
P7.01 per hour.

#BrightIdeasForTheNewYear

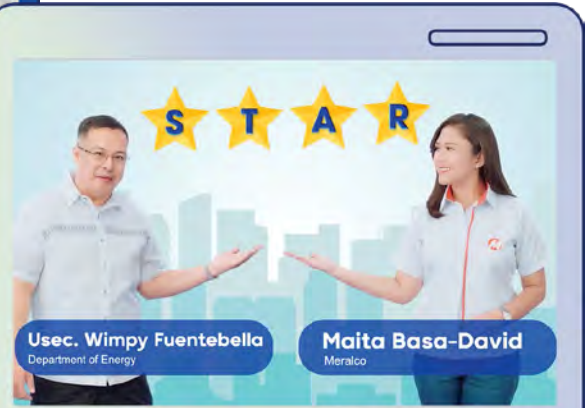
Bright Ideas

Parents



Keep the ideal
humidity level of 50%
use a dehumidifier
only P2.28/hr of use

#BrightIdeasForRainyDays



Usec. Wimpy Fuentebella
Department of Energy

Maíta Basa-David
Meralco

Meralco Advisory



Residential Consumption of 200kWh
**OCTOBER
2022**

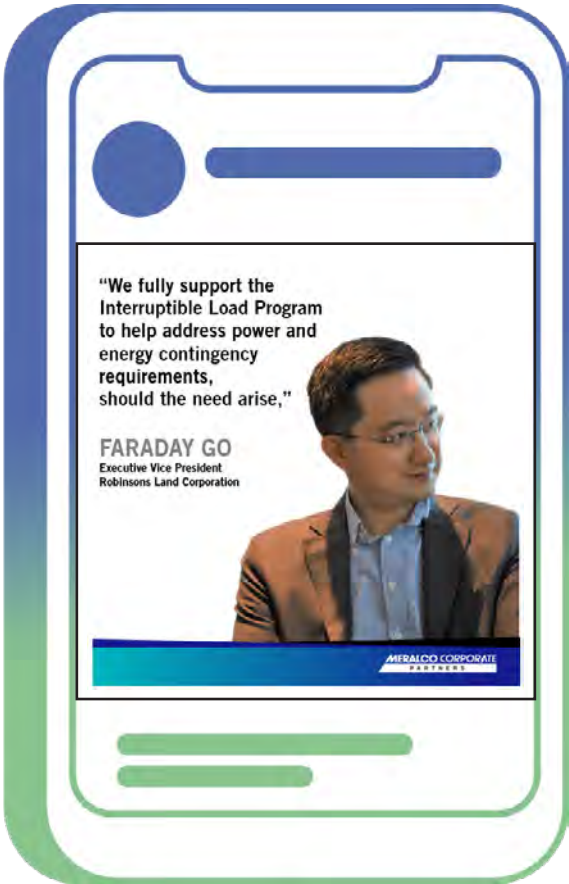
P 0.07
PER KILOWATT HOUR

bumaba nang 7 centavos ang rates ngayong October.

Reached 18 M Viewers

Covering Energy Efficiency and Conservation (EE&C) practices through our Bright Ideas campaigns for residential customers, reaching an average of 14M online viewers per campaign and 4M viewers on traditional channels.

For business customers



Meralco supplemented EE&C with Power Ideas and drives to join the Interruptible Load Program (ILP), communicated through webinars, customer meetings and hyper-target digital advertising with an average reach of 4M viewers.

Meralco, through the Enterprise and National Government group has an active list of customers, with a committed capacity of greater than 500MW, enrolled in ILP. In responding to the call to participate in the ILP these partners prevented various threats to power outages.

On Sep 12, 2022, a red alert situation was called by NGCP due to derated plants. Given the early notice, a total of 298 MW of power was offloaded from the grid, saving approximately 1.2M households and small businesses from experiencing brownouts.

To sustain active participation and increase commitment to this program, the Enterprise and National Government segment has been conducting a series of Power Up Webinars to increase compliance to the Energy Efficiency and Conservation Law as well as participation in the ILP. The marketing efforts to call on customers to support and understand the power supply situations garnered the attendance of 810 online attendees and a media reach of 750,000 in 2022 from Viber and digital media buys.

To inspire collaboration with Biz customers – (businesses with power demand of 5 to 499 kW), and to empower post-pandemic recovery, we released stories of successful partnerships with Meralco.

Each story featured energy services and solutions that contributed to operational efficiency, savings and growth of our partner businesses. Betafoam Corporation, Farmrichfoods Corporation, Marc Pua Group of Companies and Sunland Development Corporation generated significant savings from the **Meralco Peak / Off-peak** solution which were re-invested for business expansion; XRC Mall developer Inc. and Torre del Oro enjoyed

savings from the solar panels they availed from **Spectrum** which helped them survive the financial challenges brought by the pandemic; and Toyota Oben Group used the savings from implementing **energy efficiency** measures to offset the cost of safety measures they invested on to protect their customers and employees from COVID.

These stories, which were featured in digital ads, Press Releases(PR), print ads and Meralco’s assets (bill ad, website, SMS), have reached 12M viewers delivering 20K page views for the Biz website.

Net Metering

7,319 CUSTOMERS
as of December 31, 2022

A program under the Renewable Energy Act of 2008 (RA 9513), otherwise known as the “Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources” that allows customers with Renewable Energy (RE) generating systems of 100 kW or less to export the electricity that they were not able to consume to the Distribution Utility (DU), such as Meralco, and generate savings in the process.

Zero Export

39 CUSTOMERS
as of December 31, 2022

A program initiated by Meralco to allow customers with RE generating systems intended for own use to safely interconnect with its distribution system. This means, the generated energy from the customer’s RE generating system is consumed instantaneously as it is being produced. Any excess electricity generated under the ZE program is not exported to the grid.

Prepaid Electricity

99,512 CUSTOMERS
as of December 31, 2022

With the Meralco Prepaid Electricity Service, branded as Kuryente Load (KLoad), customers are able to manage their electricity consumption as they are able to receive daily and on-demand SMS about their load balance, reloading reminders and service notification alerts.

Peak/Off-Peak

7,027 CUSTOMERS
as of December 31, 2022

Meralco Peak/Off Peak (POP) Solution is an alternative pricing scheme that offers lower electricity rates during off-peak hours and higher rates during peak hours.



In the face of inflation, and high fuel prices, Meralco tempered business-as-usual activities with the resumption of compassionate disconnection efforts, to continuously improve customer experience. This resulted in the maintenance of Meralco’s overall Customer Satisfaction Index score at 8.07, and recoveries in trust rating across all segments.

Sustaining Our Digital Transformation

*Transformation powered by learning
and our deeply rooted values*

In the post-COVID “new normal,” Meralco embraces the lessons learned from the pandemic and reintegrates value-rich practices from the past. 2022 marked a period of growth in our digital transformation journey. Building on our 2019 strategy and established foundations, we maintained momentum from 2020 and 2021, propelling us forward. Our focus remains on leveraging technology to deliver value to our customers, optimize operations, and empower our workforce. Technology is used to touch more lives.



Data as Growth Enabler for Meralco

Meralco continues to see digital transformation with data in mind as a key enabler across business units. Through greater understanding and alignment of data, we are able to make sound decisions and relevant action allowing Meralco to deliver more value to its stakeholders. Through the Analytics and Data Communities of Practice (COP), Meralco is geared to further empower and advance the organization in its data management journey.

Stories of Light:
***Propelling Exceptional
Customer Experiences
through Meralco's
Data Driven Digital
Transformation***

Going Digital and Datafied

More and more, organizations are increasing their online presence, moving to mobile and datafying faster to conduct business and better serve the customers. Meralco has long recognized how this dramatically increased the power of data that is why in 2020, it embarked on a Customer Centric and Digital Transformation journey with a solid Data Driven strategy. It was designed to govern, capture, understand, and leverage on data to further level up operations and customer experience.

This clearly echoes the strategic direction of Meralco's President and CEO Atty. Ray C. Espinosa “to elevate utilization of data and technology to advance the Company's goals of delivering value to the business and providing excellent customer service.”

Powering Customer Centricity through Data

Meralco's data-driven strategy was designed to integrate governance, processes, technology, and data into an informative, actionable layer across the organization.

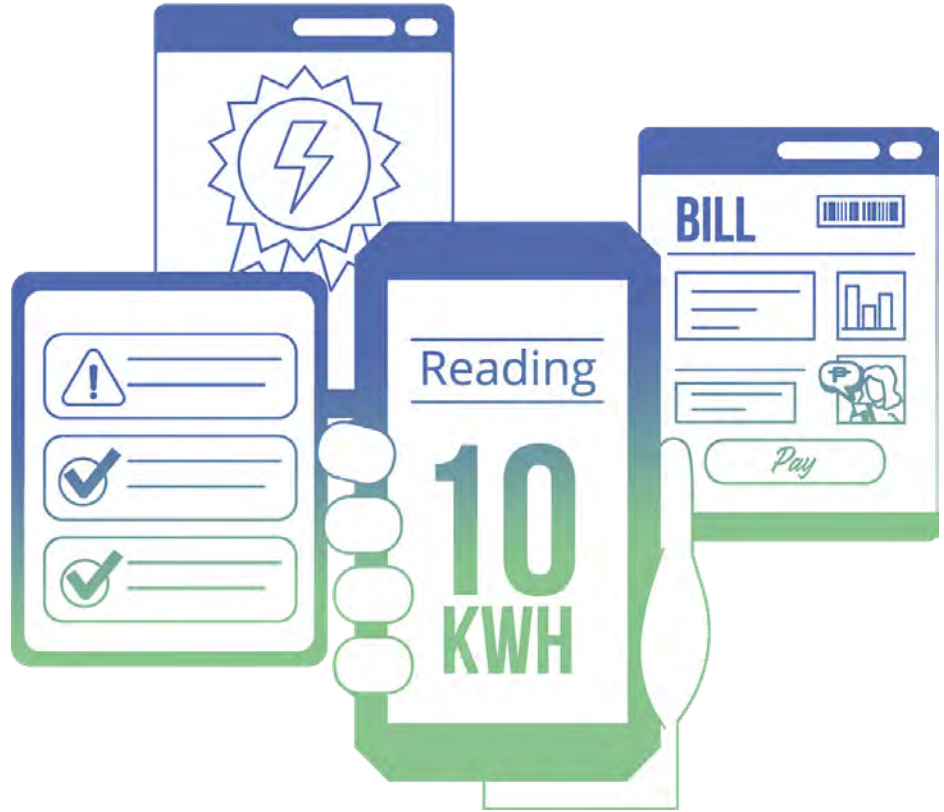
In 2021, Meralco launched the Meralco Data Platform (MDP) that allows the company to further improve customer experience, service delivery and operational efficiency. MDP, the technology enabler of the utility's data-driven transformation, serves as the unified business intelligence and analytics platform that leverages on consumer data to extract insight and information. This addresses Meralco's growing data requirements, provides the capability to manage data more efficiently by automating data processing activities that involve massive volumes of information from billing and payment platforms, Meralco online channels, electric distribution, and supply chain management systems, among others. The power of data available to Meralco was harnessed to make it useful, accessible, and efficient to support the business.

MPD also enables the creation of management and operational dashboards and insights crucial for business decision-making. Its application was in customer service, which empowered responsible Meralco offices to immediately act on applications to ensure timely energization of customers. This resulted in improved turnaround time. The availability of in-depth analysis of customer inquiries and complaints also enabled Meralco to continuously improve customer satisfaction levels. Meralco launched in 2022 its management dashboard called M-Wing, a single-source, on-line and interactive reporting of key performance indicators (KPIs) accessible via mobile anytime, anywhere, any device. These business performance reports are presented internally in Meralco and to the Board, as well as externally to investors and the media. Powered by MDP, M-Wing enabled digitalization efforts towards improving efficiency of data processing and report generation.

Meralco also leveraged data science and analytic models with direct positive impact toward customer service experience.

The adoption of the MDP resulted in the reduction of Meralco's average service application processing time by 35% (from 2.96 days in 2021 to 2.20 days in 2022) as well as its average connection time by 5% (from 1.73 to 1.64 days within the same period). Moreover, Meralco, through the MDP and other data-driven solutions introduced by its Information, Communication, Technology, and Transformation unit, can now proactively identify distribution transformers in need of rehabilitation, sparing nearly 930,400 customers from potential unplanned outages in 2022. This represents a 365% increase from the estimated 200,000 customers in the previous year.

MDP has also enabled a faster turn-around time to conduct profiling analysis from vast sets of data down to five minutes for 39 million records and is key in data assessment requirements as we prepare to migrate to a new customer management system. With MDP, we are also able to achieve 50% faster turn-around time of dashboards and analytics enabling data-driven and timely decision-making. Moreover, by achieving an all-time high data quality index of 99.98% in 2022, we are able to increase confidence and trust in Meralco's data. With those results, Meralco bagged Talend's Data Masters Award in October 2022 and is among the exclusive ten global winners.



Digital Innovation

We are passionately innovative, leveraging technology to constantly improve our operations and to provide better customer and employee experiences.

2022 also saw the growth of Meralco's culture of innovation. One of the key initiatives under digital innovation is implementing efficiencies through the automation of repetitive, manual, and time-consuming through Robotic Process Automation (RPAs), implemented within different offices across Meralco. As we continued transforming manual processes and augmenting the workforce through these automations in 2022, 38 RPAs were rolled out, contributing to hundreds of hours of efficiencies, millions in savings, improvement in compliance and enhanced customer service.

Additionally, we merged Customer eXperience Innovation Summit (CXIS), MeralcoSTAR and Innovative, Digital, Original and Leading-edge (IDOL) Awards in a single culminating event, the first **Meralco Innovation Awards**. It is an annual event where we will showcase high-impact projects, and recognize individuals and groups who made significant contribution to the organization through innovation.



Both CXIS and MeralcoSTAR have recorded substantial value delivered for Meralco's customers as well as significant savings from operational efficiencies since they were established in 2016. With the addition of IDOL Awards in 2022, which focused on the use of technology for process and data excellence, we were able to measure more than PhP90M OPEX savings, 112,000 manhours saved, PhP358M combined cost avoidance, 2,710 tons CO₂ emission avoidance and 1000x process efficiency improvement impacting more than 1.4 million customers.

Its objective is to grow the talents of the future that are agile, digital and data-savvy. Indeed, the results from the first IDOL awards are testament of our efforts in providing a reliable support system for all employees to embrace the digital culture and enhance skills that are essential to sustain and elevate Meralco in this digital era.



Stories of Light: *Meralco Futureproofs Business Operations with New Digital Twin Laboratory*

Meralco recently introduced its own digital twin laboratory as part of the distribution utility's efforts to futureproof its business operations and contribute to the advancement of the country's energy industry. The Powertech Innovation and eXperience Lab (PIXL) is Meralco's own virtual world rendering studio and metaverse that uses real world data to create simulations for training and education. Featuring 10 short-throw high-definition projectors, a 360-degree projection wall, LED lights, and extended reality devices such as Microsoft HoloLens, and Oculus VR headset, PIXL is a state-of-the-art facility that aims to drive the use of new technologies for the energy industry to achieve the country's smart grid vision.

Smart grid is the integration of innovative systems to the power grid for improved generation and distribution of electricity. PIXL will help accelerate innovation and improve Meralco's business operations to serve a variety

of functions critical to the power distributor's mission of delivering reliable and stable electricity service. These include technology scanning, proof of concept, prototype development, extended reality previews of different vital facilities such as substations and business centers, simulations of critical incident resolutions, distance learning, knowledge transfer, and remote support.

According to Meralco First Vice President, Head of ICT and Transformation and Chief Information and Technology Officer Rocky D. Bacani, PIXL is aligned with the power distributor's digital transformation goals and forms part of its efforts to find new growth opportunities for customers, employees, and the future generation of engineers.

Powered by a solid data-driven strategy and years of industry experience, Meralco has embraced digital transformation with its Customer Centricity Transformation Program and Digital Projects—a holistic and end-to-end approach that aims to improve customer touchpoints and operations—to level up its operational efficiencies and service.



DIGITAL GRID

In 2022, the modernization of our grid remains one of Meralco's top priorities. Through the implementation of more advanced systems, we will be equipped with proper information enabling us to maintain a high level of reliability and low level of system loss.

Launched in 2022, our new Enterprise Geographic Information System (EGIS) is the next generation utility tool for map digitization of asset, spatial navigation, facilities publication, and land-based management. The new EGIS is Meralco's main asset information system for the digitization of 42,000+ km circuit lengths within the franchise. By streamlining the digitization process and with increased data quality up to low voltage levels, EGIS contributes to the enhanced efficiency in processing customer applications, energization, line inspections, vegetation and facility connectivity management.

Data Historian is Meralco's main asset information system for automatic historical trends and near real-time data sets of 6000+ critical assets. It collects operational data from smart grid devices to improve visibility of network assets towards reliability-centered maintenance. Through the increased situational awareness and better visibility of grid equipment plus early detection of system instabilities, it was able to give Meralco a better understanding of systemic behaviors with Distributed Energy Resources (DERs). This led to a projected annualized savings of as much as Php 37 million.

In 2022, expansion of our distribution automation (DA) coverage continued to be a priority. DA enables utilities such as Meralco to remotely monitor, coordinate and operate distribution components in a real-time mode from remote locations. From 2020 to 2022, a total of 1,352 remote radios and 152 base stations were installed to support the remote control of Networks field devices for faster isolation and restoration of faults.

Moreover, the replacement of 1,041 batteries for distribution automation radios from 2020-2022 (Racom Remote Radios Sealed Lead Acid to Lithium Iron Phosphate or LiFePO4 battery) contributed to the reduction of Meralco's hazardous solid waste.

DIGITAL CUSTOMER

Under the Digital Customer stream, CCTP+D or Meralco's Customer Centricity Transformation Program + Digital has propelled Meralco's transformation and put innovation and our Customer at the forefront. In 2021, Meralco delivered high impact and value-adding innovations in such a short span of time. And in 2022, the company launched more innovations to further improve the customer's experience.

One of our major successes for customers in previous years is the conversion to one reference number, the Customer Account Number or CAN. We continued to improve by allowing the CAN to also be used as reference for Account Registration, Service Application, and Concerns transactions in Meralco Online.

Certified by Meralco (CBM) Platform enabled customers to easily connect with electrical experts certified by Meralco who can help them with service application needs. Since the launch in October 2022, we measured a 45.9% increase in CBM availments and significantly lower rework rate. CBM has also contributed significantly to the reduction in service application processing time. From 18 days, it's now down to an average of 8 days.

Fully rolled out at all 56 Business Centers, the Business Center Queueing System provides visibility and real-time monitoring on actual foot traffic and transaction time.

DIGITAL ENTERPRISE

As we navigate through the new normal, Meralco will continue to provide the enterprise with efficient and effective communication and collaboration tools supporting its employee's journey. As Customer Experience or CX remains one of our top priorities, Meralco also recognizes that Employee Experience (EX) is equally important in its digital transformation.

2022 was a big year for our employee experience (EX) program. Our new Enterprise Service Management platform, Express Hub, improved visibility and access to enterprise services. This enabled employee self-service in filing IT-related service requests and reporting of IT-related incidents. Since December 2022, over 70 services are available on the new platform. This reduced our Service Desk (SD) calls by 82.7%, which enabled not only IT services but also including cybersecurity access-related requests — for traceability or auditability.





Meralco also expanded the platform to accommodate more employee services. In the initial phase, we prioritized digitizing Facilities, Safety, and Security Management (FSSM) services that were previously handled manually to avoid service delays.

By being part of this platform, Meralco employees can now enjoy easy and instant access to services through a common service catalog and get status updates in near real-time without having to constantly call and follow up.

Moving forward, we will have more employee services onboarded in Express Hub through “value co-creation”. As we standardize service delivery across the Company, we can leverage powerful workflows and rich reports which will provide insights on how to improve employee service delivery across organizations and enhance employee engagement and satisfaction.

Express Hub is one of the key solutions under our Employee Experience Transformation Program which targets one of our greatest assets, our people. Studies show that companies that spend time ensuring their employees are engaged outperform their competition by 147% (CIO.com, Feb 2023).



Charging Towards a Coal-Free Future

GRI 2-22 | GRI 201

One Meralco continues to actively transform its business towards becoming a sustainable enterprise. Anchored on its long-term sustainability strategy (LTSS), the Group will drive its just, orderly, and affordable transition to clean energy. Its end goal is to be coal-free by 2050. Running in parallel to this carbon reduction effort is One Meralco’s social commitment to promote the well-being of communities across five social impact areas.

In its journey towards decarbonization, One Meralco faces intrinsic structural challenges in the Philippine power sector that may interfere with its progress in achieving sustainability:

- **Economic**
While solar and other renewable energy (RE) sources have a potential for reduced levelized cost of electricity, their capacity factors are lower, requiring other technologies (including battery energy storage systems) to cost-effectively enable the provision of reliable, 24/7 power supply.
- **Regulatory**
The government’s least-cost, technology-neutral mandate requires distribution utilities to undergo a Competitive Selection Process (CSP) in the procurement of power supply.
- **Technical**
Solar farms require significantly more land (up to four times) than fossil fuel-fired plants. The grid needs to put in place additional infrastructure to manage intermittent RE capacity to avoid system interruptions.

Despite these challenges, One Meralco remains fully committed to sustainability. While the Philippines’ emissions represent only 0.7% of the global total, the Group is linked to about 11% of total emissions of the country, presenting a unique opportunity and obligation for the Group to lead the greenification of the local power industry.

Under a business-as-usual scenario¹⁹ through 2030, the Group’s total emissions are expected to grow at 2.9% versus electricity demand (a proxy for business growth) to grow close to 3%. Nevertheless, One Meralco aspires to be more sustainable as the Group focuses on reducing emissions over the three horizons of its LTSS, driving One Meralco to be coal-free before 2050:

HORIZON 1: 2021 - 30	HORIZON 2: 2031 - 40	HORIZON 3: 2041 - 50
Initiate our low-carbon transition to serve the country’s growing energy demand with greener power	Accelerate our green energy shift through the adoption of next-generation cleantech	Drive deep decarbonization and achieve sustainability leadership in the energy sector

¹⁹ A business-as-usual scenario is one where One Meralco continues to utilize fossil fuel sources for both its power generation and distribution businesses without committing to expanding the share of RE in its generation portfolio and distribution utility supply mix.



HORIZON 1 (2021–30)

One Meralco has initiated a low-carbon transition to serve the country’s growing energy demand with greener power.

A key consideration in Meralco’s energy transition is the DOE’s Renewable Portfolio Standards (RPS). This policy requires distribution utilities to increase the share of RE in their supply mix by a minimum percentage per annum. In 2022, the RPS requirement increased from 1.0% per annum to 2.52% per annum and this will be applied starting 2023. Regardless of the increase, Meralco will contract RE beyond the RPS requirement to drive its clean energy agenda. In fact, Meralco’s current sourcing plan has an effective RPS of 3.02% per annum (for MPower) and 3.38% per annum (for the Distribution Utility). By 2030, Meralco expects the share of RE in its supply mix to be at least 22%.

Meralco has already signed two RE mid-merit PSAs that will begin in 2026. In 2022, MPower also signed four RE PSAs amounting to 625 MW.²⁰

Meanwhile, MGen continues to drive for cleaner energy from a generation standpoint. While MGen continues to build the Atimonan One Energy (A1E) power plant (2x600 MW) by the middle of this decade, it has converted what was supposed to be a high-efficiency, low-emissions (HELE) coal plant to a cleaner gas plant. Furthermore, MGen is looking to sell down 49% of its share in A1E. The planned technology conversion and the sell-down will effectively reduce One Meralco’s Scope 1 emissions by 40%.

MGen has also dropped its involvement in the development of 2,500 MW of coal-fired power plants.

Finally, MGen continues to accelerate its clean energy through the buildout of 1,500 MW of generation capacity across multiple RE technologies through 2030. It started with the 55-MWac BulacanSol solar plant, which began injecting power into the Luzon grid

in 2021. In addition, MGen’s new solar plants—a 75-MWac solar facility in Baras, Rizal, and a 68-MWac solar plant in Currimao, Ilocos Norte—will be online in the first half of 2023. MGen is also eyeing the construction of a large-scale wind farm in the Philippines.

Beyond power generation and distribution, One Meralco will continue to drive emissions reduction and carbon sink initiatives, including:

- Scope 1 – Through the Green Mobility Program, at least 25% of Meralco’s vehicle fleet will be electrified by 2030. This will exceed the 5% requirement of the newly enacted Electric Vehicle Industry Development Act.
- Scope 2 – Under the Resource Conservation and Efficiency Program, Meralco’s headquarters in Pasig City will be 100% powered by RE by 2030.
- Scope 3 – With Meralco’s Advanced Metering Infrastructure, estimated customer-side energy efficiency savings of at least 2.0 TWh will decrease 1.4 million tCO₂e by 2030.

²⁰ Pangasinan (315 MW, solar), Talim (148.75 MW, wind), Sembrano (61.25 MW, wind), and RERI (100 MW, solar, wind, and geothermal)

LOCATION OF SOLAR FACILITY	CAPACITY (IN MW)	
	GROSS	ATTRIBUTABLE
San Miguel, Bulacan	55	33
Baras, Rizal	75	45
Currimao, Ilocos Norte	68	34
TOTAL	198	112

By 2030, MGen’s gross RE capacity will be 5,441 MW, with 1,915 MW attributable to the company.

- Offset – Through One Meralco Foundation’s (OMF) One for Trees Program, the Group will plant and nurture 5 million trees by 2025 in order to preserve and revive Philippine forests and watersheds.

In summary, One Meralco aims to reduce its Scope 1 emissions in 2030 by approximately 43% and its total emissions by 20% vis-à-vis the 2030 BAU baseline. Further reductions are contingent on system loss improvements. To achieve all these, the Group plans to deploy PhP 129 billion in sustainable capital investments through 2030, with nearly PhP 50 billion allocated for RE buildout.²¹

HORIZON 2 (2031–40)

One Meralco will accelerate its green energy shift through the adoption of next-generation cleantech.

While the focus through 2030 is on shifting away from fossil fuels from a mid-merit standpoint, in the following decade, the Group will begin transitioning its baseload capacity to green energy. As such, One Meralco will evaluate emerging, cleaner innovations that are expected to mature technologically and economically beginning 2030:

- Battery energy storage system – Longer duration storage of energy enables RE to serve mid-merit or baseload demand to provide additional services and to enable price capture during peak periods.
- Offshore wind – This RE technology removes land constraints and offers greater resource potential (i.e., strength and consistency), allowing for 2–3 times larger installations than its onshore equivalent.
- Nuclear – Small modular reactors are more reliable (with a capacity factor of ~90%) and less land-intensive (less than 1% of required land compared with solar and wind farms). In addition, its modular design is beneficial to islands with limited interconnection.

²¹ This proposed capital outlay is pending the approval of Meralco’s Board of Directors.

HORIZON 3 (2041–50)

One Meralco will drive deep decarbonization and achieve sustainability leadership in the energy sector as it drives to be coal-free before 2050.

Deep decarbonization will be achieved through various levers including:

- Decarbonization of existing assets (e.g., carbon capture, utilization, and storage)
- Development of more dispatchable low-carbon power (e.g., combined-cycle gas turbine co-fired with green hydrogen, long-term BESS, advanced SMRs for baseload)
- Heightening of carbon sink solutions (e.g., reforestation, soil management)

SOCIAL IMPACT AREAS

On the social front, One Meralco, through OMF, has begun promoting the well-being of communities with electricity as an enabler to power the good life across five impact areas. 2030 targets have been set, but these efforts will be driven by the Group through 2050.

- Water access – Provide low-income households with potable water
- Education reach – Electrify off-grid public schools
- Access to quality healthcare – Energize healthcare facilities (e.g., rural health units, barangay health stations)
- Livelihood productivity – Energize agricultural facilities and equipment
- Disaster resilience and recovery – Train electric cooperative staff and community members on disaster prevention and response

Targets: Quantifying Sustainability Aspirations²²

POWER	• 1,500 MW of RE supply through 2030 (via Meralco) • 1,500 MW RE generation capacity through 2030 (via MGen)
PLANET	• 20% reduction in One Meralco’s total absolute emissions by 2030 vs. BAU • 43% reduction in One Meralco’s Scope 1 emissions by 2030 vs. BAU • 25% electrification of Meralco’s vehicle fleet by 2030 • 100% of Meralco’s new power circuit breakers and switchgears to be SF6-free starting 2028 • 7% reduction in One Meralco’s Scope 2 emissions by 2030 vs. BAU (primarily dependent on further reduction of Meralco’s system loss) • 8% reduction in One Meralco’s Scope 3 emissions by 2030 vs. BAU • 5 million trees planted and nurtured by OMF by 2025 • 95% overall waste diversion rate in Meralco until 2027 • 51% of Meralco’s distribution transformers to use natural ester oil by 2030
PEOPLE	• 40% women representation in Meralco’s workforce by 2030 • 0.60 lost time injury frequency rate in Meralco by 2030
PROSPERITY	• 600 rural health care facilities electrified by 2030 • 545 off-grid public schools electrified by 2030 • 200 agricultural and livelihood facilities and equipment electrified by 2030 • 1,500 rural households able to access potable water powered by electricity by 2030 • 4,600 community leaders and electric cooperative staff trained on disaster resilience and recovery by 2030

²² As of this writing, these targets are still being finalized and pending approval of Meralco’s Board of Directors.

POWER

Providing Energy for All, Always

Energy is vital to a recovering economy.

As the Philippines' largest electric distribution utility, Meralco plays a crucial role in powering the country's continued economic growth, fulfilling its mission to provide affordable, accessible, reliable, and clean energy to its customers, in support of **SDG 7: Affordable and Clean Energy**.

In 2022, amid the global energy crisis caused by the Russo-Ukrainian War, Meralco delivered competitively priced electricity to 99.98% of households in its franchise area, empowering over 7 million residential customers. The Company also powered more than 580,000 businesses, including those in major commercial districts and industrial centers that drove the country's economic rebound.

Meralco also continued strengthening its distribution network to stay resilient against the climate crisis, spending over PhP2.19 billion for hardening measures in 2022.

Finally, to serve the Philippines' growing energy demand with greener power, One Meralco accelerated just, orderly, and affordable transition away from carbon-intensive fossil fuels. In particular, Meralco secured new renewable energy (RE) mid-merit power supply agreements (PSAs) to gradually increase the share of clean power sources in its supply mix. These PSAs beginning in 2026 will shift most of the Company's mid-merit sources—roughly 29% of total supply—to RE. Meanwhile, MGen—through its RE arm, MGreen—expanded its earth-friendly energy portfolio by developing new solar facilities in Rizal and Ilocos Norte.

By harnessing the power of energy, Meralco builds and lights up the path towards a better and brighter future for all.

Affordability: Delivering Energy Attainable by All

SASB IF-EU-240

In a country like ours where a large chunk of the population belongs to the underserved and unserved market, access to energy is essential. Sustainable development is propelled by people’s ability to secure energy at affordable prices. Lower energy costs also contribute to healthy industries where businesses—big and small—may thrive.

AVERAGE RETAIL ELECTRICITY RATE (IN PhP/kWh)

	MERALCO			CLARK ELECTRIC		
	2020	2021	2022	2020	2021	2022
Residential	9.2357	9.4226	10.3991	6.6787	5.8730	6.6765
Commercial	7.6937	8.1561	9.5682	6.7266	5.9074	6.6700
Industrial	6.4765	6.8344	8.3148	6.6049	5.6833	6.4672
Overall	7.9584	8.2407	9.5164	6.6693	5.8005	6.5802

From 2020 to 2022, Meralco’s average retail electricity rate increased by 13%, 24%, and 28% for residential, commercial, and industrial customers, respectively. Rates in 2022 were significantly higher than in 2020 due to higher generation and transmission charges with the greater demand for power caused by the reopening of the economy since 2021. The ongoing war in Ukraine aggravated the situation leading to the unprecedented spike in fuel prices which also caused the higher prices in Wholesale Electricity Spot Market (WESM).

From 2020, Clark Electric’s average retail rate was down by 13% in 2021 due to the low WESM price and high volume sourced from the market in the first two months in 2021. The same reasons caused the increase in the retail rate by 13.4% from 2021 to 2022.

SYSTEM LOSS METRICS

	MERALCO			CLARK ELECTRIC		
	2020	2021	2022	2020	2021	2022
Amount of energy lost through the distribution system (in MWh)	2,762,319	2,794,156	2,919,488	10,851	11,850	11,868
Energy lost in the distribution system vs. net system input (in %)	6.08	5.85	5.77	2.10	2.08	1.81
Customer saving due to lower system loss vs. ERC’s system loss cap (in PhP million)	3,221.36	3,531.31	4,688.26	120.00	96.90	140.00

4.69 billion in savings

Moreover, as part of One Meralco’s mandate to make electricity more affordable for its customers, the Group continued to take proactive steps in lowering its distribution system loss. Meralco and Clark Electric addressed both technical system loss (i.e., inherent in the distribution of electricity due to dissipation as heat) as well as non-technical system loss due to theft or pilferage.

There are economic limits to the level to which system loss are reduced. As such, Meralco and Clark Electric regularly conducts technical and socioeconomic studies to strike a balance between the benefits of lower system loss and the capital expenditures necessitated by reduction initiatives. In 2022, Meralco’s and Clark Electric’s system losses were at 5.77% and 1.81%, respectively—both lower than 2020 and 2021 levels—translating to a total of nearly PhP 4.8 billion in savings for customers. These decreases in system loss percentages were achieved successfully despite the overall increase in energy sales due to Meralco’s and Clark Electric’s system loss improvement initiatives. Meralco’s system loss outperformed the prescribed regulatory cap of 6.5% for the 15th consecutive year in 2022.

In addition, One Meralco further ensured energy affordability by building up its own power generation capacity through MGen. Its first major investment—the 500-MW baseload San Buenaventura Power Ltd. (SBPL) coal-fired power plant in Mauban, Quezon—has been steadily injecting energy to the Luzon grid since 2019.

Moving forward, One Meralco will continue to develop creative and technological solutions to support the government’s energy affordability imperative and to power the Filipino people’s dream of a better quality of life.

15 years below
ERC’s system
loss cap



Accessibility: Expanding Energy Reach

SASB IF-EU-000.B | SASB IF-EU-000.A



While Meralco’s service area covers only 3% of the country’s land area, it represents more than 25% of the population. Meralco also powers the Clark Special Economic Zone through its subsidiary Clark Electric. Meanwhile, the Cavite Economic Zone is powered by Meralco’s business unit Meralco Ecozone Power. Altogether, these areas contribute up to 50% of the country’s Gross Domestic Product (GDP) and produce approximately 60% of the nation’s total manufacturing output.

Fueling Economic Recovery

by Powering
More Customers

In 2022, the Group continued to respond to the growing needs of its customers and successfully served more than 7.6 million connections—up by 3% from 7.4 million in 2021.

7.6M
homes
served

NUMBER OF CUSTOMER CONNECTIONS PER TYPE

	MERALCO			CLARK ELECTRIC		
	2020	2021	2022	2020	2021	2022
Residential	6,573,953	6,837,717	7,039,706	1,059	1,129	1,142
Commercial	539,912	554,183	567,498	1,311	1,323	1,324
Industrial	10,667	10,686	10,683	156	158	152
Flat Streetlights	4,842	4,909	4,931	87	93	93
TOTAL	7,129,374	7,407,495	7,622,818	2,613	2,703	2,711

ENERGY SALES (IN GWh)

	MERALCO			CLARK ELECTRIC		
	2020	2021	2022	2020	2021	2022
Residential	16,479	16,906	17,140	9	7	7
Commercial	14,490	14,950	17,052	277	284	351
Industrial	11,958	13,517	13,935	218	265	285
Flat Streetlights	140	142	143	1	2	2
Generator Wheeling	485	614	639	-	-	-
TOTAL	43,552	46,129	48,909	505	558	645

580k
businesses
powered

In 2022, a large portion of Meralco and Clark Electric’s sales came from businesses. Since more people physically returned to schools and offices, it effectively lowered the share of residential sales from 38% in 2021 to 35%. Despite this, energy sales from residential customers still grew by 4% from 2020 to 2022. Commercial sales likewise increased by a significant 18% in the same period due to relaxed health protocols and increased mobility. Meanwhile, energy sales from industries grew by over 3% due to higher economic output. Overall, One Meralco’s energy sales saw an 8% upsurge, continuing the growth the Group enjoyed in 2021 as the country’s economy continued to recover.

Energizing Remote and Low-Income Communities

“Totoong mas maliwanag na ang buhay namin ngayon. Iyong ginhawa na naibigay ng sariling kuryente, ramdam namin, lalo na ng mga anak at apo ko. Hindi na kami aasa sa gasera, kandila o kuryente ng iba.”

(It’s true, our life is now brighter. The relief of having electricity is felt by us, especially my kids and grandchildren. Now we don’t need to rely on gas-powered lamps, candles, or electricity from others.)

Wilma Francisco HEP beneficiary from Dormitory Phase 3, Novaliches, Quezon City

Meralco strives to deliver affordable and accessible energy for all, including and most especially to low-income households, and those in remote, off-grid communities within its franchise area.

Aligned with the Department of Energy’s goal to achieve 100% electrification in the country, the Meralco Electrification Program (MEP) holds together Meralco’s work towards universal electrification. A key part of the MEP is OMF’s Household Electrification Program (HEP) where Meralco collaborates with local government units and homeowners’ associations to overcome energization challenges, such as right of way and occupancy issues that are often barriers to access for urban and rural communities confronted with energy poverty.

Under the MEP, Meralco energized a total of 72,876 households in 2022. Out of this, OMF’s HEP paved the way for the electrification of 6,376 low-income households that had been in the dark for many years. Only 1,750 households remain without power in Meralco’s

franchise area, all of which will be served through off-grid solutions, including microgrid and solar home systems. In preparation for this, a series of stakeholder engagements were conducted in 2022 to ensure readiness of the intended beneficiaries, communities, and LGUs.

Meralco’s focus on microgrids—localized, small-scale electrical networks that may operate independently from the grid—is the most viable solution for communities that

are underserved due to their distance to tapping points.

In the past, microgrids were powered solely by diesel generators used during peak hours. Now, solar energy powers microgrids during the day and battery energy storage systems enable nighttime consumption, making it possible for far-flung communities to enjoy reliable and clean energy 24/7.

Meralco’s solar microgrid solution lit far-flung communities in Isla Verde, Batangas, designed to serve an initial load of around 40 households. It also included Cagbalete Island, Quezon, which currently benefits 139 households. Meralco has

ongoing initiatives to expand these two microgrid projects to electrify more households in the islands.

“Delikado na nasisinghot ng mga bata ‘yung usok na galing sa gasera. [Malaki rin] ang gastos namin [dati dahil] halos 200 piso ay napupunta lang sa gas o kandila para sa ilang araw. Ngayon, 300 piso [na lang ang ginagastos namin] sa isang buwan [para sa] kuryente.”

(It’s dangerous for kids to smell the smoke from gas-powered lamp. Our expense is significant because we spend around 200 pesos on gas or candles for just a few days. Now, we’re only spending 300 pesos for one whole month for electricity.)

Bright Smiles: Lighting Up Safer Homes with OMF’s Household Electrification Program



Reliability: Distributing Uninterrupted Power

SASB IF-EU-550

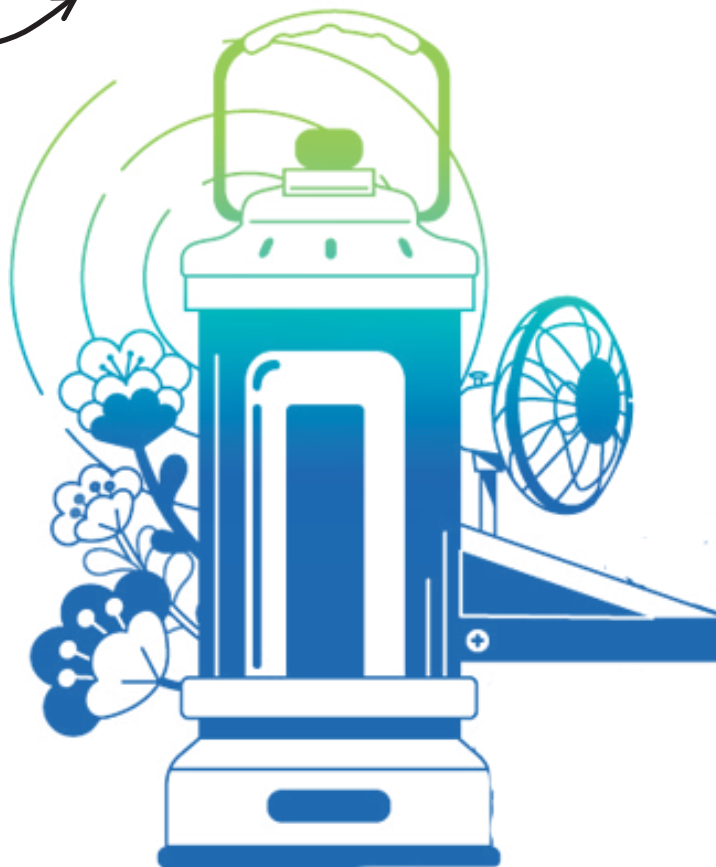
Reliable energy is essential to the growth of modern economies. As such, Meralco commits to delivering stable and high-quality power by building and maintaining a resilient grid, optimizing its load capabilities, employing digital solutions, and ensuring its robustness, all while responding quickly and efficiently to outages when they occur.

A. Maintaining Quality System for Reliability

DISTRIBUTION RELIABILITY METRICS

	MERALCO			CLARK ELECTRIC		
	2020	2021	2022	2020	2021	2022
SAIFI (in number of times)	1.50	1.41	1.30	3.29	1.74	2.04
SAIDI (in minutes)	163.00	138.77	128.42	111.44	51.41	214.99
CAIDI (in minutes)	108.62	98.43	98.78	33.87	29.55	105.39

98.78
minutes
CAIDI



One Meralco uses various internationally accepted standard indicators to monitor and manage the quality of its service:

For Meralco:

The average number of service interruptions experienced by Meralco customers decreased by 7.8% from 1.41 times in 2021 to 1.30 times in 2022. This was based on the System Average Interruption Frequency Index (SAIFI).

1.30x
SAIFI

According to the System Average Interruption Duration Index (SAIDI), there were shorter service interruptions in 2022 at 128.42 minutes versus 138.77 minutes in 2021. Several improvements were also implemented in the distribution network.

128.42 min
SAIDI

For Clark Electric:

There was a 17% increase in SAIFI—from 1.74 times in 2021 to 2.04 times in 2022. Unfortunately, longer service interruptions were experienced at 214.99 minutes from 51.41 minutes in 2021 due to multiple underground line troubles caused by material degradation. More planned interruptions occurred due to Clark Electric’s system capacity and reliability improvement projects, including the construction of the Sun Valley–Roxas and Kalaw–Sun Valley 69-kV lines to serve Clark Electric’s newly constructed Sun Valley Substation.

The Group’s performance in both metrics were well within the reward levels prescribed by the ERC based on Third regulatory Period’s Performance Band, and this has been the case

since the implementation of the Performance Incentive Scheme in 2012, owing to continuous improvements in system reliability.

To ensure the stability and reliability of its electrical infrastructure and to reduce the incidence of unplanned power interruptions, Meralco and Clark Electric regularly perform on-site inspections and testing of its distribution facilities and continuously replace or upgrade equipment in compliance with industry and national standards. The two companies also conduct tree-pruning activities and line-clearing operations. In addition, to prevent outages due to malfunctioning sub-transmission assets, Meralco and Clark Electric conduct ultrasonic scanning of its lines and equipment immediately after typhoons or other natural disturbances. These proactive measures also help ensure the safety of the customers, the workforce, and that of the general public.

Future-Proofing the Distribution Network

Through Digital Innovation

Meralco pioneered the use of smart grid technology to respond to dynamic challenges in the power sector. Its SCADA system has enabled the company to perform real-time monitoring of its distribution network, to apply data analytics in diagnostics, and to control field devices to address operational issues with impressively zero downtime in the last nine years. The SCADA system is complemented by the Advanced Distribution Management System (ADMS), an intelligent software used by Meralco to efficiently manage power distribution and outages as well as to gather and analyze customer outage reports, optimizing the Company’s response to incidents of outage in its franchise area.

Furthermore, for easier management of asset information and facility-level data Meralco uses a geographic information system (GIS). In 2022, it upgraded to an enterprise-grade GIS (EGIS) to support Meralco’s evolving business needs.

Meralco continues to raise the bar on delivering a more reliable power service through two innovative projects. First is the Fault Location, Isolation and Service Restoration (FLISR) Project, a “self-healing” capability of ADMS, which automatically isolates faults and restores power to healthy parts of the network during an outage. FLISR was deployed to 23 circuits in the system. Another initiative of Meralco was the Mobile Distribution Transformer (MDT) Project, a truck-mounted distribution transformer deployed to areas with planned outages and reduces the usual 2-to-3-hour service interruption to merely a few seconds. In 2022, a total of eight MDTs were deployed and two more will be added in 2023.

To scale the impact of these programs, Meralco will continue to invest in substation and distribution automation. The development of smart substations and installation of remote-controlled line devices and fault indicators, will help aid faster location and mitigation of distribution line troubles.

Additionally, Meralco also utilizes the Integrated Mobile Computing System (IMCS), a mobility solution that coordinates the dispatch of repair crews to quickly address problems in the grid such as accidental or unplanned power outages. The IMCS data can be used to enhance worker productivity and promote faster customer service. This solution not only provides an efficient deployment of crews but also promotes paperless operations by eliminating the printing of Field Orders. To further improve its field force productivity, Meralco aims to deploy a full suite of mobility applications. In 2022, the Company started working on the Mobile Workforce Management System (MWMS), which expands the mobility applications to other business operations.

As Meralco advances its digitalization initiatives, Meralco aims to leverage the power of data to provide valuable insights and critical information necessary in enabling fast and effective decision-making. For its operation technology systems, Meralco started using Data Historian in 2022 to efficiently process and analyze large volumes of time-series data.

Another integral component of Meralco’s Smart Grid Program is the propagation of the Advanced Metering Infrastructure (AMI), which includes the rollout of smart meters along with the deployment of a modern, secure, and robust telecommunications and information technology infrastructure. This enables two-way communication between Meralco and its customers. This tool also provides customers with detailed consumption information which Meralco may also use to offer energy efficiency tips tailored to their usage, paving the way for a more informed and empowered customer. By the end of 2022, around 100,000 smart meters were installed across Meralco’s franchise area via its prepaid electricity service or KLoad. In collaboration with DOE and ERC, Meralco plans to invest at least PhP 39 billion in the next four years to ramp up its Smart Grid Program starting with a pilot deployment of AMI postpaid in 2023.

Around 100k smart meters deployed

Keeping the Lights on

Amid the Climate Crisis

Annually, the Philippines is hit by an average of 20 typhoons. Five of which are typically destructive. Damaging floods have also ravaged the country in recent years. For Meralco, these physical risks must be addressed by a resilient distribution system. As such, the company takes extensive preventive action to ensure the resiliency of its entire distribution system, including preparing its infrastructure and disaster response team for extreme weather events.

To prepare for typhoons, Meralco takes preemptive actions such as targeted tree trimming and cursory line inspection in partnership and coordination with local government units and other government agencies, such as DOE and the Metropolitan Manila Development Authority.

In addition, Meralco implements storm-hardening measures such as the replacement of poles, upgrading of conductors and lead wires, and installation of line and equipment covers. In 2022, 16,139 line and equipment covers were installed near building work sites. Meralco upgraded 20,886 spans of overhead lines and underground cables, while 3,639 wooden cross arms were converted to lighter, easier-to-install, and more durable fiberglass crossarms. Moreover, 10,870 aging wooden poles were replaced with concrete poles.

STORM HARDENING METRICS

	MERALCO			CLARK ELECTRIC		
	2020	2021	2022	2020	2021	2022
Poles replaced	2,604	8,223	10,870	1	-	-
Upgraded conductors (in spans)	6,026	6,124	20,886	34	10	6
Upgraded DT primary lead wire	4,680	3,283	19,701	-	2	-
Installation of line and equipment covers	2,713	8,470	16,139	-	-	-
Wooden crossarms converted to fiberglass	6,263	4,192	3,639	-	-	-

One Meralco also continued to enhance its Lightning Protection Improvement Program (LPIP), which protects the network against lightning and ensuing power surges. Specifically, Meralco installed line surge arresters and overhead static wires to protect the overhead conductors and reinforced its system neutral and pole grounding. In addition, a lightning detection system aids in identifying alerts of thunderstorms, in visualizing real time and post report of location and magnitude of lightning surges and in mitigating the risk of lightning strikes in its transmission and distribution system. This technology provides vital information in prioritizing LPIP implementation and has resulted in a 31% reduction of occurrence of outages due to lightning compared to 2021. Preemptive and proactive measures such as these make One Meralco better prepared to weather the storms of operating in a calamity-prone country.

31% reduction in outages caused by lightning

LIGHTNING PROTECTION IMPROVEMENT METRICS

MERALCO			CLARK ELECTRIC			
	2020	2021	2022	2020	2021	2022
Number of surge arresters used for installation or replacement	7,397	6,554	28,555	1	9	12
Number of poles used for pole-grounding correction	8,470	7,374	39,928	18	12	-
Length of system neutrals installed (in spans)	1,213	1,573	11,403	-	-	-
Length of overhead static wires installed (in spans)	2,051	1,643	19,033	-	-	-
Number of remote-controlled automatic circuit reclosers installed	91	257	226	-	-	4

Powering Communities

Towards Resilience

One can say that disasters differentiate communities in two ways: one that needs rescuing, and another that provides rescue.

Meralco aims to be the most reliable organization in the Philippine power industry. To do this, it has taken extensive steps to ensure that its operations are resilient. Meralco has established a robust Business Continuity Management (BCM) system to keep its employees safe and able to work especially in times of calamity. Meralco also ensures that its workplaces are resilient to natural calamities. In fact, all buildings in the Meralco Operating Center have been reinforced for earthquake resilience. In the unlikely event that its primary system control center is

compromised, Meralco has also installed and operationalized emergency backup sites to enable continuous operations.

Carrying upon itself a mantle of service to the community during and after disasters, Meralco is also the government’s partner in disaster response within and beyond its franchise area. In 2022, when Severe Tropical Storm Paeng hit the Philippines, more than four million Meralco customers experienced power outages. Meralco’s personnel and line crews worked round the clock to quickly restore power in communities within its franchise area. This ensured the resumption of essential services and the restoration of electricity in homes.

Clean Energy: Powering a Low-Carbon Future

SASB IF-EU-000.C | SASB IF-EU-000.D | SASB IF-EU-000.E

The energy sector is responsible for more than 70% of the world’s total greenhouse gas emissions, yet it is also heavily relied upon to boost continuous economic growth. As such, in support of SDG 7: Affordable and Clean Energy, One Meralco is working towards building a future where powering society’s progress is in harmony with nature.

Advancing the Green Energy Shift

One Meralco responds to the government’s RE drive and the global clamor for genuine climate action through Meralco, the distribution utility; MGen, its power generation arm; and Spectrum, its direct-to-consumer solar solutions provider.

POWER DISTRIBUTION UTILITY FUEL MIX (IN %)

MERALCO				CLARK ELECTRIC		
	2020	2021	2022	2020	2021	2022
Coal	32.15	32.75	30.90	70.84	53.18	59.17
Natural gas	54.47	48.50	53.84	0.00	0.00	0.00
Oil	0.33	5.56	4.13	0.00	0.00	0.00
Hydro	0.52	2.21	1.05	23.91	20.72	24.99
Geothermal	0.00	0.17	0.93	0.00	0.00	0.00
Wind	0.00	0.00	0.00	0.00	0.00	0.00
Solar	0.34	0.64	0.75	0.03	0.02	0.01
Biomass	0.00	0.00	0.02	0.00	0.00	0.00
WESM	12.19	10.17	8.37	5.22	26.08	15.83
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Meralco and Clark Electric source significant amounts of energy from generation entities and distribute it via their own distribution networks. While fossil fuels still dominate the fuel mix of both companies, Meralco and Clark Electric will take bold and significant steps towards the Group-wide aim to progressively increase its supply from RE sources. All these to meet the Renewable Portfolio Standards (RPS) under the Renewable Energy Act of 2008. Meralco has laid out a plan to source at least 1,500 MW of its power supply requirements from RE sources by the end of the decade. For instance, the Company secured new RE mid-merit PSAs to gradually increase the share of clean power in its supply mix. These PSAs beginning in 2026 will shift most of Meralco’s mid-merit sources (nearly 29% of its total supply) to RE.

Additionally, the Company supports the government’s new RE policies, such as the Green Energy Option Program (GEOP), which provides consumers with average peak demands of at least 100 kW the option to source their electricity needs from purely renewable sources. In 2022, many of Meralco’s commercial and industrial customers expressed their interest to join the program in the coming years.

1.5 GW to be sourced from RE by 2025

29% of Meralco’s supply to be sourced from RE

POWER GENERATION FUEL MIX OF MGEN (IN %)

	2020	2021	2022
Coal	60.84	59.05	56.18
Natural gas	38.52	39.96	42.13
Diesel	0.64	0.50	0.80
Solar	0.00	0.50	0.89
TOTAL	100.00	100.00	100.00

Meanwhile, from a power generation standpoint, MGen continued to diversify its portfolio away from coal. In 2022, natural gas accounted for the second-largest share in its energy mix, amounting to roughly 42% of total energy generated. This was due to MGen’s increasing its effective interest in Singapore-based PacificLight Power from 28% to 58% in July 2021.

Leading One Meralco’s transition to clean energy is the development of MGen’s 55-MW solar farm in San Miguel, Bulacan, through a Meralco-led consortium with PowerSource Energy Holdings Corporation. The utility-scale solar plant was commissioned in the second quarter of 2021

and will supply energy to Meralco for 20 years. In 2022, MGen expanded its RE capacity through the continued construction of a 75-MW solar facility in Baras, Rizal, and a 68-MW solar farm in Currimaos, Ilocos Norte—both of which are expected to be operational by the second quarter of 2023. These projects are all part of MGen’s aim to build RE facilities with a total attributable capacity of at least 1,500 MW by the end of the decade through its subsidiary, MGreen.

1.5 GW attributable RE capacity by 2027

198 MW gross RE capacity
112 MW attributable RE capacity

Another major milestone in One Meralco’s transition to clean energy is MGen’s termination of its involvement in the development of coal-fired power plants with a total capacity of 2,500 MW. This bold move effectively avoided approximately 178 million tCO₂e from entering the atmosphere over 25 years, the usual lifespan of coal plants in the Philippines.

In addition to Meralco’s and MGen’s efforts, Spectrum is also helping in the expansion of One Meralco’s RE footprint as it provides small-scale, distributed solar solutions to residential, commercial, and industrial customers. By end-2022, Spectrum had energized thousands of private, educational, and government institutions, totaling over 51 MW in lifetime capacity.

51 MW
total solar capacity installed by Spectrum

CAPACITY OF SOLAR PANELS SOLD BY SPECTRUM (IN kWp)

	2020	2021	2022
Residential	702.00	239.14	227.62
Commercial & Industrial	11,183.00	13,784.53	7,732.69
TOTAL	11,885.00	14,023.67	7,960.31

Supporting the Low-Carbon Transition

with Cleaner Baseload

While steering its business towards more sustainable pathways, One Meralco optimizes the efficiency of its existing fossil fuel plants—a low-hanging, pragmatic step in decarbonizing the Philippine economy.

MGen’s 500-MW San Buenaventura Power Ltd., Co. (SBPL) coal-fired power plant in Mauban, Quezon, employs a state-of-the-art supercritical high-efficiency, low-emissions (HELE) technology, which allows for improved operational efficiency (i.e., more energy is produced versus non-HELE plants using the same amount of feedstock fuel) and less GHG emissions.

The United Nations lists supercritical technologies like HELE under its Clean Development Mechanism. To illustrate, a 500-MW (gross) HELE coal plant can reduce emissions by approximately 110,000 tCO₂e vis-à-vis a non-HELE plant of the same size. This is because a HELE plant can achieve up to 44% operational efficiency, compared to older plants which usually operate at 33% efficiency.

Stories of Light:

Powering Sustainable Communities Through Synergy

Recognizing that no single organization or sector can achieve sustainability on its own, the United Nations enshrined collaboration in its 2030 Agenda for Sustainable Development through SDG 17: Partnerships for the Goals. It is in this light that MIESCOR—Meralco’s engineering, procurement, and construction (EPC) subsidiary—began working with South Korean firm Seochang Electric Communication Co. Ltd. in 2022 to provide stable and eco-friendly electricity to a Gawad Kalinga community in Cavite.

Aimed at scaling up the deployment of clean energy technologies in the Philippines, the project involves the establishment of an on-grid hybrid power service. Consisting of a 50-kWp solar PV system and a 300-kWh energy storage system made

up of used EV batteries, it will electrify the communal facilities in Barangay Hugo Perez, Trece Martires City, such as streetlights, multi-purpose hall, and learning center. Moreover, MIESCOR and Seochang envision the community to serve as a charging hub for electric vehicles in the area, aligned with Meralco’s priority for SDG 11: Sustainable Cities and Communities.

The construction of the power system began in September 2022, and full operation is expected by the second quarter of 2023.

In the years ahead, MIESCOR will continue to forge partnerships and develop EPC projects that will help elevate One Meralco’s thrust of providing accessible, reliable, and clean energy for all.

Bright Smiles: Spectrum enables a brighter world for Filipino businesses

“Wilcon Depot has partnered with Spectrum in support of our sustainability journey as they speak quality, character, and excellent service in each project. We are thankful to have such an outstanding organization in enabling Wilcon to achieve our sustainability goals.”

—Lorraine Belo-Cincochan
President & CEO, Wilcon Depot, Inc.

“Taking care of our planet is also similar to taking care of the people because the people are the ones who will benefit when we take care of our planet. We want to highlight that this [project with Spectrum] is the first solar project of Avon, not just in the Philippines, but internationally.”

“This is just the start of our renewable energy journey. There will be more to come. And of course, we would like to thank Meralco and Spectrum for collaborating and working with us on this solar project.”

—Tirso Antonio Pereja
Head of Operations, Avon Products Manufacturing, Inc.

Meralco Electrification Program

23,742

New households powered in low-income communities

163 mins to

137.77 mins

Reduced power interruption per customer in 2021

100%

Electrification of 536

of priority sites

Solar Rooftops and Microgrid Solutions

3,120

Solar Panels on City of Dreams rooftop

29

Solar-powered households in Isla Verde

140

Solar-powered households in Cagbalete Island

1K tons

of CO₂e reduced annually

14MWp

Benefiting thousands of private educational and government institution

Transition to Clean Energy

Committed to building

1,500 MW

of renewable energy plants by 2027

55-MW

BulacanSol Solar farm in San Miguel, Bulacan

Green Energy Option Program

Enables consumers to opt for renewable electricity



PLANET

Protecting and Preserving Mother Earth

The world we live in continues to be unwell.

Climate Change: Mitigating a Global Environmental Crisis

GRI 302-2 | GRI 302-3 | GRI 302-5 | SASB IF-EU-110

In support of **SDG 13: Climate Action**, in 2022, One Meralco continued to elevate and highlight GHG emissions reduction as a top sustainability performance indicator at the corporate level. Along with other key ESG metrics monitored and managed by the Group’s senior management, sustainability accounted for 10% of Meralco’s CEO and corporate performance assessment.

One Meralco uses the GHG Protocol, a global standard for measuring and monitoring GHG emissions, from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), to define the scope of its emissions as well as to manage their levels. Emissions tracked by One Meralco follow the global convention as follows:

- **Scope 1** – These are direct emissions that occur from sources that are owned or controlled by a company.
- **Scope 2** – These refer to indirect emissions from the generation of electricity purchased then used/ consumed by a company but physically occur at the facility where the power was generated.

- **Scope 3** – This optional reporting category refers to the accounting of all other indirect emissions not under the control or management of a company, i.e., emissions from value chain.

Aside from absolute emissions, One Meralco is also focused on measuring, managing, and reducing its emissions intensity by leveraging cleaner technologies for its power-related activities.

Scope 1: Managing Direct Greenhouse Gas Emissions

GRI 302-1 | GRI 302-4 |
GRI 305-1

In 2022, One Meralco’s Scope 1 emissions amounted to nearly 6.3 million tCO₂e, down by 5% from 2021. This was mainly driven by SBPL’s forced shutdowns, resulting in lower coal combustion-related emissions. Aligned with **SDG 7: Affordable and Clean Energy**, GBP was acquired by MGen to provide fairly priced and reliable energy to other parts of the country.

EQUITY-APPLIED SCOPE 1 EMISSIONS PER SOURCE (in tCO₂e)

	2020	2021	2022
SF ₆ leakage	5,773.25	5,079.06	2,477.61
Gasoline consumption	958.04	1,864.35	2,367.21
Diesel consumption	14,208.46	14,717.85	14,217.23
Coal combustion	2,078,572.29	5,393,517.32	5,083,208.18
Natural gas combustion	954,280.85	1,088,674.60	1,081,710.34
Diesel combustion	8,271.73	40,986.64	74,183.43
TOTAL	3,062,064.61	6,544,839.82	6,258,164.00

Meralco also regularly monitors its sulfur hexafluoride (SF₆) outflows and ensures the recovery and recycling of this gas. At present, SF₆ outflows are measured by monitoring gas pressure levels and weighing the SF₆ refilling tank before and after each refilling activity using weighing scales.

In 2022, Meralco recorded around 105 kg of SF₆ discharges, down by 51% from 216 kg in 2021, due to an improved monitoring and management system. This 111-kg reduction in SF₆ leakage effectively avoided the release of around 2,600 tCO₂e to the atmosphere.

51%
reduction in
SF₆ discharge

To further abate emissions, starting 2028, Meralco will actively move towards achieving zero SF₆ emissions in its distribution system by replacing old SF₆-insulated switchgears and power circuit breakers with new, SF₆-free units. All new distribution equipment to be purchased by Meralco will then be SF₆-free. In support of this goal, the Company has started to conduct research and a series of consultations with various potential suppliers for SF₆-free switchgears and breakers that Meralco can use going forward.

LEADING THE CHARGE ON VEHICLE ELECTRIFICATION

In 2022, Meralco continued rolling out its Green Mobility Program to accelerate efforts in vehicle electrification, one of the Company’s main efforts to reduce its Scope 1 emissions. Through its electric vehicle (EV) subsidiary, eSakay, Meralco continued the rollout of 24 EVs—comprised of cars, motorcycles, pick-up trucks, and vans—to its various Business Centers (BCs) and Sectors Offices in Metro Manila, all of which are supported by an additional seven charging stations to the seven deployed in 2021. Meralco is now equipped with a total of 156 EVs that primarily cater to the service delivery needs of its personnel in Metro Manila. In 2023, Meralco will roll out a total of 54 EVs and establish five charging stations to achieve its objective of electrifying at least 25% of its entire fleet by 2030.

25%
of Meralco’s vehicle fleet
to be electrified by 2030



100% of new switchgears
and circuit breakers to be
SF₆-free by 2028

Stories of Light:
Eliminating a Harmful
Greenhouse Gas
in the Network



As **SDG 13: Climate Action** continues to be one of Meralco’s priority SDGs, the Company is pulling levers beyond its clean energy transition to lower its GHG emissions. One of these initiatives is the move to eliminate SF₆ emissions from Meralco’s distribution system by replacing old, SF₆-insulated equipment with new, SF₆-free equipment. SF₆ is used by distribution utilities as an insulating and interrupting medium for their power circuit breakers, switchgears, and line switches.

Meralco monitors SF₆ leakage and ensures its emissions are compliant with international standards and industry best practice. In 2022, over 105 kg of SF₆ (equivalent to 2,478 tCO₂e) was released to the atmosphere. This represents 0.2% of the total SF₆ installed in all of the Company’s substation equipment—way below the limit of 0.5% as prescribed in the Institute of Electrical and Electronics Engineers’ Guide for SF₆ Gas Handling for High-Voltage (over 1,000 Vac) Equipment. By the end of the year, at least 70% of Meralco’s distribution network equipment was already SF₆-free, aligned with the Company’s aspiration to be fully SF₆-free by 2057.

In support of this goal, all new power circuit breakers and switchgears to be purchased starting 2028 will be SF₆-free. Meralco will also deploy emerging SF₆-free technologies—including technical dry air, purified air, vacuum interrupter, and solid dielectric insulation— as part of its Greening the Network Program.

Stories of Light:
Mobilizing Meralco Towards
Sustainable Mobility



In October 2022, Meralco continued its Powering the Good Life webinar series with its seventh installment entitled “We’ve Got to Move It, Move It: Accelerating Sustainable Transport”. This online forum aimed to shed light on the status of Philippine mobility and accelerate the drive towards sustainable mobility.

The webinar was divided into four segments providing a perspective on sustainable transport from different lenses: corporate, public, ridesharing, and personal advocacy.

Karl Magsuci, Chief Operating Officer of eSakay, kicked off the session with an overview of the current national transport situation. This was followed by a deep dive into eSakay’s mission to accelerate the adoption of electric mobility in the country by providing the highest-value, tailor-fit, and end-to-end electric vehicle and charging infrastructure solutions. Magsuci highlighted the company’s ePUV deployments, private EV deployments in corporations and schools, and charging deployments across the metropolis.

“We’ve Got to Move It, Move It: Accelerating Sustainable Transport” earned very positive feedback from its 286 attendees and received an average rating of 97.7 out of 100, at par with Meralco’s highest-rated webinar “The Future Is YOURs: A Youth-Led Huddle on Sustainable Action”.



Scope 2:
Regulating Indirect
Greenhouse Gas
Emissions

GRI 302-2 | GRI 305-2

One Meralco’s Scope 2 emissions in 2022 totaled almost 2.1 million tCO₂e, a 4% increase from 2021 levels, due to an increase in system loss volumes, which accounted for 97% of the Group’s emissions for this scope. This increase was due to the 6% higher energy sales driven by the continued reopening of the economy last year.

EQUITY-APPLIED SCOPE 2 EMISSIONS PER SOURCE (in tCO₂e)

	2020	2021	2022
System loss	1,975,051.72	1,998,436.99	2,087,712.16
Electricity consumption	55,575.01	53,980.20	63,683.80
TOTAL	2,030,626.73	2,052,417.20	2,151,395.96

Meanwhile, One Meralco’s own electricity consumption, another driver of Scope 2 emissions, increased by 18% in 2022 to 89,418 MWh from 75,794 MWh in 2021 due to the resumption of onsite work across different offices and sites within the Group.

TOTAL ELECTRICITY CONSUMPTION (in MWh)

	2020	2021	2022
Meralco	57,960	59,326	61,894
Subsidiaries	20,067	16,468	27,524
TOTAL	78,027	75,794	89,418

EMBRACING INNOVATION FOR AN
ENERGY-EFFICIENT WORKPLACE

Energy conservation and efficiency are low hanging fruits in global decarbonization. In 2021, One Meralco continued driving its Resource Conservation and Efficiency Program (RCEP), which aims to lower the Group’s Scope 2 emissions and its operating expenses by managing its own electricity consumption. Established in 2020 to support SDG 12: Responsible Consumption and Production, the RCE Program initially covered the Meralco Center only.

Meralco’s existing solar panels helped power Meralco’s Pasig headquarters’ 18.33 GWh of electricity in 2022. This is slightly higher than Meralco Center’s electricity consumption of 18.31 GWh in 2021,

as more employees return to work and as we shift back to normal business operations. However, the increase is also minimal due to the impact of relocation of employees because of the ongoing retrofitting of Lopez Building, one of the major facilities inside the compound.

In turn, RCEP expanded its scope outside the Pasig headquarters. Meralco installed a total of 48 kWp of solar panels in Antipolo, Marikina, and Roosevelt Business Centers.

Scope 3:
Controlling Value
Chain Emissions

GRI 305-3

One Meralco’s Scope 3 emissions totaled 33.5 million tCO₂e in 2022, up from 31.1 million tCO₂e in 2021. This roughly 9% increase was mainly driven by the increase in Meralco and Clark Electric’s energy sales, primarily fossil fuel-based, as discussed in Section 9.2 (Accessibility).

EQUITY-ADJUSTED APPLIED SCOPE 3 EMISSIONS PER SOURCE (in tCO₂e)

	2020	2021	2022
Energy sales	29,762,360.68	31,050,758.31	33,501,812.97
Gasoline consumption of rented/ contractor-owned vehicles	51.56	47.20	59.10
Diesel consumption of rented/ contractor-owned vehicles	20.93	12.80	11.30
TOTAL	29,762,433.17	31,050,818.31	33,501,883.37

Section 4 of Republic Act 9209 mandates Meralco to “supply electricity to its captive market in the least-cost manner.” While Meralco acknowledges that the burning of fossil fuels is highly polluting and contributes to global warming, coal and gas-fired power continues to be the most reliable and affordable in the Philippines,

and this continues to be Meralco’s leading sources of electricity for its customers. Nonetheless, Meralco is taking bold and strategic steps to wean off coal.



Emissions Intensity: Ensuring Cleaner Energy

GRI 305-4

In addition to managing its absolute emissions, One Meralco also carefully tracks its emissions intensity—the amount of GHG emissions (measured in tonnes of carbon dioxide equivalent, or tCO₂e) per unit of output or activity (measured in GWh energy sales).

In 2022, the Group’s Scope 1+2 emissions intensity was 137 tCO₂e/GWh, 6% lower than the 145 tCO₂e/GWh recorded in the previous year. On the other hand, the Group’s Scope 3 emissions intensity increased by nearly 2% to 685 tCO₂e/GWh in 2022 compared to 674 tCO₂e/GWh in 2021.

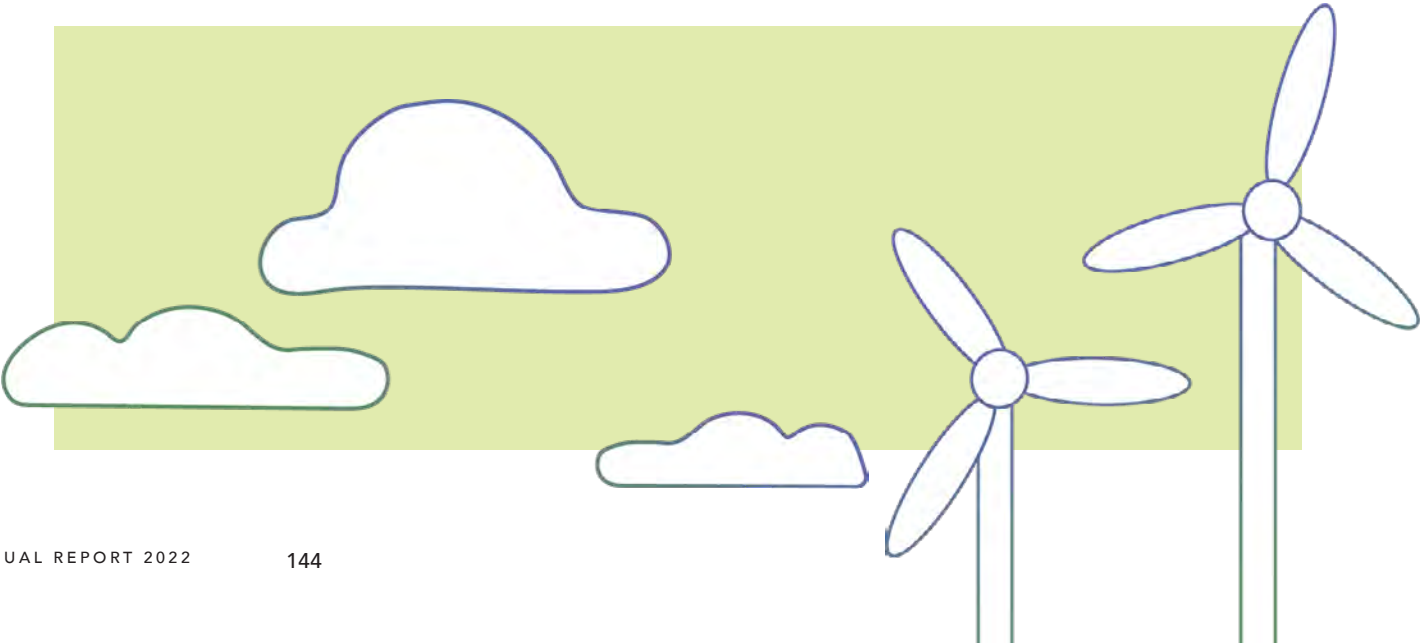
EQUITY-ADJUSTED SCOPE 1+2 EMISSIONS INTENSITY (in tCO₂e/GWh)

	2020	2021	2022
Total Scope 1+2 emissions	5,092,691	8,597,257	8,409,560
Energy sales from distribution and generation businesses	55,506	59,269	61,429
EMISSIONS INTENSITY	91.75	145.05	136.90

EQUITY-ADJUSTED SCOPE 3 EMISSIONS INTENSITY (in tCO₂e/GWh)

	2020	2021	2022
Total Scope 3 emissions	29,762,433	31,050,818	33,501,883
Energy sales from distribution utilities	43,572	46,073	48,916
EMISSIONS INTENSITY	683.06	673.95	684.89

One Meralco is implementing significant measures that will steadily reduce its absolute emissions and emissions intensity through 2030 (versus a business-as-usual scenario) and beyond while continuing to grow its customer base and energy sales. The most prominent of these initiatives include contracting more RE supply and building more RE power plants, as discussed in the Power section.



Carbon Offsetting: Restoring Ecosystems to Neutralize Emissions

1.8M trees planted under OFT



5M trees to be planted under OFT by 2025

Aside from addressing its direct emissions and those emanating from its value chain, One Meralco also invests in carbon offsets. In support of SDG 15: Life on Land, the Group’s One for Trees (OFT) Program, founded and spearheaded by One Meralco Foundation (OMF), is a nature-based solution at removing emissions from the atmosphere while reviving and protecting ecosystems.

By end-2022, a total of 1,782,366 trees—equivalent to offsetting almost 38,900 tCO₂e of emissions per year—were planted in various areas in the Philippines under the OFT. In partnership with the Green Earth Heritage Foundation, OMF aims to plant and nurture at least 5 million trees through 2025 in different forest lands and critical watersheds within the Meralco franchise area and beyond. The majority of the trees planted are species native to the Philippines, further enriching and preserving the country’s biodiversity.

While seeking to revive and rehabilitate damaged and threatened forests and watersheds, OMF is also providing a steady flow of income to communities who help plant the trees through agroforestry. Mature trees and rehabilitated forests serve as natural carbon sinks and habitats for many animal species.

Special Section: Climate-Related Disclosures

GRI 2-22 | GRI 201-2 | GRI 302-5

Meralco became an official TCFD supporter in July 2022, aligned with its commitment to incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) into its sustainability reporting, including the conduct of a climate scenario analysis (CSA), the centerpiece of an organization’s climate disclosure.

By fully adopting the TCFD’s disclosure recommendations, One Meralco provides its investors, shareholders, and other stakeholders a comprehensive scientific evaluation of the various climate-related risks and opportunities most relevant to the Group’s business.

ONE MERALCO'S CLIMATE DISCLOSURES

One Meralco believes that high-quality climate disclosure supports its investors and shareholders in making sound investment decisions in the short and long terms. The following tables outline the significant developments in the Group’s drive towards climate action.

GOVERNANCE	
The organization’s governance around climate-related risks and opportunities	
TCFD Recommendations	One Meralco’s Disclosures
Describe the Board’s oversight of climate- related risks and opportunities.	The seven-member Sustainability Committee is the highest-governing body in Meralco responsible for overseeing and reviewing the Company’s sustainability strategy, policies, and programs, including those related to climate change. The Committee monitors Meralco’s environmental, social, and governance (ESG) performance in alignment with the Sustainable Development Goals (SDGs), with the aim of delivering long-term value to all its stakeholders. In bringing these objectives to light, the Sustainability Committee is positioned as a standalone body (as opposed to a committee carrying other responsibilities such as the Remuneration & Leadership Development Committee for instance) to ensure requisite focus on and close attention to sustainability matters, especially climate change. Headed by the Chairman of the Board of Directors, the Sustainability Committee is composed of five Directors, one of whom is independent. The President & CEO and the Chief Sustainability Officer serve as the non-voting representatives of the management to the Committee. The Sustainability Committee did not hold any meeting in 2022 but is scheduled to meet thrice in 2023 (April, August, and December), aligned with the meeting cadence prescribed in the Committee’s charter. In one of these meetings, the Committee will review One Meralco’s long-term sustainability strategy (LTSS)—chiefly focused on the Group’s just, orderly, and affordable transition to clean energy through 2050—before endorsing it to the Board for final approval. Moving forward, One Meralco will strengthen its climate governance through the following: • Ensure material climate-related information is routinely communicated by the management to the Board through and beyond the Sustainability Committee. • Develop a robust training program to build the capabilities of the Board, especially the Sustainability Committee, in assessing and managing climate-related risks and opportunities; and • Ensure climate-related issues are considered by the Board in its discussions and decisions on major capital expenditures, acquisitions, and divestments.

TCFD Recommendations	One Meralco’s Disclosures
Describe management’s role in assessing and managing climate-related risks and opportunities.	The Sustainability Office (SO)—established immediately after the President and CEO assumed office in 2019 and placed sustainability at the top of the corporate agenda. It leads One Meralco in introducing, integrating, and institutionalizing ESG factors, with special focus on climate change, into the Group’s strategy and operations. In support of One Meralco’s goal to constantly uphold responsible business principles, the SO—headed by the Chief Sustainability Officer who directly reports to Meralco’s President & CEO—drives and monitors the Group’s sustainability efforts towards clear outcomes and measurable results. (The complete structure and composition of the SO can be found in Our Governance section of this report.) In 2022, the SO continued to enhance One Meralco’s LTSS. In parallel, the SO worked with Meralco’s business units—including Finance (which houses the Enterprise-Wide Risk Management Office or EWRMO), Networks, and Regulatory Management Office (RMO) among others—in assessing climate-related risks and opportunities material to Meralco. Additionally, in the same year, One Meralco continued to drive its sustainability initiatives through its council of 24 Sustainability Champions (comprised of senior managers from Meralco’s business units and subsidiaries). The Champions provided additional support to the SO such as assessment and management of climate-related risks and opportunities in their respective organizations. For instance, the Sustainability Champions from the Customer Retail Services and Facilities, Safety & Security Management groups co-drove the Green Mobility Program with the SO. Meanwhile, the Sustainability Strategy unit under the SO worked closely with the RMO and MGen in enhancing the Group’s LTSS throughout the year.

STRATEGY	
The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	
TCFD Recommendations	One Meralco’s Disclosures
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	As One Meralco accelerates its multi-horizon transition to clean energy, the Group may face structural challenges inherent in the Philippine power sector which may impede its progress towards climate action. <i>Please refer to Section 7 (Risks and Opportunities).</i>
Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	<i>Please refer to Section 7 (Risks and Opportunities).</i>

Describe the resilience of the organization’s strategy, taking into consideration different climate- related scenarios, including a 2°C or lower scenario.	Meralco also expanded the scope of its climate scenario analysis to include five different potential future emissions pathways ranging from a “Paris Ambition scenario” (1.5 °C warming) through to “No Policy” (>4 °C warming)—or RCP 2.6 to 8.5 scenarios—on its business. These scenarios are underpinned by the shared socioeconomic pathways (SSPs) and defined by assumptions about policy changes, technology innovation, and global temperature change. 
RISK MANAGEMENT	
The processes used by the organization to identify, assess, and manage climate-related risks	
TCFD Recommendations	One Meralco’s Disclosures
Describe the organization’s processes for identifying and assessing climate-related risks.	One Meralco pays particular attention to ensuring that there is a constant and consistent identification and assessment of climate-related risks—both existing and emerging—throughout the lifecycle of projects and activities within each of the Group’s organizations. As such, the EWRMO and the SO work together in employing an integrated and decentralized risk management process, where all levels of the organization are empowered to identify and assess climate-related risks across all business units, functions, and activities. This is part of a more formal process of risk assessment facilitated by EWRMO semi-annually, starting from each business unit’s and subsidiary’s Risk Champion, to the risk owner, and ultimately to Meralco’s senior management and the Board-level Risk Management Committee. To complement this process, the Sustainability Strategy & Reporting unit under the SO monitors trends and updates in the sustainability space to ensure that climate-related risks are identified and assessed appropriately and in a timely manner and are taken into consideration in One Meralco’s LTSS as necessary. In 2022, the SO worked with Marsh Advisory in identifying and assessing the various climate-related physical and transitional risks to One Meralco, with the ultimate aim of quantifying these risks and integrating the results into the Group’s LTS and financial planning.
Describe the organization’s processes for managing climate-related risks.	Managing climate-related risks starts with Meralco’s highest executive body (i.e., the Management Committee), which provides strategic guidance towards the achievement of One Meralco’s long-haul objective of sustainable business growth and stakeholder value protection and enhancement. The Management Committee, led by the President & CEO, oversees the development and enhancement of the Group’s LTSS. Additionally, the SO, headed by the Chief Sustainability Officer, has also initiated several efforts that highlight its commitment to curbing its climate impacts and are aligned with industry best practices, including the Green Mobility Program and the Resource Conservation & Efficiency Program. The SO also continues to raise awareness across One Meralco on sustainability issues to improve each business unit’s capabilities in managing climate-related risks.

TCFD Recommendations	One Meralco's Disclosures
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The EWRMO works closely with SO and various organizations within One Meralco in identifying, assessing, and managing climate-related factors that pose risks to the Group's businesses. For instance, during One Meralco's biannual risk assessment, Risk Champions across the organization raise climate-related risks in their individual evaluations. Risk owners, with the support of the Sustainability Champions, are then tasked to manage these climate-related risks identified and assessed by the Risk Champions. Building on the integration of sustainability risks into the Group's Risk Universe in 2021, Meralco initiated discussions to integrate material climate-related transition and physical risks into its Risk Universe in 2022. Changes to Meralco's risk management process will be required to account for the connection between climate risks and other enterprise risks. Meralco aims to refresh its Risk Universe and revisit its risk manual with the goal of identifying material climate risks identified through the scenario analysis. The EWRMO intends to engage stakeholders to assess the climate risks (e.g., by consequence, likelihood, velocity) at alternative time frames and document this along with risk drivers, controls, and indicators in the Company's risk register. To ensure effective climate risk integration, Meralco will enhance risk mechanisms, including refreshed risk governance, mitigation and monitoring frameworks, and risk parameters.

METRICS AND TARGETS The metrics and targets used to assess and manage relevant climate-related risks and opportunities	
TCFD Recommendations	One Meralco's Disclosures
1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Please refer to Section 10.1 (Climate Change) for a comprehensive discussion of One Meralco's GHG emissions. Moving forward, One Meralco will adopt metrics that will give the Group a better picture of the climate-related risks and opportunities it needs to manage and capture, respectively. For climate-related risks, these may include the number and financial value of One Meralco's assets vulnerable to damage from climate hazards such as typhoons. Meanwhile, possible metrics for climate-related opportunities may include the revenues gained by the Group from maximizing climate-related opportunities.
2. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Please refer to Section 10.1 (Climate Change) for a comprehensive discussion of One Meralco's GHG emissions.
3. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Please refer to Section 8.2 (ESG Targets).

Air Quality: Maintaining Breathable Air

GRI 305-6 | GRI 305-7 | SASB IF-EU-120

One Meralco strives to maintain its non-greenhouse gas (GHG) emissions within standards set by the Philippine Department of Environment and Natural Resources (DENR).

In the last three years, the concentrations of pollutants released by MGen’s fossil fuel-fired power plants all fell within the acceptable threshold set by the DENR Environmental Management Bureau.

CONCENTRATION OF AIR POLLUTANTS RELEASED BY MGEN’S POWER PLANTS (in mg/Nm³)

	2020	2021	2022
Nitrogen oxides (NO _x)	194.70	171.47	155.66
Sulfur oxides (SO _x)	372.02	320.26	337.67
Particulate matter (PM ₁₀)	2.26	2.57	3.78
Persistent organic pollutants (POPs)	Not being monitored		
Volatile organic compounds (VOCs)			
Lead (Pb)			
Mercury (Hg)			

Moving forward, MGen will explore ways to monitor other air pollutants such as POPs, VOCs, Pb, and Hg in order to better understand the environmental impact of its power plants across the country.

1 Power plants included: Toledo Power Company (TPC) 1A, Cebu Energy Development Corporation (CEDC), and Panay Energy Development Corporation (PEDC) 1, 2 & 3

Water and Effluents: Conserving a Scarce Resource

GRI 303 | SASB IF-EU-140

One Meralco has established various strategies to manage consumption without causing water stress within its areas of operation.

WATER MANAGEMENT METRICS OF MGEN (in liters)

	2020	2021	2022
Withdrawn	1,232,175,026,142	1,271,898,962,659	1,201,625,458,354
Consumed	553,920,741	736,961,146	616,394,544
Discharged	1,231,621,105,401	1,271,162,001,513	1,201,009,063,810

In 2022, MGen, which contributes more than 99% to One Meralco’s annual water use, drew 1.2 trillion liters of seawater to cool its coal-fired power plants during operations through a once-through process; 99.9% of this extracted water was discharged back to the sea. Meanwhile, the remaining 0.01% consumed by the Company either evaporated during the cooling process or was used for power plant processes and office operations. Effluents generated in the same year went through water treatment facilities before being discharged safely to bodies of water.

Stories of Light:
**Freshwater Conservation
at the Forefront
of Power Generation**



Global Business Power Corporation (GBP), a fully owned subsidiary of Meralco PowerGen Corporation (MGen), developed programs to effectively recover and recycle wastewater in its facilities in the Visayas to limit its water withdrawal and mitigate toxic and thermal pollution in the oceans.

GBP's wastewater recovery and recycling program is comprised of various sub-initiatives, including the recycling of deepwell reverse osmosis reject water (used for backwash, fire hydrants, and plant-watering service), pre-discharge treatment of effluents, and harvesting of rainwater. Through these initiatives, in 2022, the Panay Energy Development Corporation (PEDC)—which owns and operates 164 MW and 150 MW coal-fired plants in Iloilo City, Iloilo—successfully recycled nearly 46% of wastewater from its power plants, resulting in a decrease of 118,800 m³ in wastewater discharge from 2021. PEDC aims to recycle 90% of its wastewater by 2027.

Meanwhile, the Cebu Energy Development Corporation (CEDC)—which owns and runs a 246 MW coal-fired power plant in Toledo City, Cebu, will deploy similar water management solutions in the next five years, aligned with its target to recycle 85% of wastewater from its facilities in the next four years.

In the coming years, GBP will convert its PEDC 3 plant's open seawater pump cooling system to a closed-loop system, which is estimated to bring at least PhP 7 million of savings in operational costs each year.

← **46% of PEDC's
wastewater recycled**

Waste: Optimizing Resource Utilization

GRI 306-1 | GRI 306-5

One Meralco responds to the mounting waste challenge by addressing the root cause of waste—the linear take-make-dispose model of resource use. The Group institutionalized the three Rs of waste management: reduce, reuse, and recycle. Meanwhile, if there are materials that inevitably reach end-of-life, these are disposed in adherence to the highest waste management standards.

Curbing Waste Generation

In 2020, One Meralco launched its Race to Zero Waste Program (RZW) to integrate its waste management practices and initiatives across Meralco’s business units and subsidiaries. The goal of the program is to reduce waste generation and waste disposal in landfills across all facilities of One Meralco.

Addressing the entire lifecycle of waste management—from generation and segregation to collection and disposal—the RZW Program is built on the success and momentum of Meralco’s Group-wide ban on single-use plastics (SUP) that was put in place in 2019. The SUP ban covered all One Meralco offices and facilities and was even extended to the Group’s suppliers, who complied with the mandate beginning 2020.

AMOUNT OF SOLID WASTE TREATED OR DISPOSED OF BY MERALCO (in tonnes)

	2020	2021	2022
Biodegradable	727.33	1,643.73	2,133.35
Recyclable	482.76	820.96	411.23
Residual	1,151.64	421.12	115.72
TOTAL	2,361.73	2,885.81	2,660.29

Through a more robust waste management system—which included a waste analysis and characterization study, provision of more labeled waste bins, establishment of materials recovery facilities (MRFs), and conduct of awareness campaigns among others—Meralco was able to monitor and segregate its wastes more effectively and efficiently. In 2022, the Company recorded 2,660 tonnes of non-hazardous wastes, down by 8% from 2021, despite the continued return of employees to their offices with the resumption of onsite work.

Meralco successfully diverted nearly 96% of its total waste in 2022—Meralco’s all-time best—a significant increase from the 85% waste diversion rate in 2021

and 51% in 2020. This improvement was a result of stricter enforcement of national waste management policies and Meralco-specific guidelines (such as the SUP ban across the Company’s facilities and supply chain as well as multi-level segregation at source and in the Company’s five dual-drum composter units), expansion of waste management facilities, and better engagement with employees through waste-focused communication activities.

A significant milestone achieved by Meralco through the RZW Program in 2022 was its expanded

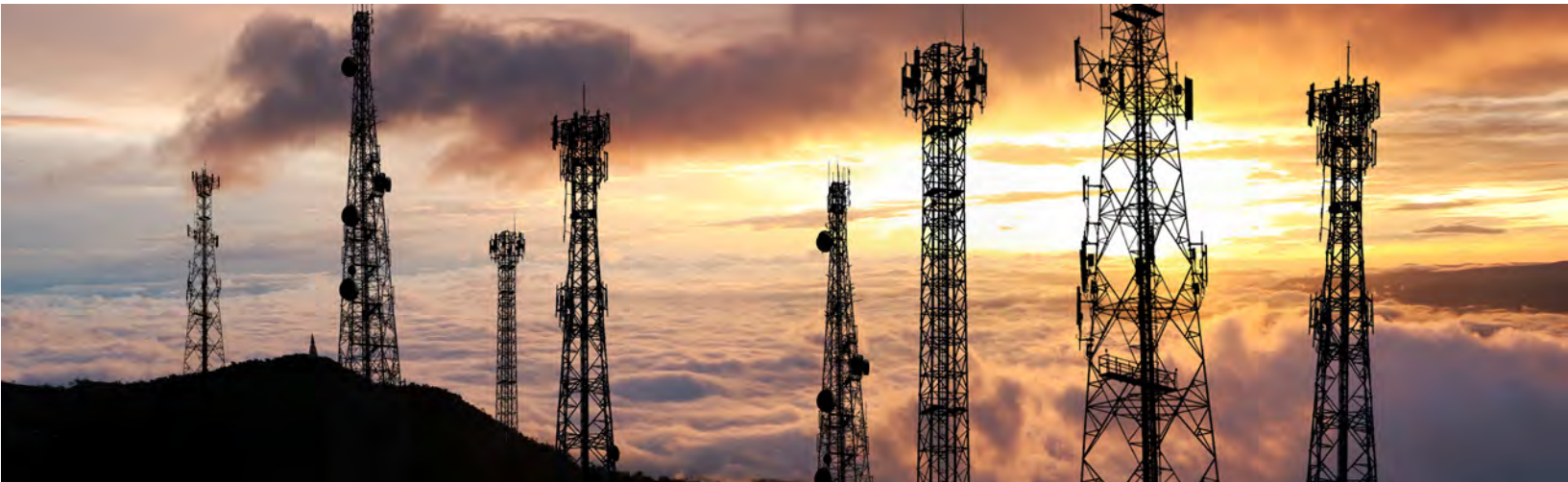
composting initiative, through which the Company was able to produce a total of 1,963 kg of completed compost by processing tree trimmings using dual-drum composters installed in select Meralco facilities. Additional composting units will be deployed in the coming years.

Meralco holds an ISO 14001 Environmental Management System Certification, a seal of approval to the strength of the Company’s environmental management system, which includes waste management policies, guidelines, protocols, and initiatives among others.

96% of solid waste diverted

Greening the Network Through Eco-Friendly Transformers

In support of **SDG 12: Responsible Consumption and Production**, Meralco reduces its impact on the planet through materials it uses in its electricity distribution business. At the forefront of the Company’s transformation is the use of recyclable, biodegradable, and environment-friendly materials throughout its operations. In 2019, Meralco began exploring using natural ester oil (NEO) in its overhead distribution transformers (OHDTs), with the aim of improving the efficiency and reliability of its network without endangering the environment.



Distribution transformers are vital in delivering electricity to customers. They convert high-voltage power from primary lines to low-voltage electricity for secondary lines to energize households and businesses. By switching from mineral oil to NEO, Meralco aligns itself with best-in class global practices in power distribution and brings itself closer to its aspiration of becoming a sustainability leader in the energy sector.

A derivative of vegetable oil, NEO is a 99% biodegradable, recyclable, and non-toxic material. Unlike the conventional mineral oil, NEO has no petrochemicals, siloxanes, or halogens—substances that damage ecosystems and contribute to global warming. These natural esters are taken from renewable crops, such as

soybean, rapeseed, sunflower, canola, and corn. Furthermore, used NEO can be reprocessed into an input material for other products such as soaps and lubricants.

The shift to NEO resulted in a wide range of benefits for Meralco, including increased transformer loading capability, enhanced fire safety, and reduced waste generation.

While Meralco’s use of NEO in its transformers started in 2006, 2022 marked an even greater adoption as the Company used it as an insulating fluid for its main OHDTs. A total of 18,301 NEO-enabled OHDTs were delivered to Meralco in 2022, more than 1,000% higher than the 1,682 units delivered in 2021.

By end-2022, a total of 22,453 NEO-filled DTs were installed across the Company’s franchise area, including other type of DTs such as pad-mounted and vault-type DTs..

22.5K NEO OHDTs deployed

Transforming the transformers is only the start of a new, groundbreaking initiative, Meralco’s Greening the Network Program, which is focused on replacing old, more-polluting equipment with cleaner alternatives to avoid unnecessary solid wastes and to reduce carbon emissions in its distribution system. Ultimately, Meralco aims to operate 100% of its transformers with NEO by 2048.

Ester Oil Transformers

100% of its pad-mounted distribution transformers now use ester oil instead of mineral oil

One for Trees

Reviving damaged, threatened forests and watersheds

1,704,297 trees planted and nurtured since 2019
50M 2025 goal

Green Mobility, Race to Zero Waste

Deployed 128 electric vans, trucks, cars and motorcycles for electric service delivery

25% fleet electrification by 2030

Ban on Single-use Plastics in all Meralco offices and facilities



PEOPLE

Nurturing Sustainability
from Within

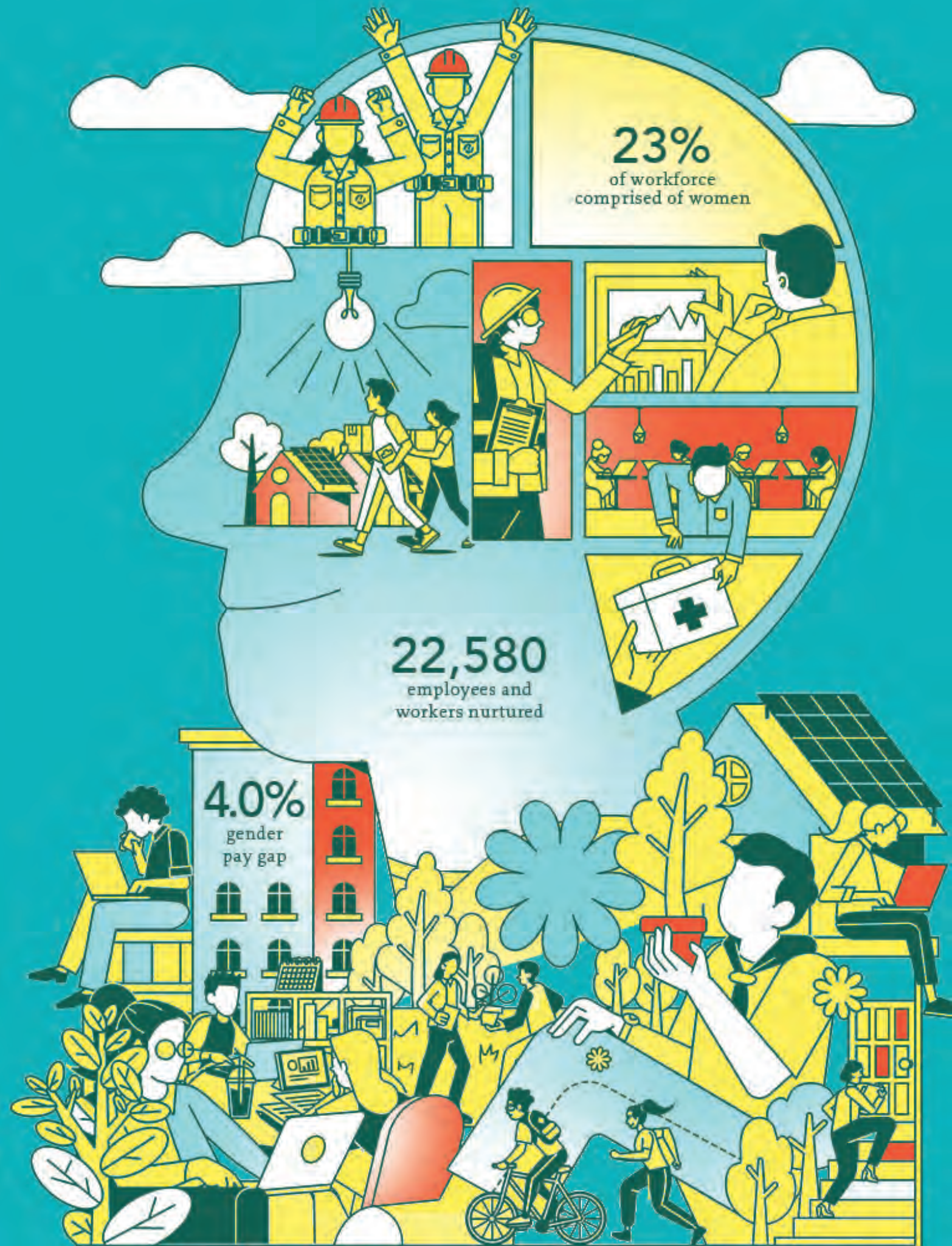
One Meralco's employees are its greatest source of light.

In support of **SDG 5: Gender Equality** and **SDG 10: Reduced Inequalities**, the Group is committed to providing equal opportunities for all. In 2022, the Group's 20,000-strong workforce consisted of more than 23% women—twice the global energy sector average of 13%. By the end of this decade, 40% of the Distribution Utility's workforce will be comprised of women.

Aside from embracing diversity in the organization, One Meralco also ensures that it fosters an inclusive and safe workplace where its people feel respected and protected. It has established robust policies and programs to safeguard the fundamental human rights of its employees and keep them away from harm—a testament to the importance the Group has placed on **SDG 8: Decent Work and Economic Growth**.

Finally, One Meralco's employees also enjoy compensation above industry average for them to not just meet their everyday needs but also enable their own personal growth. And to further maximize each individual's potential, the Group provides its people with meaningful opportunities for professional development as well as avenues to give back to communities.

As One Meralco seeks to spring its sustainability vision into action, its people will continue carrying the torch and leading the way towards a brighter and livable future.



Human Capital: Growing One Meralco’s Tribe of Game Changers

GRI 2-7 | GRI 2-8 | GRI 401 | GRI 406 | GRI 405

Human capital—the sum of knowledge, skills, and time that humans invest in and accumulate throughout their lives to contribute to social and economic progress—is wired in each of the 17 SDGs. One Meralco’s emphasis on holistic human capital development enables its employees to live and lead meaningful and prosperous lives—and careers—while giving back to society.

One Meralco employs a recruitment process that is fair, ethical, and inclusive. It is an equal-opportunity employer and hires qualified candidates regardless of gender, socioeconomic status, religion, age, and ethnicity. The Group continuously also attracts top talents to meet the fast-changing needs of the organization.

One Meralco employs a unique approach to talent resourcing that combines technology and progressive hiring principles. In particular, the Group utilizes innovation as well as diversity and inclusion as enablers for efficient and effective human capital development. These result in a healthy variety of perspectives and competencies that strengthens One Meralco’s culture of excellence and compassion.

One Meralco’s workforce was 22,580 employees and workers strong in 2022, up by more than 11% from 2021. This was a result of hiring more people as the economy reopened. Nearly a quarter of the Group’s population is comprised of women employees—more than the 13% global average for the energy sector.

23% Group-wide women representation

MERALCO EMPLOYEES AND WORKERS BY EMPLOYMENT STATUS

	2020		2021		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Permanent	4,495	1,188	4,491	1,205	4,481	1,239
Probationary	112	20	137	72	150	60
FTH and Project-based	119	67	184	125	230	90
Third Party	N/A	N/A	N/A	N/A	N/A	N/A
SUBTOTAL	4,726	1,275	4,812	1,402	4,861	1,389
TOTAL	6,001		6,214		6,250	

SUBSIDIARY EMPLOYEES AND WORKERS BY EMPLOYMENT STATUS

	2020		2021		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Permanent	3,886	1,897	3,950	2,075	4,796	1,970
Probationary	129	319	221	310	260	408
FTH and Project-based	5,604	1,432	6,177	1,321	6,188	1,138
Third Party	59	3	63	8	1,492	78
SUBTOTAL	9,678	3,651	10,411	3,714	12,736	3,594
TOTAL	13,329		14,125		16,330	

Hiring: Providing Equal Opportunities for All

In support of **SDG 5: Gender Equality**, One Meralco advances a gender-balanced workplace that employs and empowers women. In 2022, at least 26% of the Group’s new hires were female—higher than the share of women in the organization’s existing workforce. The increase in women hires last year was driven by One Meralco’s deliberate efforts to increase the ratio of female-to-male candidates, which included recruitment campaigns that highlighted the importance of women’s participation in the Group’s business as well as several impactful initiatives under the #Mbrace Diversity & Inclusion Program.

NEW EMPLOYEE HIRES

	2020		2021		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Meralco DU Subsidiaries	225 2,721	65 1,725	256 3,644	147 1,177	304 3,289	130 1,155
SUBTOTAL	2,946	1,790	3,900	1,324	3,593	1,285
TOTAL	4,736		5,224		4,878	

One Meralco’s thrust for greater workplace diversity and inclusion is operationalized through a deliberate effort to source women for a variety of roles, from rank-and-file to leadership. In 2022, almost 28% of the Group’s senior managers were women.

28% women representation in Group’s senior management

MERALCO DU EMPLOYEES BY RANK

	2020		2021		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Senior Managers	530	160	565	185	587	202
Middle Managers	439	257	462	299	480	315
Rank-and-file	3,638	791	3,601	793	3,564	782
SUBTOTAL	4,607	1,208	4,628	1,277	4,631	1,299
TOTAL	5,815		5,905		5,930	

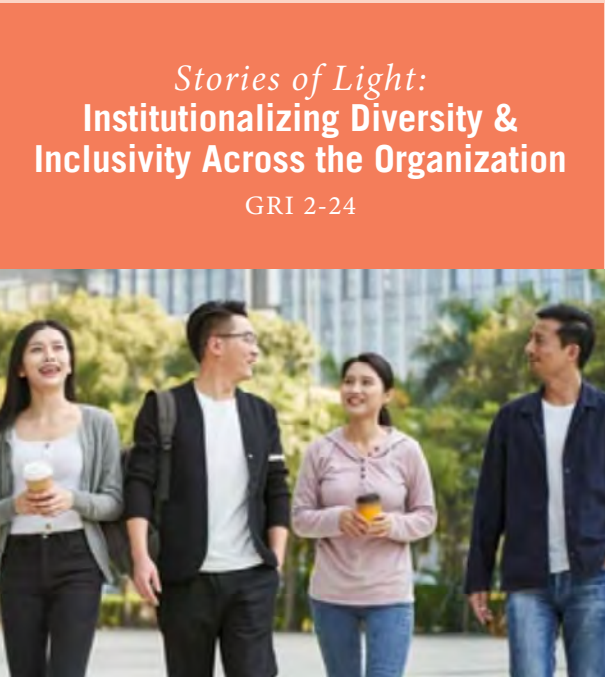
SUBSIDIARY EMPLOYEES BY RANK

	2020		2021		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Senior Managers	1,390	173	1,240	139	129	71
Middle Managers	744	330	797	398	964	437
Rank-and-file	5,799	2,746	5,442	2,566	3,897	1,936
SUBTOTAL	7,933	3,249	7,479	3,103	4,990	2,444
TOTAL	11,182		10,582		7,434	

In 2022, Meralco carried out key steps to further increase the share of women in its workforce:

- We conducted a thorough review of existing roles that may be filled by underrepresented individuals, creating more opportunities for women to participate.
- We partnered with the Meralco Power Academy to train women on job roles traditionally held by men such as equipment operator and field inspectors. By collaborating with the academe, we will create scholarship programs that will produce more female graduates in electrical engineering fields.
- Lastly, we encouraged young women from technical high schools and universities to pursue careers at Meralco.

To supplement diversity and inclusion efforts, Meralco partnered with two non-governmental organizations which share a similar advocacy with the Company: Connected Women (CW) and For the Women (FTW) Foundation. Both of these organizations aim to advance women empowerment by helping create livelihood opportunities for underprivileged women in the country. They train select women in the areas of information technology, data science, and artificial intelligence, which the trainees would put into practice by completing pertinent projects with partner companies. The trainees’ newly acquired skill set in computer science thus allows them to be competitive in the labor force.



The D&I Policy prescribes all directors, officers, and employees, across its line organizations and subsidiaries, to work together in embracing D&I in One Meralco.

Supporting this policy are Meralco’s corporate policies on talent resourcing, compensation, and anti-sexual harassment, which all include provisions on D&I.

To further cement its commitment to advance workforce diversity and to nurture an inclusive and safe workplace for its employees, Meralco established a Diversity and Inclusion (D&I) Policy during the National Women’s Month in March 2022. Recognizing that people perform better when they feel respected, valued, and treated fairly, the company developed the policy to deeply embed D&I in all aspects of its business, including:

- Employee attraction, selection, and retention;
- Performance management and remuneration;
- Learning and development;
- Employee health, safety, and wellness; and
- Talent management and succession planning.

Anchored on Meralco’s commitment to the UN Women’s Empowerment Principles and guided by its membership to the Philippine Business Coalition for Women Empowerment, the policy supports the achievement of **SDG 5: Gender Equality** and **SDG 10: Reduced Inequalities** and delivers on the Company’s commitment to the **UN Global Compact’s Principle 6 on Elimination of Discrimination in Employment**.



Onboarding:
Welcoming New
Employees

New hires are smoothly integrated into the Meralco family through its onboarding program called Orange Plug-in (OPI), which orients new employees on the Company’s history, mission and vision, core values as well as its current businesses and initiatives. An online version was developed during the pandemic consideration of logistics feasibilities.

For 2022, Meralco, in partnership with the Philippine Business Coalition for Women Empowerment, incorporated Gender 101 into the OPI to strengthen the Company’s #Mbrace Diversity & Inclusion Program.

Bright Smiles:
Beyond Diversity & Inclusion:
Women Technician Scholarship
Program Uplifts Families in Need



Rizza Mae Bermundo
Scholar from Don Bosco College - Canlubang

“Nasa college ako nang magkasakit at maospital ang isa kong kapatid. Dahil doon, kinailangan kong tumigil sa pag-aaral at maghanap agad ng trabaho para tulungan si Mama sa mga bayarin namin. ‘Yung lupang ipinundar niya sa mahabang panahon, isinangla namin para tustusan ang pagpapagaling ng kapatid ko.

(I was in college when one of my siblings got sick and was hospitalized. Because of that, I had to stop my school and find for work to help my mom pay for the bills. The piece of land that my mom invested in for many years was pawned so we can finance my siblings recovery.)

“Kung hindi ako natanggap sa scholarship program na ito, hindi ako makakapag-aral ulit at hindi ako mabibigyan ng oportunidad na makapaghanap ng disentang trabaho kung saan tuluy-tuloy kong masusuportahan si Mama at ang pamilya ko.

(Had I not been accepted in this scholarship program, I would not have been able to continue my education and given an opportunity to find a decent job which helped me support my mom and our family.)

“Iba ‘yung feeling na natigil ka sa pag-aaral tapos nabigyan ka ng malaking opportunity—full scholarship pa! Malaking bagay din po ito sa akin bilang isang babae dahil alam naman nating karamihan talaga ng line crew ay mga lalaki.”

(There’s a certain feeling in being able to have that opportunity to pursue my studies after discontinuing. And it’s a full scholarship at that! As a female, being accepted as a line crew in a male-dominated field, is a big deal for me.)

Labor Relations:
Safeguarding Workers’ Rights

GRI 2-30 | GRI 402-1

Meralco has always prioritized human rights protection. In 2022, it enacted its own Human Rights Policy. This policy embeds safeguards for its employees (and other stakeholders) across all levels of the organization by clearly outlining the systems, structures, and processes established in Meralco to protect the fundamental rights of employees. Ensuring its employees and workers enjoy the highest standard of human rights protection is central to the Company’s long-term sustainable growth.

For instance, Meralco is committed to providing its employees various avenues for meaningful and constructive dialogue concerning labor issues. In particular, the Company supports collective bargaining agreements (CBA) between its rank-and-file and supervisory employees and its senior leadership. In 2022, the Meralco Employees and Workers Association (MEWA), representing the company’s rank-and-file employees, successfully held CBA negotiations covering the period from December 1, 2022, to November 30, 2025. In the same year, seven out of 10 of Meralco’s employees were covered by CBAs.

7 out of 10
of Meralco’s employees
covered by CBA

EMPLOYEES COVERED BY CBA			
	2020	2021	2022
Meralco DU	4,429	4,394	4,346
Subsidiaries	1,625	1,566	1,683
TOTAL	6,054	5,960	6,029

Aside from institutionalizing dialogue through CBAs, Meralco also provides its employees a safe environment for reporting violations. The Company takes reports of infractions seriously and acts swiftly to investigate cases and to address the offender with appropriate sanctions.

One Meralco’s Whistleblowing Policy encourages and enables offended parties or witnesses to violations to lodge complaints without the fear of retaliation. Reports are sent to the Corporate Governance and Compliance Office (CGCO), and upon the CGCO’s receipt and review, appropriate action is taken immediately.

In the rare event of retaliation, the reporting person or witness may fill out a Retaliation Protection Report Form, which is then reviewed by the Management Disciplinary Committee or the relevant Board Committee for approval of the CEO, the Chairman of the Board, or a designated representative.

Meralco goes beyond actively responding to employee issues. To proactively address violations and to avoid misconduct from the start of an employee’s journey with the Company, Meralco conducts training sessions for new employees and line managers on the Code on Right Employee Conduct (COREC).

Moving forward, Meralco will continue to educate and empower its employees regarding human rights. As initiatives are rolled out, the Company will also continue to keep abreast of new labor laws or regulations and other jurisprudences to always ensure compliance.

Stories of Light: Championing Human Rights in the Workplace

GRI 2-24



Enacted in 2022, Meralco's Human Rights Policy integrates human rights principles and standards into its business operations and dealings.

Aligned with the UN's Guiding Principles on Business and Human Rights, Meralco's Human Rights Policy encompasses the rights set out in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The policy also institutionalizes Meralco's commitment to upholding the UN Global Compact's first two principles: (1) to support and respect internationally proclaimed human rights and (2) to not be complicit in human rights abuses.

Meralco's Human Rights Policy stipulates that all directors, officers, employees, and business partners in One Meralco shall take proactive measures to achieve the following commitments:

- Uphold the International human rights principles and covenants
- Respect human dignity and prevent any form of discrimination
- Stop child labor, forced labor, and human trafficking
- Ensure the freedom of association and collective bargaining
- Promote a safe and healthy workplace

To put the policy to work, Meralco has started strengthening human rights protection in all aspects of its business activities—from employee training and communication to official dealings with customers, communities, business partners, and regulators.

Occupational Health and Safety: A Burning Desire to Protect Employees from Harm

GRI 403 | SASB IF-EU-320

Providing a Safe Workplace for Employees

One Meralco demonstrates a strong commitment to ensure a safe and healthy environment, with top management's decision to invest in safety as much as it does in productivity, quality, or labor relations among others. The Group aligns with international regulators and standards like the International Labor Organization in ensuring safety at work.

Meralco's Facilities, Safety & Security Management (FSSM) organization drives the Group's safety culture, implementing all organizational safety and health-related tasks and initiatives. The Environment, Safety, and Health (ESH) Committees across the utility's business units act as local safety champions and engage with Meralco's employees through monthly ESH meetings aimed at keeping the Group's safety and health standards and protocols relevant and ensuring these apply to all staff.

Meralco's flagship safety awareness program, TARGET ZERO Zero Incident, Zero Harm, is a continuing initiative that aims to eliminate all work-related incidents in the organization. This program is reinforced by several OHS initiatives, including the annual First Working Day Safety Campaign, which aims to strengthen Meralco's safety culture and instill a "Safety First" mindset among its frontline personnel who are exposed to hazards and risks on a daily basis.

In 2022, Meralco further promoted employee safety through its new Safety Innovation Program. The Innovation Training was a learning intervention in which 30 participants from different Meralco organizations were provided with various tools and methodologies to develop and implement original safety solutions. Meanwhile, the Innovation Exhibition was a one-day event where OHS teams across the Company showcased how they applied safety improvement principles provided during the training in their proposed practical OHS improvement solutions.

As a result of all these efforts, One Meralco clocked in nearly 42 million safe person-hours, a more than 6% increase from 39.5 million safe-person hours recorded in 2021. However, the Group had an increase in recordable work injuries by almost 11%—from 123 in 2021 to 136 in 2022. In response to this, the company continues to strengthen OHS programs through continuous communication with and training of safety officers to prevent injuries in the workplace.

↖ **42M**
safe person-hours
in One Meralco

OTHER OHS METRICS

		2020	2021	2022
Total employee hours worked	Meralco DU	12,631,044	13,026,699	13,235,096
	Subsidiaries	29,739,646	31,725,516	37,411,073
Safe person-hours	Meralco DU	12,624,538	13,026,160	13,152,203
	Subsidiaries	29,113,630	26,475,134	28,836,133
OHS training hours per employee	Meralco DU	11,908	35,280	154,952
	Subsidiaries	16,411	22,927	36,735
Average OHS training hours per employee	Meralco DU	2.05	5.97	26.13
	Subsidiaries	1.47	2.17	4.94
	Overall	1.67	3.53	14.34

Strengthening Capabilities for Emergency Response

One Meralco observes the highest standards of OHS and embeds safety awareness and practice in the employees’ DNA. The Group conducts mandatory OHS training programs that include updated and relevant principles and standards for organizational safety and health, including Fire Safety and Building Work Site Awareness.



↖ **14.34** OHS training hours per employee in One Meralco

The Group also conducts skills training on defensive driving, accident investigation, and heavy equipment and basket truck operations, among other specialized competency programs. In 2022, Meralco offered 32 OHS training courses for employees, totaling 154,952 training hours, representing a significant increase of 339% from 35,280 training hours in 2021.

This represented an average of 14.34 OHS training hours per employee across the Group in 2022.

Meralco employees are also trained for disaster response and preparedness, empowering them to face hazards such as fire, earthquake, bomb threats, chemical spills, and others. Drills are regularly conducted that put employees’

alertness, presence of mind, and know-how to navigate disasters in check.

In 2022 Meralco conducted four earthquake drills and three fire drills to ensure that employees are well prepared to protect themselves and to respond to the call for help during times of disaster.

EMPLOYEES AND WORKERS COVERED BY AN OHS MANAGEMENT SYSTEM

		2020	2021	2022
Permanent and Probationary	Meralco DU	5,815	5,905	5,930
	Subsidiaries	6,496	6,476	4,734
Project-based/fixed-term	Meralco DU	186	309	310
	Subsidiaries	7,274	7,747	7,555
Third Party	Meralco DU	2,238	9,583	9,846
	Subsidiaries	46	43	1,855
TOTAL		22,055	30,063	30,230

Remuneration: Rewarding Productivity and Excellence

GRI 2-19 | GRI 405-2

Time and again, we’ve heard the line, “Employees are a company’s greatest asset.”

Meralco is committed to providing highly competitive remuneration opportunities that attract, retain, and motivate talent with outstanding performance. Meralco ensures market pay competitiveness across all employee levels and positions in the company as well as internal pay equity, such that an employee is compensated based on the worth of their job and the value contributions they deliver to the organization.

Overall, Meralco’s remuneration philosophy strives to fulfill not just basic needs but also offer opportunities to generate personal wealth both in the short and long terms. Meralco offers base salary ranges

AVERAGE GENDER PAY GAP FOR MERALCO

	2020	2021	2022
Senior Managers	-0.7%	-1.4%	4.3%
Middle Managers	-3.9%	0.3%	1.5%
Rank-and-file	8.8%	11.6%	11.6%
Project-based/fixed-term	-105.7%	3.8%	-23.1%
WEIGHTED AVERAGE	-2.8%	0.9%	4.0%

On top of competitive salaries, Meralco provides its employees with profit-sharing plans in the form of short-term bonuses and long-term incentives, such as Variable Incentive Plan, Annual Bonus Plan, and Long-Term Incentive Plan. Through incentive packages, which tie individual employee performance to corporate business performance employees are further driven and invested in the success of the Company.

that are well above minimum statutory levels and competitive against those of the industry. Employees can expect salaries to grow over time through annual merit increase and promotion programs.

In support of thrust to advance gender equality across the organization, Meralco ensures that the annual compensation of female employees match that of male employees. In 2022, the company recorded an overall average pay gap of 4%, much lower than the global industry average of 19%.⁹

4% Gender pay gap

Furthermore, a robust employee benefits program—covering paid leaves, health and life insurance, and retirement plan, among others—is firmly in place and well above those prescribed by law.

⁹ Thomson, E. (2022) These 4 charts show the energy sector's gender gap and what needs to change, World Economic Forum.

The satisfaction of Meralco employees with the remuneration received from the company is proven by the high return-to-work rate by those who availed of parent leaves. For instance, in 2022, 99.7% of employees who took parental leaves (maternity, paternity, and solo parent) maintained their employment with Meralco after their leaves.

99.7% of employees who took parental leaves returned

MATERNITY LEAVE METRICS

		2020	2021	2022
Entitled to the leave	Meralco DU	1,208	1,277	1,299
	Subsidiaries	3,147	3,491	3,065
Took the leave	Meralco DU	122	73	87
	Subsidiaries	181	164	176
Returned after the leave	Meralco DU	121	73	86
	Subsidiaries	178	141	137
Returned after the leave and still employed 12 months after	Meralco DU	121	72	80
	Subsidiaries	166	140	126

PATERNITY LEAVE METRICS

		2020	2021	2022
Entitled to the leave	Meralco DU	4,607	4,628	4,631
	Subsidiaries	5,885	6,318	5,741
Took the leave	Meralco DU	250	218	200
	Subsidiaries	279	211	197
Returned after the leave	Meralco DU	250	218	200
	Subsidiaries	279	210	190
Returned after the leave and still employed 12 months after	Meralco DU	249	215	198
	Subsidiaries	257	186	183

SOLO PARENTAL LEAVE METRICS

		2020		2021		2022	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Entitled to the leave	Meralco DU	7	20	10	24	11	24
	Subsidiaries	84	125	910	996	1,063	491
Took the leave	Meralco DU	7	19	10	22	11	23
	Subsidiaries	8	35	9	32	9	79
Returned after the leave	Meralco DU	7	19	10	22	11	23
	Subsidiaries	8	35	9	32	9	79
Returned after the leave and still employed 12 months after	Meralco DU	6	17	10	22	9	23
	Subsidiaries	7	27	8	26	9	74

Training and Development: Investing in Professional Growth

GRI 404

Meralco continues to provide development and upskilling opportunities to employees year after year.

In 2022, Meralco rolled out over 3,062 training batches focused on technical and leadership development, investing in an average of 43 training hours per employee, or a total of 268,163 training hours company-wide.

Meralco managed to deliver more training hours in 2022 than in 2021 when it ran a total of 214,885 training hours (or an average of nearly 34 training hours per employee). Increasing efficiency in using online training platforms and the ease of restrictions on in-person meetings contributed to more training session being facilitated in 2022.

Meralco’s learning and development (L&D) curriculum includes various pathways for developing content, facilitating learning, and measuring progress on deepening relevant knowledge among leaders and employees.¹⁰

AVERAGE TRAINING HOURS FOR MERALCO EMPLOYEES PER RANK

	2020		2021		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Senior Managers	23.5	20.9	49.7	35.7	38.3	31.2
Middle Managers	22.0	20.7	43.7	41.9	38.7	38.6
Rank-and-file	16.1	29.2	33.8	32.4	49.4	35.2
WEIGHTED AVERAGE	17.0	24.9	35.3	32.0	45.5	34.0
OVERALL AVERAGE	18.7		34.4		42.9	

25% increase in training hours per Meralco employee

10 The full list of Meralco’s L&D programs can be found on Page 216-217 of this document.

AVERAGE TRAINING HOURS FOR SUBSIDIARY EMPLOYEES PER RANK

	2020		2021		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Senior Managers	1.6	9.0	2.3	6.6	11.1	4.7
Middle Managers	11.0	10.2	11.9	13.2	2.6	8.4
Rank-and-file	3.1	2.5	4.8	5.4	7.7	5.0
WEIGHTED AVERAGE	3.0	3.3	3.8	5.4	3.6	7.0
OVERALL AVERAGE	3.1		4.2		4.6	

Aside from imparting learning through established curricula, Meralco is also actively fostering a strong mentoring culture by empowering managers to become better subject matter experts and team leaders as well as encouraging them to promote a healthy mentor-mentee relationship among employees in lower ranks. Meralco will also implement other initiatives (including end-to-end competency assessments) to strengthen a culture of goal-orientedness, leadership, and accountability among employees.



Stories of Light:
Pushing the Boundaries
of Professional Development
with Learning Summit

Meralco firmly believes that the growth of employees is paramount to the success of its business. As such, in 2022, the company, through its Learning and Development (L&D) unit, held its 8th Learning Summit, with the theme “Going Beyond: Upskilling Human, Data, and Technological Capital”. Held virtually from November 8 to 9, 2022, the Learning Summit shed light on the importance of and the interplay between people, data, and technology in organizations and how these different capitals can be used to yield positive outcomes for the business. L&D partnered with Customized Training Solutions Pte. Ltd., a leading professional learning provider based in Singapore, in assembling and securing a credible roster of subject matter experts and industry leaders from various sectors to serve as resource speakers for the two-day conference.

The first day of the Learning Summit focused on developing human capital, with sessions on leadership and customer centricity. Meanwhile, sessions on the second day centered around navigating and utilizing new data and technological tools towards enhanced individual and business productivity. L&D designed separate, specialized tracks for managers and for individual contributors in order to ensure that attendees received the training appropriate for their respective roles in Meralco.

A total of 447 employees attended the Learning Summit—49% higher than the target count of 300— with an average participant rating of 97.1 out of 100.

Bright Smiles:
Yes You Can!
mentee **Vielle Discaya**
shares her inspirational
transformation as a leader

Vielle Ian Discaya

Head of Privacy Standards and Compliance,
Data Privacy Office

“At the beginning of the program, I told my mentor, Ms. Melanie Oteyza, that I was mainly struggling with making big decisions for and on behalf of the team that I handle. To address this, Ms. Mel exposed me to a project that required me to communicate regularly with my team and collaborate with other groups within and beyond our Company.

“Yes You Can! definitely boosted my self-confidence. The people I met through this program made me realize that there is always room for improvement and that, if you consciously put in the effort, you’ll be surprised at how much you’re capable of doing.

“Fast forward to seven months later, I’ve successfully conducted a number of benchmarking sessions with PLDT’s Data Privacy Office that helped me bring improvements and innovations to Meralco. Among these was a compliance audit of Meralco’s customer touchpoint offices vis-à-vis the Data Privacy Act of 2012.

“This project was in partnership with Customer Retail Services’ Process Excellence Assurance (PEA) unit, who conducted an in-depth study on the covered offices’ practices

in handling customer data and their awareness of the Data Privacy Act and its provisions.

“My team and I are now working on implementing the audit recommendations of the PEA to improve data privacy practices across Meralco’s customer touchpoints.”

Bright Smiles:
Honing Excellent Talents
Through ExceLLerate

Ramiro Tivo

Customer Sales Engineer,
Customer Retail Services

“With changes constantly occurring not just in the workplace but also in the world, taking LinkedIn Learning courses through ExceLLerate strengthened my skills not just as a leader but also as an individual. It offered me a deeper understanding of why our natural environment is important, and I now appreciate Meralco’s sustainability programs geared towards creating better lives today and for future generations.

“As an employee, I am now able to mentor younger engineers regarding Meralco’s net metering service and its positive impact on the planet. I always emphasize that we

cannot maintain Earth’s ecosystems and continue to survive if sustainable choices are not made now and in the future. This is something that they are able to communicate to new net metering applicants.

“On a personal note, I now encourage my relatives to donate old clothes and other items to charities and the less fortunate. I also constantly educate my children about our farmers and food waste. I am now also more active in informing my friends to avoid using products that are harmful to the environment.”



Employee Engagement: Fostering Holistic Personal Development

All work and no play makes a person dull. That's why Meralco keeps employees shining brightly by engaging them in year-round programs and activities.

To foster holistic personal development, Meralco ensures that employees receive support for their physical, spiritual, emotional, and mental health and welfare through various programs and initiatives.

Employee Wellness: Nurturing Healthy Employees

Physical fitness activities such as Zumba and yoga classes via the Meralco Workplace (counterpart of Facebook for organizations). Year-long mental health campaigns through various channels (email, Workplace, and text blasts among others) were conducted. In addition to these virtual activities, Meralco reopened its fitness center (including gym and sports facilities) after two years to promote active lifestyle among its employees.

Meralco also conducted fun employee engagement activities throughout the year. These included an online bazaar, photo contests, and community vlogs during the Orange Fit Month in July 2022. Dependents of Meralco employees were also able to participate in various online activities (such as costume contests for

In 2022, Meralco mandated the workforce to return to the office while enforcing minimum public health standards in the workplace. To sustain employee motivation despite the change in their work environment, Meralco implemented numerous programs and activities (both online and in-person) to heighten employee morale and well-being.

kids and pets as well as a dance competition) in October. Webinars covering a wide range of topics (including resilience in the new normal, cooking, music, finance, and health) were also organized to complement employees' professional and personal development.

Finally, Meralco continued to hold annual corporate activities (including its Foundation Day celebration, One Meralco Cool-tural Festival, and Service Awards ceremony) online. Employees were brought together through the One Meralco Salu-Salo (Christmas party), which was held in person for the first time since December 2019.



Through the provision of well-rounded and all-encompassing personal development initiatives Meralco fosters the passion, drive, and excellence of its people: key ingredients to reaching its corporate goals.

Employee Volunteerism: Giving Back to Communities

In 2022, Meralco employees donated nearly Php 3 million to four fund-raising campaigns initiated by OMF, to support students from public schools within the Meralco franchise area as they went back to onsite classes. They also provided much-needed aid to thousands of families in calamity-stricken areas. When Tropical Storm Paeng hit Western Visayas, funds raised by Meralco employees provided relief packages to thousands of calamity victims.

Stories about OMF's social responsibility initiatives in 2022 and how Meralco employees contributed to their successes can be found in the 2022 OMF Annual Report, *Sigla*.

Meralco also provides employees with opportunities to take care of others. Every year, Meralco employees join to serve One Meralco Foundation's (OMF) volunteerism programs in communities and in fund-raising campaigns to help those hit by natural calamities.

←
Php 3M
donated by Meralco
employees for CSR projects

#Mbrace Gender Diversity & Inclusion Program

26%

of workforce
are women

over 2 the global energy
sector average of 11%

The only electric utility
in the Philippines to sign
the **United Nations’
Women’s Empowerment
Principles.**

Core Operations
for Disaster
and Emergencies
(CODE)

CODE Lightbot
monitors employees’
daily health and work status.

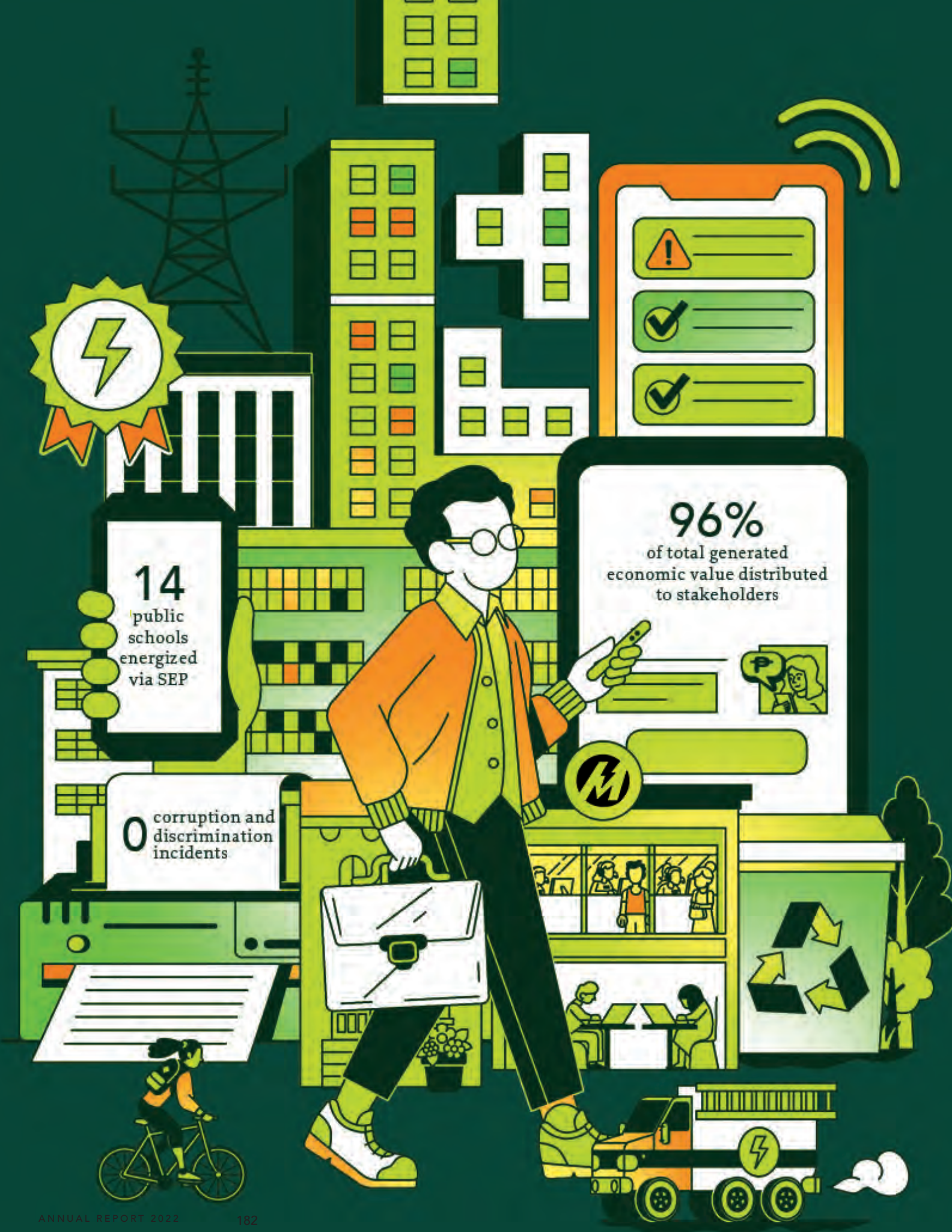
Informs employees of
important air quality data
in Meralco offices.

*Overall
Employee
Wellness*

Orange Fit Program
ensures physical wellness through gym
and sports facilities.

**Nurtures emotional, spiritual
and mental well-being**
through mindful meetings, personal space
and in-house counselors.





PROSPERITY

Creating Better , Brighter
Lives for All

*One Meralco’s vision for sustainable development
adheres to one core principle: no one is left behind.*

The Group’s commitment to creating better lives for all is inspired by the **United Nations’ 2030 Agenda for Sustainable Development**, a common language adopted by the world to “ensure that all human beings can enjoy prosperous and fulfilling lives.”

Meralco powers lives by ensuring access to electricity that energizes meaningful and enduring progress in every sector and level of society.

Economic Impact: Delivering Shared Value to Stakeholders

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

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (in PhP million)

	2020	2021	2022
Direct economic value generated	277,929	322,317	432,292
Economic value distributed	255,103	293,692	412,958
Operating costs (including payment to suppliers)	216,692	248,279	366,284
Employee wages and benefits	12,301	15,892	15,836
Payments to providers of capital (investors and shareholders)	18,605	18,246	21,824
Payments to government (taxes)	7,335	10,851	8,780
Community investments (expenses for CSR projects)	170	424	234
Economic value retained	22,826	28,625	19,334

Economic value measures the benefits derived from goods and services by an individual or organization. In 2022, One Meralco’s direct economic value generated (i.e., revenues) increased by at least 34% from PhP322 billion in 2021 to PhP432 billion. This was mainly driven by the effect of higher fuel costs on generation charge and energy fee.

To truly contribute to inclusive economic development, One Meralco ensures that the value generated flows equitably to all stakeholders. In 2022, the Group distributed over 96%—equivalent to PhP413 billion—of revenues to various stakeholders in the form of payments to suppliers of goods and services, salaries and

incentives to employees, dividends and interest payments, payments to the government in the form of taxes and other fees, and community investments through various corporate social responsibility (CSR) projects.

Operating costs increased by almost 48% from PhP248 billion in 2021 to PhP366 billion in 2022, owing to higher purchased power cost, oil, fuel, and power plant operations and maintenance.

96% of generated economic value distributed to stakeholders

Employee wages and benefits likewise decreased by 0.4% from PhP15.9 billion in 2021 to PhP15.8 billion in 2022 due to a reduction in the Group’s total employee count.

Meanwhile, One Meralco’s payments made to providers of capital increased by almost 20% from PhP18 billion in 2021 to PhP22 billion in 2022. This was prompted by the increase in the Group’s consolidated core net income in 2022, which resulted in higher lookback dividends programs, primarily through the One Meralco Foundation.

On the other hand, taxes and other fees paid to the Philippine government decreased by 19% from PhP 11 billion in 2021 to PhP 9 billion in 2022 due to shift to itemized deduction in 2022 from Optional Standard Deduction in 2021. The shift was deemed more advantageous with the implementation of four Distribution Rate True Up refunds in 2022.

Finally, Meralco spent PhP 234 million on social responsibility programs, primarily through the One Meralco Foundation.

Beyond all these financial gains, the enduring value that the Group creates for customers and communities is the sustained provision of affordable, reliable, and high-quality products and services to empower and help them prosper under all challenging societal conditions. One Meralco draws purpose from fueling sustainable economic growth without leaving anyone behind.



Customer Enablement: Ensuring Engaged and Satisfied Clients

Transforming Customer Service

In 2022, Meralco enhanced processes and platforms to efficiently and effectively respond to customers’ changing needs. New, technology-enabled customer care initiatives were introduced to make the customer journey smoother and hassle-free

Please refer to the Customer Centricity section.

Community Engagement: Uplifting the Unserved and Underserved

GRI 203-1 | GRI 203-2 | GRI 413

Meralco is committed to powering lasting and meaningful progress. Key to this is the electrification of marginalized households and communities. In addition, by energizing schools, the Company supports the learning continuity of the country’s youth and lays a sure foundation for sustainable development.

A. Electrifying Marginalized Communities

In 2022, One Meralco Foundation (OMF) invested nearly PhP 17 million in its Household Electrification Program to provide electricity access to low-income families within and beyond Meralco’s franchise area. In particular, OMF funded the installation of service entrances, metering centers, breaker walls, and intermediate polls for 6,376 low-income households. These initial set up costs are usually shouldered by residential customers applying for a Meralco connection but have been absorbed by Meralco for this community.

6.4K
low-income households energized via HEP

14
public schools powered via SEP

In parallel with the Household Electrification Program, OMF also invested more than PhP 6 million in its School Electrification Program in 2022 to power 14 public schools across the country, ensuring that children and teachers were supported in the learning journey with the continuing resumption of face-to-face classes.

3K
student benefited from SEP

Aside from these two flagship programs, OMF also expanded its efforts to cover other social impact areas, including rural health electrification as well as electrification for livelihood, agriculture, and water access. In 2022, OMF launched two water access projects benefitting over 300 households,

electrified two off-grid health centers, and enabled two livelihood projects (a rice mill facility in Davao de Oro and a potato processing facility in Bohol).

300+ households benefited from solar-powered water systems

Through OMF’s social responsibility programs, Meralco harnesses the power of electricity to uplift the lives of the poor and the vulnerable.

B. Powering Communities Beyond Electrification

Aside from energizing marginalized communities, One Meralco also ventures into other social development areas to expand its positive impact on the country. For instance, Vantage Energy and MPower, with the support of OMF, spearheaded back-to-school donation drives to fund printers, school supplies, and safety kits for various public schools in the Philippines. The program, which raised nearly PhP 1 million, benefited more than 19,800 students (mostly learners with special educational needs) across Laguna, Bulacan, Rizal, and Cebu.

20K
beneficiaries of back-to-school donation drives

Meanwhile, GBP served over 34,000 patients—59% of whom were women—in Iloilo and Aklan through its Adopt a Health Center Program, through which the company donates over-the-counter medicines and medical items to select barangay health centers.

providers from various barangays in Iloilo City. Delivered in Hiligaynon, the main language used in Iloilo, the program provided participants with evidence-based information on hypertension, including its risk factors, common symptoms, diagnosis, and condition management.

Furthermore, in December 2022, GBP—in collaboration with the West Visayas State University, the Iloilo City Health Office, and Better Health Philippines—conducted a training on hypertension for 67 primary healthcare

Stories of Light: Empowering Next-Generation Energy Leaders

In 2022, the Meralco Power Academy (MPA) was certified by the Department of Energy (DOE) as the first Recognized Training Institution (RTI) for energy education in the Philippines under the recently issued regulations stemming from the Energy Efficiency and Conservation Act of 2018. As an RTI, MPA is eligible to train and certify energy managers (EMs) and energy auditors (EAs) in the country through modules based on the core competencies for EMs and EAs identified by the DOE.

Prior to the DOE’s certification, MPA has been conducting its programs in line with the standards set by the International Organization for Standardization, the American Society of Heating, Refrigerating, and Air-Conditioning Engineers, and the Association of Energy Engineers among others.

Leveraging the industry-leading expertise of Meralco as the Philippines’ premier and largest electric utility, the MPA has been at the forefront of professional energy education in the country since 2015, training over 1,000 energy professionals from more than 450 companies across various industries.

In support of **SDG 7: Affordable and Clean Energy**, the MPA ensures that the future leaders of the Philippine power sector are equipped with the core competencies of EMs and EAs and are prepared to adapt and respond to the rapidly evolving energy landscape.

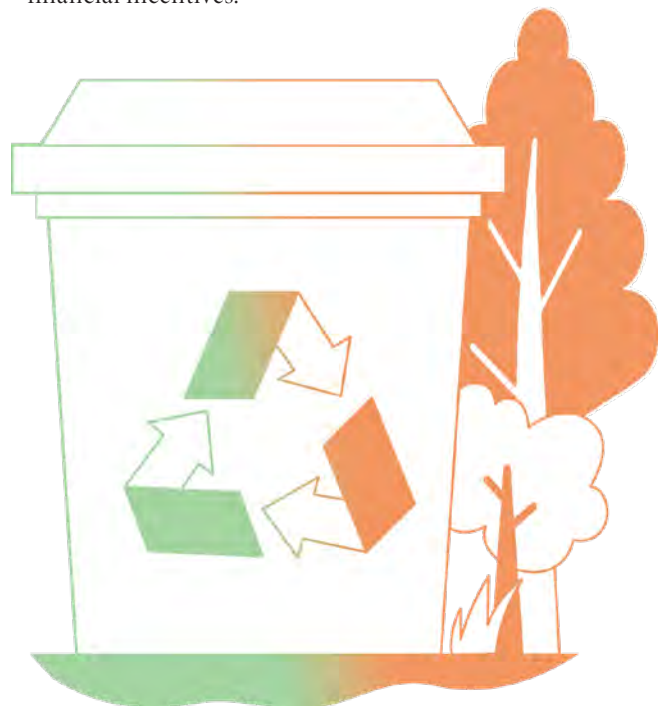
1K
energy professionals trained by MPA

Stories of Light:
May halaga sa basura:
Trash-to-Cashback redefines
bills payment

(Stories of Light: There's treasure
in trash: Trash-to-Cashback redefines
bills payment)

Meralco and its subsidiary Bayad launched the Trash-to-Cashback Program with the local government unit of Quezon City as well as environmental nonprofits bXTRA Philippines and Basic Environmental Systems and Technologies.

The Trash-to-Cashback Program was an innovative waste reduction scheme that allowed Meralco's customers to trade their recyclable materials for points that can be used to pay their utility bills. The program—aligned with Meralco's thrust to contribute to **SDG 12: Responsible Consumption and Production**—aimed to encourage more people to practice proper waste segregation, recycling, and disposal while providing them with valuable financial incentives.



Under the program, eco-warriors dropped off their waste materials (such as single-use plastics, paper, boxes, and metal) at Meralco Business Centers (BCs) in Kamuning, Commonwealth, and Novaliches in Quezon City. The collected waste was then weighed and converted into environmental points redeemable as credits on the Bayad App. Customers were also allowed to use these credits to pay their electricity bills and other utility bills at Bayad branches in Ever Gotesco-Commonwealth and Barangays Gulod and Sauyo in Novaliches.

The program was initially intended to run from December 2021 to March 2022 but was eventually extended until December 2022 due to its overwhelming success. By the end of the year, the BCs that served as drop-off locations collected a total of nearly 6,000 kg of recycled materials—equivalent to over 16,700 environmental points—effectively helping reduce the amount of waste that would have otherwise ended up in landfills or waterways.

The Trash-to-Cashback Program is a testament to how Meralco continues to embed sustainability in the hearts and minds of its constituents. In the years ahead, the Company will initiate more innovative and customer-driven projects that will help preserve and protect the environment.

Supply Chain: Influencing Business Partners to Embrace Sustainability

GRI 2-6

One Meralco's ecosystem consists of many constituents, including a broad and deep chain of companies which are essential cogs in the wheels of the economy. The Group purposefully sources its goods and services from Philippine-based suppliers amid foreign counterparts being available. As a result, One Meralco spent nearly PhP 54 billion in 2022 on local procurement contracts, a significant amount of investment in local businesses that in return impact their own partners in their value chains.

*PhP 54B
spent on local
suppliers*

TOTAL PROCUREMENT SPEND IN 2022 (in PhP million)

	LOCAL	FOREIGN	SUBTOTAL
Meralco	28,550	5,610	34,160
Subsidiaries	25,142	17,803	42,945
TOTAL	53,692	23,413	77,105

TOTAL NUMBER OF SUPPLIERS BY CLASSIFICATION IN 2022

	TIER 1	NON-TIER	SUBTOTAL
Meralco	2,228	-	2,228
Subsidiaries	2,549	215	2,764
TOTAL	4,777	215	4,992

TOTAL NUMBER OF SUPPLIERS BY LOCATION IN 2022

	LOCAL	FOREIGN	SUBTOTAL
Meralco	1,834	394	2,228
Subsidiaries	2,513	251	2,764
TOTAL	4,347	645	4,992

In 2022, Meralco continued to roll out the Meralco Supplier Sustainability Scorecard (MS³), which defines 131 sustainability criteria based on the GRI Standards and covers 14 of the 17 SDGs for suppliers to comply with to continue to be accredited with Meralco. MS³ has since been rolled out to 218 suppliers who collectively constitute 95% of the Company's procurement spend. By the end of the year, 93% of Meralco's top supply chain partners fully complied with the Company's sustainability standards.

MS³ was established the previous year to introduce sustainability in Meralco's supply chain in three waves: Introduce from the second half of 2020 to 2021, Influence in 2022, and Ingrain in 2023 and beyond. The "Introduce" wave focused on gathering data and baselining the ESG performance of Meralco's top suppliers based on an initial set of sustainability criteria. The "Influence" wave in 2022 built upon the baseline, establishing sustainability standards, and assessed all of Meralco's suppliers based on the said sustainability criteria and requirements.

95% of Meralco's procurement spend covered by MS³

A passing score in the assessment is a prerequisite for suppliers' continuing accreditation with Meralco. "Ingrain" beginning in 2023 will focus on driving sustainability excellence in Meralco's supply chain through continuous improvement measures such as expanding ESG requirements and increasing sustainability standards.

Harnessing the momentum of this groundbreaking program, Meralco will introduce and implement more sustainability initiatives going forward, touching on topics such as Scope 3 emissions reduction and supplier diversity.



Stories of Light:
Closing the Loop with
Meralco's Circular
Economy Program

In 2022, Meralco launched the Circular Economy Program—as part of its broader Supply Chain Sustainability Journey initiative—to reduce discarded waste and promote the efficient use of resources throughout the company's operations and value

chain. Rooted in the fundamental principles of circular economy (elimination of waste and pollution, reuse of old materials and products, and regeneration of natural systems), Meralco set in motion the following initiatives:

- Sale of scrap copper wires to local manufacturers of electrical connectors
- Reuse of the wooden pallets in deliveries
- Upcycling of scrap pallets and used linemen's gloves into corporate giveaways

Through these efforts, the company is not only reducing its ecological footprint but also creating new business opportunities and driving progress towards **SDG 12: Responsible Consumption and Production.**

Bright Smiles:
Strengthening Supply Chain
Sustainability Through
Circular Economy

"As a manufacturer, our performance is dictated largely by our access to scrap copper, our main raw material, which has become difficult to acquire amid the surging demand locally and overseas. Having been allowed to buy Meralco's disposable copper wires last year thus gave us relief, as it enabled us as their supplier of split bolt connectors and various types of clamps since 1985 to maintain a steady and reliable production.

"We are therefore hoping for the continued success of Meralco's Circular Economy Program and for their continued support in the coming years as we sustain not just our own operations but also theirs. With an assurance of raw material availability, we are now more encouraged to embark on further investment in our production facility to ensure better speed and

efficiency, with the end objective of delivering better products at a more reasonable cost."

Vic Garcia III
Vice President, VC Garcia Industrial Corporation

School Electrification Program

280

solar-powered schools since 2011

Over 86,000 students and 2,800 teachers provided with digital learning and teaching tools.

Customer Empowerment

Meralco encourages smarter choices in energy consumption

Bright Ideas

Online resources about energy-efficient solutions for families and homes.

Supplier Sustainability Scorecard

Meralco assesses vendor's and suppliers' adherence to sustainability standards.





OUR GOVERNANCE

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-12 | GRI 2-13 | GRI 2-14 | GRI 2-15 | GRI 2-16 |
GRI 2-18 | GRI 2-19 | GRI 2-20 | GRI 2-25 | GRI 2-26 | GRI 2-27 | GRI 205-1 |
GRI 205-2 | GRI 205-3 | GRI 406-1

At the heart of every thriving organization lies the unwavering pillars of purposeful leadership and robust organizational management. For Meralco, these are driven by its Board of Directors, which shapes the company's vision, core values, structure, and functions. It also guides Meralco's environmental and social endeavors, enabling the Company to drive its commitment to sustainability and amplify its positive impact on the world.

Corporate Governance: Operationalizing Ethical Business Principles

Corporate governance remains a vital key to Meralco’s growth and success, permeating all facets of the Company’s organizations, business operations, and stakeholder touchpoints and driving the Company forward towards its long-term strategic objectives.

Through good corporate governance, Meralco ensures that it strictly conforms to relevant laws, regulations, contracts, strategies, and policies governing its operations. As such, in 2022, the Company is fully compliant with the corporate governance code, rules, and regulations promulgated and enforced by the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), the Philippine Dealing & Exchange Corporation (PDEX), and other relevant regulatory bodies.

However, the Company recognizes that corporate governance is more than sheer compliance; it exists to create a strong and sustainable corporate culture, anchored on the fundamental principles of fairness, accountability, integrity, transparency, and honesty, that enables the Company to create and sustain value, gain competitive advantage, and embrace environment, social, and governance objectives.

Accordingly, guided by its vision, mission, and core values, Meralco continues to strengthen its governance structure, policies, controls, and practices, in accordance 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”).

ASEAN Asset Class Awardee

ASEAN Corporate Governance Scorecard Regional Assessment



Philippines' Top 2 Strongest Adherence to Corporate Governance

12th Institutional Investor Corporate Awards 2022



Three Golden Arrow Awardee

ASEAN Corporate Governance Scorecard Domestic Assessment



As a testament to Meralco’s strong brand of corporate governance and ethical culture, the Company has been recognized in the Philippines and in ASEAN region as one of the top publicly-listed companies with strong commitment to the principles of good governance.

ONE MERALCO STRATEGIC THRUSTS



BOARD GOVERNANCE RESPONSIBILITIES

The Company is led and guided by a competent and committed Board of Directors (“Board”) that fosters the long-term success of the corporation, and ensures that it 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.

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 25, 2022.

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

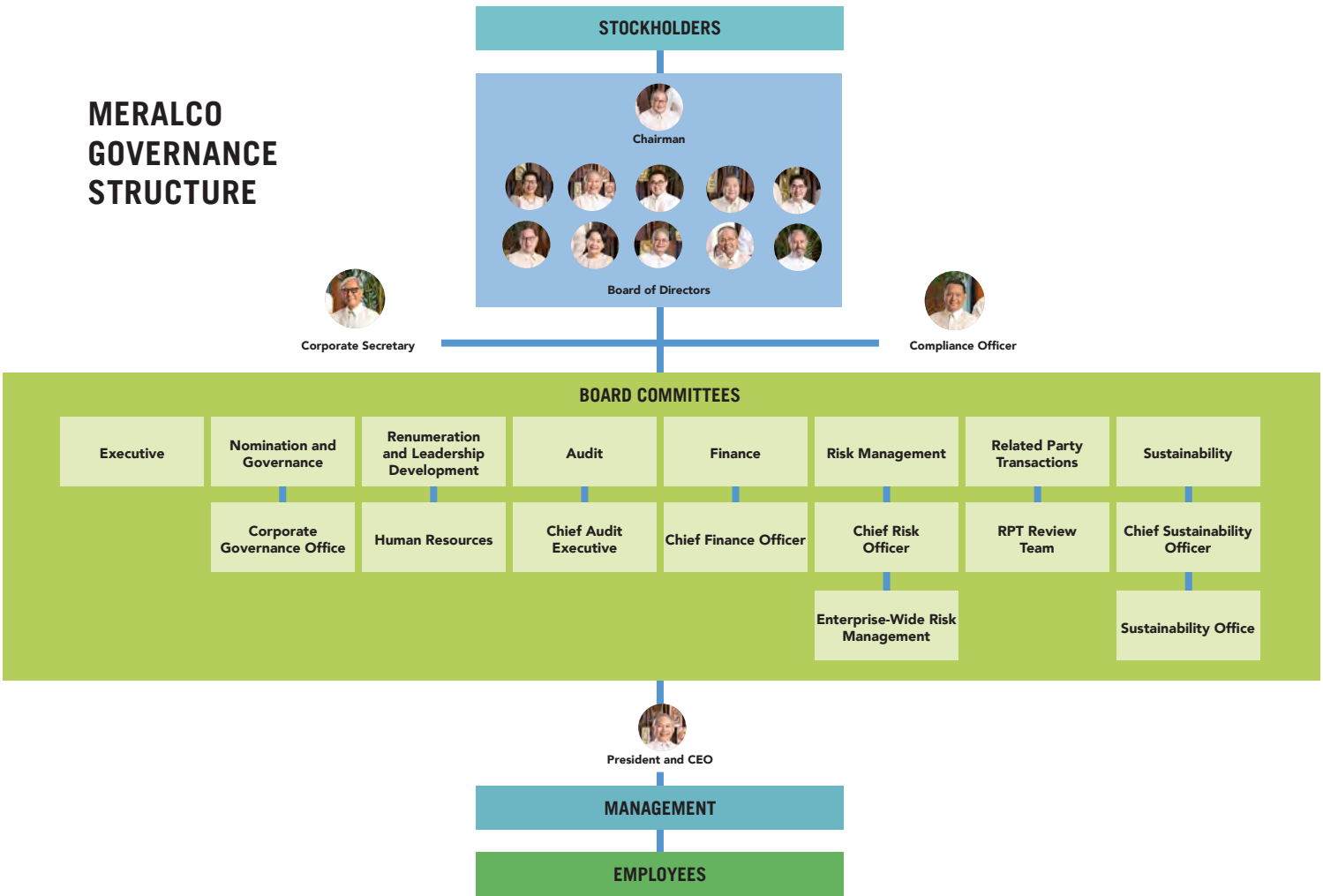
for performance assessment of the Board and Management, principally the President and Chief Executive Officer (CEO).

The Board, in its regular meeting held on February 28, 2022 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 reviewed and confirmed by the Board in 2022.



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 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.

Independent Directors

On April 13, 2022, 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.

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 nine-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 2022 Annual Stockholders’ Meeting.

The retention of these independent directors was viewed in light of the unprecedented backdrop of the COVID-19 pandemic and the Russo-Ukraine War that have caused massive economic disruptions and challenges. The most recent corporate financial and operational indicators have clearly shown that these two global events have brought about unique and serious operational, legal and regulatory risks, that unfortunately have continued to

loom relentlessly over the company and the nation as a whole. In the midst of such uncertainty, Meralco and its stakeholders will benefit from stability in the Board brought about in part by Retired Chief Justice Panganiban’s and Mr. Roxas’ deep experience and knowledge of the company that will enable them to continue to provide steady guidance and meaningful participation towards the crafting of policies and strategies to immediately address these risks.



Chairman of the Board

The Chairman of the Board, 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.



Together with the President and CEO, Atty. Ray C. Espinosa, the Corporate Secretary, Atty. Simeon Ken R. Ferrer and the Compliance Officer, Atty. William S. Pamintuan, the Chairman 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.

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 at the start of the calendar year, meets regularly once a month, and holds special meetings as may be required.

2022 ASM AND BOARD MEETING ATTENDANCE

Director	Designation	Annual Stockholders' Meeting	Board and Organizational Meetings
Manuel V. Pangilinan	Chairman / Non-Executive Director	Present	13/13
Ray C. Espinosa ¹	Executive Director	Present	13/13
Anabelle L. Chua	Non-Executive Director	Present	13/13
James L. Go	Non-Executive Director	Present	13/13
Frederick D. Go	Non-Executive Director	Present	13/13
Lance Y. Gokongwei	Vice Chairman / Non-Executive Director	Present	13/13
Lydia B. Echauz	Independent Director	Present	13/13
Jose Ma. K. Lim	Non-Executive Director	Present	13/13
Artemio V. Panganiban	Non-Executive Director	Present	13/13
Pedro Emilio O. Roxas	Lead Independent Director	Present	13/13
Victorico P. Vargas	Independent Director	Present	13/13

1 President and CEO

In 2022, 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 Sustainability Committee Charter
- Review and approval of the Beneficial Ownership Policy
- Screening of nominees to the Board
- Conduct of the 2022 ASM
- Approval of 2023 schedule of Board meetings
- Approval of Recommended Collective Bargaining Agreement (CBA)
- Review and approval of the board committee composition
- Evaluation of compliance to ERC requirements
- Review and approval of business separation and unbundling plan reports
- Review and approval of public-private partnerships

- Approval of construction, development, and commissioning of substation assets
- 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 2022
- 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 President and CEO
- Review and approval of rank conferment, appointment, and extension 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 2023 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

Corporate Secretary and Compliance Officer

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

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

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 MCG and Board Charter. Both of them regularly attend trainings on corporate governance.

Board Committees

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

2022 BOARD COMMITTEE MEETING ATTENDANCE

Director	Finance	Audit	RMC	RPT	Nom & Gov	RLDC	Executive	Sustainability
Manuel V. Pangilinan ¹	N/A	N/A	N/A	N/A	N/A	3/3	4/5	-
Ray C. Espinosa	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anabelle L. Chua ²	12/12	7/7	2/2	2/2	4/4	N/A	N/A	N/A
James L. Go	12/12	6/7	2/2	2/2	4/4	N/A	5/5	N/A
Frederick D. Go	N/A	7/7	2/2	2/2	4/4	N/A	N/A	-
Lance Y. Gokongwei	9/12	N/A	N/A	N/A	N/A	3/3	5/5	-
Lydia B. Echauz ³	12/12	7/7	N/A	N/A	4/4	N/A	N/A	N/A
Jose Ma. K. Lim ⁴	1/1	7/7	2/2	2/2	4/4	N/A	5/5	-
Artemio V. Panganiban ⁵	N/A	7/7	2/2	2/2	N/A	N/A	5/5	N/A
Pedro Emilio O. Roxas ⁶	12/12	7/7	2/2	2/2	4/4	3/3	N/A	-
Victorico P. Vargas	12/12	N/A	N/A	N/A	N/A	3/3	N/A	N/A

1 Chairman, Executive Committee, Remuneration & Leadership Committee, and Sustainability Committee
2 Chairman, Finance Committee from January to November 2022.
3 Independent Director
4 Mr. Jose Ma. K. Lim was appointed as new member and Chairman of the Finance Committee in the November 28, 2022 Board meeting.
5 Chairman, Audit Committee; Lead Independent Director
6 Chairman, Nomination & Governance Committee, and Related Party Transaction Committee; Independent Director

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 five (5) meetings in 2022 and reviewed the following:

- Interim Power Supply Agreement (IPSA)
- Power Supply Agreement with the Original Proponent Terra Solar Philippines Inc. (TSPI)
- MIESCOR Infrastructure and Development Corp. (MIDC) Submission of Offer bid for the Globe Tower Sale and Lease Back
- Third Party Bids and Awards Committee’s (TPBAC) Completeness Review and Report-Recommendation on the Detailed Evaluation of Unsolicited Proposals.

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 three (3) meetings in 2022 and accomplished the following:

- Approval of candidates for rank conferment
- Review of performance evaluation plan results
- Review of the budget for Collective Bargaining Agreement
- Review of merit increase programs
- Review of annual incentive plan
- 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 CEO.

DETAILS OF 2022 BOARD REMUNERATION (IN PHP)

	Remuneration for Board Meetings Attended in 2022	Remuneration for Committee Meetings Attended in 2022	Total
Executive Director			
Ray C. Espinosa	1,680,000	0	1,680,000
Non-Executive Director			
Manuel V. Pangilinan	1,680,000	168,000	1,848,000
Lance Y. Gokongwei	1,680,000	408,000	2,088,000
Anabelle L. Chua	1,680,000	648,000	2,328,000
James L. Go	1,400,000	720,000	2,120,000
Frederick D. Go	1,680,000	360,000	2,040,000
Jose Ma. K. Lim	1,680,000	504,000	2,184,000
Victorico P. Vargas	1,680,000	360,000	2,040,000
Independent Directors			
Pedro Emilio O. Roxas	1,680,000	720,000	2,400,000
Artemio V. Panganiban	1,680,000	384,000	2,064,000
Lydia B. Echauz	1,680,000	552,000	2,232,000
TOTAL INDEPENDENT DIRECTORS	5,040,000	1,656,000	6,696,000
GRAND TOTAL	18,200,000	4,464,000	23,024,000

The Directors and Officers are covered by a Casualty Line Insurance Policy effective until June 27, 2022. 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 Costs, Gross Negligence Manslaughter Defense Costs and Environmental Violation (Defense Costs Including Civil and admin Fines).

For the President 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 bonus linked to the Company's and the individual's performance. Compensation packages and revisions of key Management's remuneration are subject to the review and approval of the RLDC.

The top five (5) key officers of the Company have received an aggregate remuneration of PhP 238 million. 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. Stakeholders 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 four (4) meetings in 2022 and performed the following:

- Reviewed the results of Board, Board Committees, and President and CEO 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 2021
- Reviewed and approved the Human Rights Policy, Revised Social Media Policy, Revised Manual of Corporate Governance, Revised Code of Ethics
- Reviewed the Company's Vision, Mission, and Values Statements
- Discussed the updates on the implementation of Project One Meralco Governance
- Facilitated the annual CG enhancement and continuing education programs

D. Audit Committee (AuditCom)

The AuditCom consists of three (3) independent directors, and four (4) non-executive directors, one of whom, Ms. Annabelle Chua has over twenty (20) years of experience in the areas of accounting, corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. for ten (10) years. The AuditCom is chaired by the lead independent director.

The AuditCom had six (6) meetings in 2022 with the following accomplishments:

Internal Control

- Obtained management's assurance on the adequacy and effectiveness of the Company's internal control system and noted Management's Control Policy
- 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 the unaudited consolidated quarterly financial statements and the audited consolidated annual financial statements of the Company
- Endorsed for Board approval the Audited Consolidated Financial Statements of the Company

Audit Process

- Assessed the independence, performance, and effectiveness of the External Auditors, SGV & Co. CPAs (SGV) taking into consideration their credibility, competence, ability to understand complex transactions, and the adequacy of their quality control procedures. Based on this assessment, SGV was re-nominated by the Committee to the Board 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.
- Held executive sessions with the External Auditors and Internal Audit without the presence of Management. On December 8, 2022, 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 audit plan, scope of work and proposed fees of SGV for audit and non-audit services.
- Reviewed and approved the annual Internal Audit Plan, the related key performance indicators, and all subsequent changes to the Internal Audit Plan, as needed.
- Discussed and dissected the results of audits reported by the Chief Audit Executive in her quarterly and year-end status reports to the Committee.
- 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.
- Assessed the performance of the Subsidiaries' Audit committees
- Reviewed the Internal Audit and Audit Committee Charters on an annual basis for any updates or changes.

Compliance

- Reviewed and assessed Management's processes of monitoring compliance with laws and regulations through Internal Audit.
- Reviewed and assessed subsidiaries' and associate companies' processes of monitoring compliance with laws and regulations.

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. The following activities were accomplished by RMC:

- Reviewed One Meralco’s Key Enterprise Risks Report for the Distribution Utility and Subsidiaries
- Review of Risk Confirmation Statements for submission to Metro Pacific Investments Corp. (MPIC)
- 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.
- Reviewed the integration of Environment, Social, and Governance matters into the Company’s Risk Assessment process.
- 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 twelve (12) meetings in 2022, its major accomplishments were:

- Review and approval of all service and supply contracts in excess of Php50 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 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. The following activities were accomplished by the RPTCom in 2022:

- Discussed and improved the RPT Review Process for Purchase Orders (POs) and Non-POs
- Reviewed the RPT Policy Guidelines
- 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 seven (7) members, including the President and CEO and Chief Sustainability Officer who are both acting as non-voting members, 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.

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 MCG.

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 MCG, 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 22, 2022, entitled “The Metaverse and How it will Transform Business & Human Interaction” by Mr. Matthew Ball and “Proof of Learn: A Philippine Perspective to the Metaverse” by Ms. Sheila Lirio Marcelo. This session covered four (4) hours of governance training and was accredited by the SEC.

2022 ATTENDANCE TO CORPORATE GOVERNANCE TRAINING AND CONTINUING EDUCATION PROGRAMS

Director	Program	Resource Person/ Name of Training Institution
Manuel V. Pangilinan Anabelle L. Chua Ray C. Espinosa Jose Ma. K. Lim Victorico P. Vargas Ret. Chief Justice Artemio V. Panganiban Lydia B. Echauz Pedro Emilio O. Roxas	MVP Group Annual Corporate Governance Enhancement Session: “The Metaverse and How it will Transform Business & Human Interaction” and “Proof of Learn: A Philippine Perspective to the Metaverse”	Mr. Matthew Ball Ms. Sheila Lirio Marcelo
Frederick D. Go	MVP Group Annual Corporate Governance Enhancement Session: “The Metaverse and How it will Transform Business & Human Interaction” and “Proof of Learn: A Philippine Perspective to the Metaverse” Sustainability Masterclass	Mr. Matthew Ball Ms. Sheila Lirio Marcelo JGS Executive Development Program
Lance Y. Gokongwei	Sustainability Masterclass Unbox Extra: The Gokongwei Group Innovation Festival	JGS Executive Development Program JG Summit Digital Transformation
James L. Go	Sustainability Masterclass SEC Granted Mr. James L. Go a permanent exemption from the corporate governance training requirement in its en banc meeting on November 10, 2015.	JGS Executive Development Program

Board, Committee and CEO 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 March 10, 2022, 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, the Chairman, the CEO, and other key officers.

Board, Committee and CEO Performance Assessment Forms

- 1. **Board Self-Assessment** - each director assessed the board performance individually and as a whole based on the following categories:
 - b. Board structure and qualifications
 - c. Board duties and responsibilities
 - d. Duties and responsibilities as an individual director
- 2. **General Board Committee Performance Assessment** – each director assessed the overall performance of the following committees, based on the provisions of the Board Committee Charters.
- 3. **Board Committee Self-Assessment** – each committee member assessed his committee’s performance vis-à-vis the respective charters and SEC’s Guidelines for the Assessment of the Performance of Audit Committee of Companies Listed on the Exchange.
- 4. **President and CEO Performance Assessment** – each director assessed the President & CEO’s leadership, working relations with the Board, communication and working relations with Management.

PERFORMANCE INDICATORS

Financial	Non-Financial
Measures reflecting the financial results and financial position of the Company to the shareholders, such as revenues, consolidated core net income, reported net income, EBITDA, cash and cash equivalents, debt and stockholders’ equity, dividend payouts, etc.	• S-Factor Indicators • System Loss (SL) • System Average Interruption Frequency Index (SAIFI) • System Average Interruption Duration Index (SAIDI) • Momentary Average Interruption Frequency Index (MAIFI) • Time to Process Applications (TPA) • Time to Connect Premises (TCP) • Call Center Performance (CCP) • Guaranteed Service Level (GSL) Metrics

RESPECTING THE RIGHTS OF SHAREHOLDERS

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 MCG.

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 2022:

Declaration Date	Record Date	Payable Date	Rate per Share
February 28, 2022	March 30, 2022	April 26, 2022	PhP 10.226
July 25, 2022	August 23, 2022	September 14, 2022	PhP 5.806

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
- Approval of remuneration or increase in remuneration of directors
- Authorization for issuance of additional shares
- Voting by proxy and attendance in stockholders’ meeting in absentia or through remote communication.
- Authorization of extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company

Right to Vote and Participate Effectively Disclosure and Release of Notice to Annual Stockholders’ Meeting (ASM)

ASM
It is the Company’s policy to encourage stockholders, including institutional and minority stockholders, to attend and actively participate in the ASM. The 2022 ASM was held on Tuesday, May 31, 2022, at 10:00 AM at the Meralco Compound, Ortigas Avenue, Barangay Ugong, Pasig City. In light of the COVID-19 pandemic, the Company conducted its third virtual ASM via live broadcast of the proceedings through the Stockholders Electronic Registration and Voting Express (SERVE). Stockholders 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 February 7, 2022, for submission of proposed agenda and nomination of qualified

To provide shareholders enough time to examine the Company’s information, the ASM Notice was posted on the Company’s website on February 7, 2022. The Definitive Information Statement (DIS) was distributed to the shareholders starting May 2, 2022. Similar to all Company notices and circulars, the ASM Notice is written and published in English.

candidates on or before March 4, 2022. The agenda and nominees were approved by the Board during its meeting on February 7, 2022, and March 28, 2022, respectively.

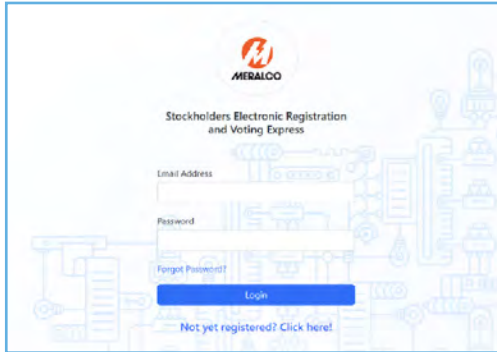
Voting Procedures
The Corporate Secretary reported a quorum with the attendance of stockholders who own or hold a total of 902,548,837 shares or approximately 80.08% of the total issued and outstanding shares of the Company. An electronic system facilitated the registration and vote tabulation to ensure 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 of the Board, Chairman of the AuditCom, Chairman of the RLDC, Chairman of the Nom&Gov, Chairman of the Finance Committee, the Board, President and CEO, 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.



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.

Institutional Investors

Meralco 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.

The complete list of the Public Ownership Report of Meralco as at December 31, 2022, was disclosed to the SEC, PSE, and PDEx on January 11, 2023, where approximately 73.83% of the Company shares are held by principal and strategic shareholders, and the remaining 26.11%

shareholdings are held by directors, officers, employees, the government, other corporations, and other individuals. The Company has a straightforward structure of alliance among its affiliates, and joint ventures. There is no pyramid shareholding structure within the Group. Details of holding

companies, subsidiaries, and other related companies are disclosed in the map showing relationships among the Companies within the Group. (Please refer to Schedule I of Meralco’s SEC Form 17-A for the complete conglomerate map.)

EQUITABLE TREATMENT OF SHAREHOLDERS

Shares and Voting Rights

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

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.

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.

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 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 2022, 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.

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

ROLE OF STAKEHOLDERS

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 Suppliers’ Business Conduct Policy 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.

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. Learning and development initiatives are delivered using the strategic framework of 70-20-10: 70% on-the-job learning, 20% from coaching and feedback, and 10% formal training. In 2022, the average training man-hours is at 42.91 hours per person.

TALENT MANAGEMENT AND DEVELOPMENT	PROGRAM DESCRIPTION
Analyst Curriculum	In Meralco, analysts are the second largest employee group. Their role in the company is vital in the day-to-day operations and there is a need for them to be fully equipped in performing their roles; hence, the Analyst Curriculum was developed. The Analyst Curriculum is composed of eight common competencies that an analyst should possess, namely: (1) Problem Analysis and Solution Formulation, (2) Process Management, (3) Policy Management, (4) Data Management, (5) Project Management, (6) Stakeholder Management, (7) Documents & Records Management, and (8) Risk Management. Meralco has already conducted training programs for 6 out of the 8 competencies in the curriculum, with the last 2 competencies (Policy and Documents & Records Management) for curriculum design.
New Frontiers	New Frontiers is a 20-day/40-half-day program in partnership with the Asian Institute of Management. This program is composed of modules that are linked with Meralco’s leadership competencies and identified job focus areas for middle managers. The curriculum includes modules like Thinking Suite, Strategy Series, Finance and Accounting, Functional Drivers and Enablers, and Leadership and Mastery. It uses a blended learning approach consisting of action learning projects, case studies, gamification, and business simulations. Completion of the course is a minimum requirement for consideration for any future nominations for promotion to EC/SC ranks.
Breakthroughs	Breakthroughs is a twice a week, 3-month classroom / virtual instructor-led training program which aims to equip high potential individual contributors to be ready to take on a first-line leadership position. This program focuses on the important roles and functions expected from a Team Leader and highlights skills like Data Analytics, Developing a Business Mindset, Execution Excellence, and Enhancing Team Performance. E-learning, Case Study, Lecturette, Structured Learning Experiences, Simulation, and Action Learning Projects are utilized as delivery methods. Completion of the course is a minimum requirement for consideration of any future nominations for promotion to TC 1-4 ranks.

LEAP	This is a five-half-day leadership program designed for incumbent team leaders or supervisors in the organization, aimed at aiding them (1) in carrying out the responsibilities expected from supervisor-leaders; and (2) in managing and leading teams and its resources in support of their organization’s business goals.
Meralco Linecrew Training Curriculum I	The Meralco Linecrew Training Curriculum 1, which is intended for apprentice/ linecrew-trainees, is a six- month program which aims to equip linecrew trainees with the necessary knowledge, skills, and attitude to perform duties and responsibilities of a linecrew trainee as an individual and working as part of a crew. At the end of the program, the participants are expected to observe industrial safety practices, apply electrical formula in simple circuits, install and retire line materials and equipment of de-energized overhead line, and assist upper class lineman by acting as the groundman and performing good housekeeping. Through this, we are able to ensure that the Business is supported by a steady supply of skilled workforce to support business requirements.
Meter Technician Curriculum	The Meter Technician Curriculum is divided into three parts: Basic, Specialize, and Supplemental Courses. Each part is anchored on the approved technical competency framework, which serves as the guide for the development of Meter Field Technicians. The training programs and learning interventions were mapped based on the competency descriptors identified. This curriculum aims to provide the participants necessary knowledge and skills to perform their job responsibilities efficiently and safely.
Meralco Cadet Engineering Program	Meralco Cadet Engineering Program (MCEP) is a five- to seven-month onboarding program of Meralco Learning & Development for cadet engineers (newly hired registered electrical engineers) that aims to expose them to the business of Meralco. This program is designed to help cadets gain basic knowledge about Meralco, specializing in the assigned organization. Over the course of this program, cadets will learn theoretical knowledge through classroom sessions and experience them in practical setting to help prepare cadets upon their deployment by immersing them in different offices. During the immersion, cadets will be able to meet and interact with the employees which would also enable understanding of the Meralco culture. Programs were also integrated to develop in the cadets the necessary life skills to be able to upgrade themselves not just professionally but also personally.

Company-wide training programs on corporate governance including those pertaining to anti-bribery and corruption were also implemented in 2022 and participated by 749 senior managers, 754 middle managers, 4,639 rank and file employees, and 707 employees of Company vendors.

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 through variable pay, such as annual performance-based bonuses and variable incentive plan, to reward individual and team performance that contribute to the achievement of corporate goals and objectives.

Long-term incentives include additional compensation conditioned on Meralco's achievement of a specified level of Consolidated Core Net Income (CCNI) 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 CEO and Senior Management

The Company's Board and the Remuneration and Leadership Development Committee (RLDC) is responsible for overall guidance and direction on succession planning

and leadership development of the President and 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 CEO, senior management, middle management, and first line management.

Presently, the succession plan covers the top 600 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 17 candidates 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 remade into "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 Amended Suppliers Business Conduct, 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).

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

Effective Redress for Violation of Stakeholders’ Rights and Means of Communication of Illegal or Unethical Practices by Employees

The e-Report Mo (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.

In 2022, the Company received certain reports of alleged violations and illegal/unethical behavior.

Corporate Governance Office

Manila Electric Company (Meralco)

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

Tel: (+632 1622 2798
Mobile: (+63) 9209484787
Email: cgo.staff@meralco.com.ph

These reports were investigated and accordingly resolved based on the evidence provided and in accordance with the procedures defined in the whistleblowing policy.

NUMBER OF REPORTED CORRUPTION INCIDENTS IN MERALCO

	2020	2021	2022
Under ongoing investigation	0	0	0
Closed with corresponding corrective action	0	0	0
Closed without corresponding corrective action	0	0	0
TOTAL	0	0	0

COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES IN MERALCO

	2020	2021	2022
Board of directors	11	11	11
Senior management	690	750	749
Middle management	696	761	754
Rank-and-file	4,429	4,394	4,639
Project-based/Fixed-term hires	0	0	323
Third-party workers	0	0	0
Business partners	2,762	2,861	707

TRAINING ON ANTI-CORRUPTION IN MERALCO

	2020	2021	2022
Board of directors	11	11	11
Senior management	690	750	749
Middle management	696	761	754
Rank-and-file	4,429	4,394	4,639
Project-based/Fixed-term hires	0	0	323
Third-party workers	0	0	0
Business partners	0	0	707

NUMBER OF REPORTED DISCRIMINATION INCIDENTS IN MERALCO

	2020	2021	2022
Under ongoing investigation	0	0	0
Closed with corresponding corrective action	0	0	0
Closed without corresponding corrective action	0	0	0
TOTAL	0	0	0

DISCLOSURE AND TRANSPARENCY

Transparent Ownership Structure

The following stockholders directly own more than 5% of the Company’s (MER) shares as at December 31, 2022.

Name of Stakeholder and Beneficial Owner	TOTAL SHARES (as of December 31, 2022)	% of TOTAL OUTSTANDING SHARES
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
TOTAL	832,155,439	73.83

Enterprise-Wide
Risk Management

ERM Framework

Meralco adopts the ISO 31000: 2018 as its main model for ERM Framework. Leadership and Commitment sit at the core of the framework, emphasizing the role of top management in setting the strategic direction of the Company and ensuring integration of risk management discipline and practices within its existing management systems, processes, and culture. The Company’s Board, through the Risk Management Committee, provides oversight over the risk management policies and activities of the Company and its subsidiaries and conducts at least a semi-annual review of the Company’s risk management system. The Chief Executive Officer and Chief Risk Officer work together to lead the direction-setting and decision making on risk management strategies, policies, and mitigation measures.

Meralco Risk
Management Process

The Company’s risk management process is a continuous cycle that involves risk identification, analysis, evaluation, and treatment across the different levels and functions of the organization, based on an understanding of the external and internal factors that influence the goals, objectives, as well as the risk management activities of the organization. Based on these considerations, the Company has categorized risks under five (5) general risk umbrellas in its Risk Universe: Regulatory and Corporate Laws; Strategic; Financial; Operational; and Environment,

Meralco’s Enterprise Risk Management (ERM) allows the Company and its subsidiaries to protect and enhance stakeholder value through the creation of a risk governance structure and adoption of mechanisms that effectively manage existing and emerging risks, as well as strengthen the ability of the Company and its subsidiaries to take on additional risks accompanying new growth opportunities.

Social, and Governance (ESG), which have been integrated for the first time in 2022 into One Meralco’s ERM process to more fully capture the existing and potential impact of its business to the environment and its stakeholders, and therefore ensure that these are addressed and mitigated in line with its ESG objectives.

Regulatory, Political, Human Resources, Power Supply and Demand, and Fuel Price Risks are the top five (5) Key Enterprise Risks of the Company and its subsidiaries as at December 31, 2022.

1. Regulatory Risks captures the risk that issuances or changes in existing regulations, or decisions on cases and issues, would be unfavorable to the Company. Note that Meralco operates in a heavily regulated industry and is subject to various policies, rules and regulations that govern its operations. The Energy Regulatory Commission (ERC) provides oversight of Meralco’s activities and sets and adjusts tariffs, approves power supply agreements, oversees the implementation of energy policies, and decides on various cases related to the energy industry. As such, any changes in regulations, as well as regulatory decisions by relevant authorities that could be disadvantageous for the company can have a significant impact in its operations and financial performance. This risk is mitigated by proactively engaging with regulators to better understand the

regulatory environment and advocate for policies that support its operations, participating in public consultations, providing feedback on proposed regulations, and building relationships with key decision-makers.

2. Political Risk refers to various factors such as changes in government policies and regulations impacting the electricity industry (e.g., adjustments in power rates, changes in the terms of its franchise agreement), shifts in political regimes, economic slowdowns, and the emergence of new competitors in the market that have an impact on the company’s financial performance. Meralco engages with key stakeholders, including government officials, community leaders, and customers, to build relationships and better address stakeholder concerns. Meralco, likewise, participates in industry associations, supports research and development efforts, and proactively coalesces and engages with policymakers both at the national and local levels, as well as regulatory bodies that oversee the energy sector to ensure that its operations are in compliance with regulatory standards and aligned with government policies and priorities.

3. Human Resource Risk has recently been identified as one of The Company’s Key Enterprise Risks. The scarcity of highly skilled workers in the Philippines has also affected



Meralco, specifically in the fields of information technology, engineering, and cybersecurity. This risk is mitigated by implementing the following strategies: capacity planning and workforce review to anticipate future workforce needs and identify potential skill gaps; succession planning and placement for key leadership positions; and other activities such as knowledge transfer, coaching, training of existing pool to upgrade current skill sets and regular updating of individual development plans to continuously equip employees with the needed knowledge and skills to perform their functions effectively.

4. Power Supply and Demand Risk stems from operational factors such as the shutdown of power plants, transmission lines, and other critical infrastructure for maintenance or unplanned repairs that leads to outages, supply shortages, and the need to procure more expensive fuel sources or alternatives. Additional factors to be taken into account include the growing demand from consumers for renewable energy, as companies become increasingly aware of the environmental impact of their activities, in contrast with the limited availability of renewable energy resources in the country. Supply Side mitigation include securing long-term Power Supply Agreements to ensure steady, affordable, and reliable supply to Meralco's customers. Long-term strategies to address supply and demand risk include new investments that will allow Meralco to diversify its power sources. Through its various subsidiaries, the company is growing its renewable energy investments such as solar, wind, and hydro power, as well as traditional power sources such as coal and natural gas.

5. Fuel Price Risk refer to increases in fuel price that can

significantly affect the cost that Meralco's energy providers incur, such as global events and other macro-economic factors that could trigger volatility in the global oil and gas markets (e.g., global supply cuts, geopolitical tensions, inflation); and is mitigated by using various hedging strategies and financial contracts with counterparties to lock in prices for fuel, to help protect the Company from price volatility in the fuel market.

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. Through the Cybersecurity Office, the Management provides the strategic direction and adequate resources to manage appropriately the information security risks of the organization. Management reviews and approves the information security policies ensuring that the implementation of information

security management system requirements is coordinated and integrated in the relevant processes across the organization, and adequate resources are in place and establishes clear assignment and designation of authority for the information security roles and responsibilities across line organizations.

The Company adopts an Information Security Policy that adheres with the ISO/IEC 27001 Information Security Management standards. This policy guides the Meralco workforce in supporting the company thrust and in managing and protecting the Company's information assets. This forms the foundation for building strategies and controls for mitigating cybersecurity risk within Meralco. The policy provides mechanisms to help identify areas for improvement, protect from possible cyber threats, detect cyber related attacks, quickly respond, and recover during incidents that may compromise the security of information assets and critical infrastructure.

Environmental, Social, and Governance (ESG) Information

Meralco 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 discloses its policies and practices on the management of ESG issues, in accordance with the GRI Standards, SASB Standards for Electric Utilities and Power Generators as well as the TCFD Recommendations.

Directors’ and Officers’ Dealings in Company Shares

SHAREHOLDINGS OF DIRECTORS AND KEY OFFICERS AS AT DECEMBER 31, 2022

Names	JAN. 1, 2022	Buy	Sell	DEC. 31, 2022	Direct Holdings	Indirect Holdings	Total Shares	% to Total Shares
Directors								
1. Manuel V. Pangilinan	55,000	0	-	55,000	55,000	-	55,000	0.005
2. Lance Y. Gokongwei	10,010	9,303	-	19,313	19,313	-	19,313	0.002
3. Ray C. Espinosa	51,000	5,000	-	56,000	56,000	-	56,000	0.005
4. Anabelle L. Chua	16,060	5,000	-	21,060	21,060	-	21,060	0.002
5. Lydia B. Echauz	1,100	-	-	6,100	6,100	-	6,100	0.001
6. Frederick D. Go	10,030	-	-	10,030	10,030	-	10,030	0.007
7. James L. Go	194,450	5,000	-	199,450	199,450	-	199,450	0.018
8. Jose Ma. K. Lim	55,010	20,000	-	75,010	75,010	-	75,010	0.007
9. Artemio V. Panganiban	14,001	-	-	14,001	14,001	-	14,001	0.001
10. Pedro Emilio O. Roxas	1,000	-	-	1,000	1,000	-	1,000	0.000
11. Victorico P. Vargas	8,917	-	-	13,917	13,917	-	13,917	0.005
Officers								
12. Simeon Ken R. Ferrer	767	-	-	767	767	-	767	0.000
13. Roberto R. Almazora	93,082	-	-	93,082	93,082	-	93,082	0.008
14. Ronnie L. Aperoch	14	-	-	14	14	-	14	0.000
15. William S. Pamintuan	-	-	-	-	-	-	-	0.000
16. Betty C. Siy-Yap	-	-	-	-	-	-	-	0.000
17. Maria Luisa V. Alvendia	-	-	-	-	-	-	-	0.000
18. Edgardo V. Carasig	-	-	-	-	-	-	-	0.000

19. Ferdinand O. Geluz	12,877	3,000	-	15,877	15,877	-	15,877	0.001
20. Melanie T. Oteyza	-	-	-	-	-	-	-	0.000
21. Jose Ronald V. Valles	-	-	-	-	-	-	-	0.000
22. Antonio M. Abuel, Jr.	10,427	-	2,500	7,927	7,927	-	7,927	0.001
23. Francis Euston R. Acero ¹	500	-	-	500	500	-	500	0.000
24. Ireneo B. Acuna	18,355	-	-	18,355	18,355	-	18,355	0.002
25. Patrick Dave B. Bacani	-	-	-	-	-	-	-	0.000
26. Joseph L. Amosco ¹	5,198	-	-	5,198	5,198	-	5,198	0.000
27. Roque D. Bacani	-	-	-	-	-	-	-	0.000
28. Bennette D. Bachoco	-	-	-	-	-	-	-	0.000
29. Joseph Allan C. Baltazar	-	-	-	-	-	-	-	0.000
30. Rita D. Bantigue	-	-	-	-	-	-	-	0.000
31. Sante C. Buella ¹	-	-	-	-	-	-	-	0.000
32. Ricardo Carmelo D. Buenafe ¹	5,070	-	-	5,070	5,070	-	5,070	0.000
33. Alberto N. Castillo ¹	600	-	-	600	600	-	600	0.000
34. Ricardo L. Concepcion ¹	-	-	-	-	-	-	-	0.000
35. Benjamin U. Cusi ²	24,050	-	-	24,050	24,050	-	24,050	0.002
36. Jenevi L. Dela Paz ³	-	-	-	-	-	-	-	0.000
37. Ma. Cecilia M. Domingo	1,495	-	-	1,495	1,495	-	1,495	0.000
38. Lawrence S. Fernandez	4,500	-	-	4,500	4,500	-	4,500	0.000
39. Maria Carmela T. Migriño ⁴	-	-	-	-	-	-	-	0.000
40. Richard O. Ochava ³	-	-	-	-	-	-	-	0.000
41. Charina P. Padua	41,609	1000	-	42,609	42,609	-	42,609	0.004
42. Raymond B. Ravelo	-	-	-	-	-	-	-	0.000
43. Glen N. San Pedro	-	-	-	-	-	-	-	0.000
44. Jerry B. Lao ¹	-	-	-	-	-	-	-	0.000
45. Erville D. Magtubo ¹	-	-	-	-	-	-	-	0.000
46. Jose S. Reyes, Jr.	8,827	-	-	8,827	8,827	-	8,827	0.001
47. Froilan J. Savet	8,435	-	-	8,435	8,435	-	8,435	0.001
48. Jeffrey O. Tarayo ¹	-	-	-	-	-	-	-	0.000
49. Jose Antonio T. Valdez ⁴	-	-	-	-	-	-	-	0.000
50. Maria Zarah R. Villanueva-Castro	-	-	-	-	-	-	-	0.000
51. Agapito R. Zaldarriaga	10,369	-	-	10,369	10,369	-	10,369	0.001
52. Ma. Cynthia C. Soluren	11,575	-	-	11,575	11,575	-	11,575	0.001
TOTAL	674,328	55,830	2,500	730,131	730,131	0	730,131	0.075

¹ Rank Conferment effective January 1, 2022.
² Mr. Benjamin U. Cusi retired effective November 30, 2022.
³ Redeployed/Reassigned to external role effective May 31, 2022.
⁴ Ms. Maria Carmela T. Migriño resigned effective November 1, 2022. 5 Mr. Jose Antonio T. Valdez resigned effective February 15, 2022.

Audit

Internal Audit

Meralco’s Internal Audit (IA) unit adopts a risk-based 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 governance, risk management, internal controls, and compliance systems.

The 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 Internal Audit Group 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 Group’s 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 biannually as a result of the combined risk and control assessment of the Management and Internal Audit including the scope of audit review for the financial year.

IA is headed by the Group Chief Audit Executive and First Vice President, Ms. Melanie T. Oteyza, who reports functionally to the AuditCom and administratively to the President and CEO, as outlined in the Company’s Internal Audit Charter. The appointment and removal of the Chief Audit Executive require the approval of the AuditCom.

All internal auditors are members of the Institute of Internal Auditors and adopts the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework. 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, Registered

Electrical Engineers and others with Certification in Control Self-Assessment, Certification in Risk Management Assurance, and Qualification in Internal Audit Leadership.

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. IA also provides a confirmation of their independence 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 reappointment of SGV was thereafter confirmed by the shareholders in the ASM held on May 31, 2022.

CONSOLIDATED EXTERNAL AUDITOR’S FEES* (in million PhP)

Financial Statements Audit*	2021	2022
Financial Statements Audit	18.1	19
Audit of financial statements in accordance with the requirements of the Business Separation and Unbundling Plan of the ERC and Audit of universal charge reports as required by PSALM	0.7	0.7

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

Medium of Communication

Quarterly Reports

The Company reports its quarterly and full-year financial results through the SEC, PSE, and PDEx to provide its shareholders, its 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 the President and CEO, with the CFO, Investor Relations Office, and other leaders, 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 Meralco’s products and services as well as the following corporate governance information:

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

**Timely Filing/Release
of Annual/Quarterly
Financial Reports**

The Company’s 2022 Audited Financial Statements were released on March 1, 2023, 60 days after financial year-end. The true and fair representation of the Annual Financial Reports was affirmed by the Board through the Chairman, President and CEO, and CFO of the Company on the Statement of Management’s Responsibility section of this Annual Report. This can be accessed at the Company website.

Investor Relations

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

Stories of Light:
**Meralco celebrates and
promotes good governance
in CG Week 2022**



In November 2022, Meralco held its first-ever Group-wide Corporate Governance (CG) Week with the theme “Turning Awareness into Action”.

Meralco’s Corporate Governance Office (CGO), in partnership with the Good Governance Advocates and Practitioners of the Philippines (GGAPP), spearheaded initiatives to raise awareness across One Meralco on the role of corporate governance in the private sector as well as on the Company’s governance policies

and programs, highlighting that maintaining good governance in the organization is the responsibility not only of the Company’s senior management but also of every employee.

As part of the week-long initiative, Meralco conducted a webinar on social media ethics and etiquette, which covered topics such as principles of ethical social media use, legal responsibility on social media usage, and the Company’s Revised Social Media Policy. Meralco also held numerous sessions for eight of its subsidiaries to share best practices on corporate governance. Furthermore, the Company launched a photography contest where entrants submitted photos showcasing Meralco’s governance principles of Fairness, Accountability, Integrity, Transparency, and Honesty (FAITH).

Another key highlight of the CG Week was the formation of a One Meralco-wide council of CG Champions. This group of CG advocates from Meralco and its subsidiaries will help align the corporate governance policies across the Group and promote best practices across the organization. Finally, the CGO also launched the Corporate Governance Portal, an online platform where employees can access Meralco’s governance

policies, trainings, information materials, and updates as well as report employee violations.

As a testament to the Company’s robust and effective corporate governance framework and programs, Meralco was recognized in December 2022 with an ASEAN Asset Class Award—an annual recognition given to companies across Southeast Asia that have demonstrated outstanding corporate governance practices—for attaining a score of 100.9 in the 2021 ASEAN Corporate Governance Scorecard regional assessment. A month later, Meralco was awarded three Golden Arrow Awards by the Institute of Corporate Directors for its outstanding performance in the 2022 domestic assessment.

Moving forward, Meralco will continue being a champion of good governance—aligned with SDG 16: Peace, Justice, and Strong Institutions—by heightening its support for its subsidiaries through efforts such as policy review, implementation, and training.

Sustainability Governance: Institutionalizing Sustainability Leadership



Sustainability is at the core of One Meralco’s strategy and operations. To embed sustainability in the Group’s strategic growth, Meralco established its Sustainability Office in September 2019, immediately after President and CEO, Atty. Ray C. Espinosa, assumed office and placed sustainability at the top of his agenda. The Sustainability Office is mandated to drive sustainability within One Meralco and champions Group-wide sustainability direction and long-term goals. In January 2020, Meralco appointed its first Chief Sustainability Officer (CSO), Raymond B. Ravelo,

who reports directly to the President & CEO, ensuring that the Group’s sustainability agenda is aligned with and has the strong support of the top leadership. As a result of this direct engagement with the President & CEO, in March 2021, Meralco established a Board-level Sustainability Committee that helps ensure the Company and its subsidiaries align with and adopt coherent sustainability strategies, frameworks, policies, and programs.

The establishment of Meralco’s Board-level Sustainability Committee and the approval of a Sustainability Committee Charter is a strong push forward, boosting the work and impact of the Company’s Sustainability Office. As a result, sustainability was added as a core value of Meralco in 2021, with both senior leadership and Group-wide employees echoing the official value statement:

“Sustainability is the core of all we do. We work to power our communities, to preserve our planet, to empower our people, and to create prosperity for all.”

The SO is comprised of two units:

STRATEGY AND REPORTING

This organization is responsible for developing One Meralco’s sustainability agenda and integrating it into the Group’s corporate objectives and strategies. It also spearheads the development and periodic update of the Group’s long-term sustainability strategy. It likewise identifies ESG metrics and determines appropriate baselines and targets that accurately capture the Group’s sustainability performance.

As a thought partner and adviser to senior and middle managers, this unit supports and enables organizations in One Meralco to ideate, develop, and monitor sustainability strategies and programs at the business unit level, ensuring alignment with and promotion of corporate sustainability goals and thrusts.

Additionally, this group is in charge of measuring and monitoring sustainability performance as well as ensuring accountability and transparency across One Meralco. It is also responsible for capturing and codifying the Group’s sustainability efforts and outcomes—in line with global ESG reporting standards and best practices—through the annual sustainability disclosure required by the Securities and Exchange Commission.

Finally, this unit facilitates engagement with ESG rating agencies, which produce independent ESG reports used by Meralco to assess and improve its overall sustainability performance.

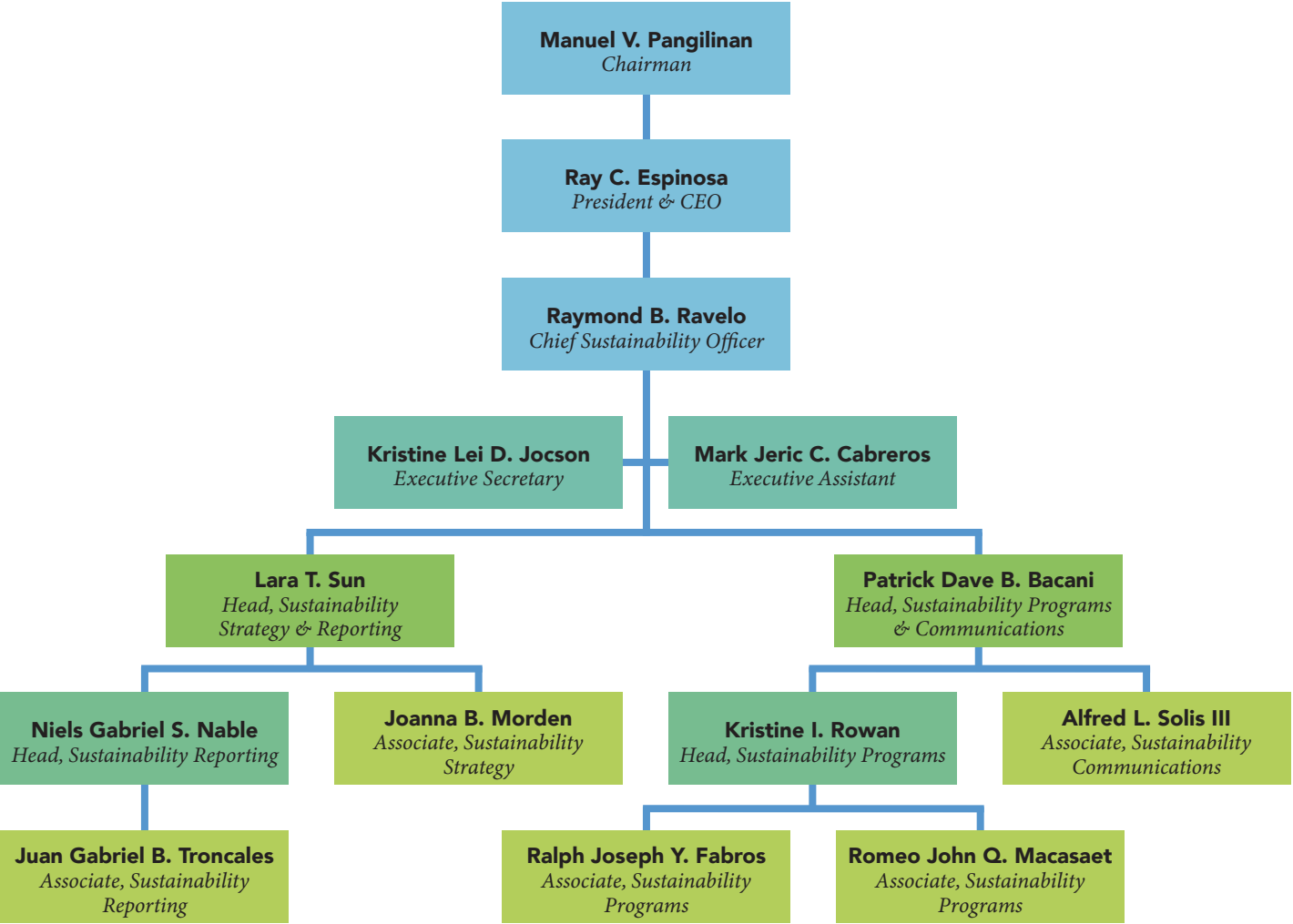
PROGRAMS AND COMMUNICATIONS

This organization leads and guides the effective and efficient execution of sustainability programs across One Meralco. The team drives and integrates key cross-functional and cross-organizational programs, including Green Mobility, Resource Conservation and Efficiency, Race to Zero Waste, and #Mbrace Diversity & Inclusion.

This unit also assists and empowers the Group’s organizations in implementing their own sustainability initiatives through targeted support for specific workstreams, provision of sustainability frameworks and tools, and sharing of subject matter expertise.

Furthermore, the team fosters program-specific partnerships with external organizations (e.g., nonprofit organizations, government agencies) to promote not only knowledge and best practice sharing but also alliance-building towards the collective achievement of the SDGs.

Lastly, this group is responsible for increasing awareness on sustainability both within the Group as well as among external stakeholders and the general public, employing various communication channels like Meralco’s digital platforms, webinars, TV, and print.



Appendices

ESG Reporting Process

One Meralco believes that measuring and disclosing its sustainability performance is key to accelerating the pace with which it achieves its goal of powering good lives for Filipinos. As such, it continues to enhance and enrich its environmental, social, and governance (ESG) reporting using globally recognized reporting standards to effectively track and manage its performance and progress.

In 2022, One Meralco continued developing its disclosures aligning with the TCFD Guidance to improve its oversight and management of climate-related risks and opportunities. Aligning the Group’s disclosures with the TCFD’s recommendations informs critical investment decisions in the long term as One Meralco addresses physical and transitional climate risks.

One Meralco employs a methodical and comprehensive process in crafting its Combined Annual and Sustainability Report (CASR) to ensure that all data and information presented are accurate and sufficiently capture the Group’s ESG performance. This scientific approach includes a series of sustainability sessions, workshops, and assessments involving the Group’s senior management, unit heads, and data providers.

A. Materiality

GRI 3-1 | GRI 3-2 | GRI 3-3

Each year, One Meralco evaluates ESG issues deemed most material to its businesses in light of stakeholder concerns and global best practices. In the assessment process, key stakeholders from the Group’s business units review, discuss, and validate (1) global, national, and industry sustainability contexts affecting One Meralco, (2) ESG reporting standards and local reportorial requirements, and (3) key sustainability risks and opportunities. Through this exercise, One Meralco ensures that the ESG topics it deems material are relevant and aligned with the imperatives and expectations of the Group’s stakeholders.

Powering the Good Life

Power

Affordability
Accessibility
Reliability
Clean Energy

Planet

Climate Change
Air Quality
Water and Effluents
Waste

People

Human Capital
Labor Relations
Diversity & Inclusion
Occupational Health & Safety
Remuneration
Training & Development
Employee Engagement

Prosperity

Economic Impact
Customer Enablement
Community Engagement
Supply Chain
Governance

B. Stakeholder Engagement

GRI 2-29

Meralco’s sustainability agenda is made stronger by its stakeholders’ collective voice and action. As the country’s premier power distribution company, Meralco impacts the critical operations of the government and private firms—the sectors most capable of driving the country towards sustainable development. In addition, a good majority of the population still working from home relies upon Meralco to power their productivity. Households with children studying online also depend on the Company to light up their homes. Meralco also delivers on expectations set by its own employees and investors.

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To ensure that it continues to optimally serve its stakeholders, Meralco keeps a close pulse on what truly matters to them. The Company arranges high-level dialogues and town hall meetings and taps various feedback channels to enrich Board- and management-level decision-making with stakeholder feedback. Information gleaned from top to bottom and bottom-up informs Meralco’s corporate decisions and helps widen its positive ESG impacts.

C. Data Collection and Verification

This 2022 Combined Annual and Sustainability Report includes disclosure of material ESG data that adequately captures One Meralco’s impact on its stakeholders. In preparing this report, the Group, through Meralco’s Sustainability Office, collected and assembled various ESG data points from each of its business units and subsidiaries. Whenever possible, the Group analyzed three (3) years of data to illustrate year-on-year variations. Key internal stakeholders within the Group reviewed and vetted all ESG data disclosed in this report for completeness and accuracy. Upon completion of data collection and analysis, the report was validated by Meralco’s ESG external assurance partner, DNV.

Stakeholder Engagement

STAKEHOLDER GROUP	CONCERNS RAISED		ONE MERALCO'S RESPONSE	MODES OF ENGAGEMENT
Customers	• Bill amount and bill details • Service Application Status Inquiry • Inquiries regarding payment • Payment processes	• Bill details are provided by Meralco • The Customer Care Representative looks for the status of the service application and informs the customer.	• Meralco Business Centers and Bayad Centers • Meralco hotline • Social media (Facebook, Twitter, Instagram, LinkedIn • Email and SMS • Letters and notifications by postal mail • Meralco Online and Meralco Mobile App • Television, radio, and print media Customer satisfaction surveys	
Communities	• Continuation of household electrification of indigent families • Continuation of support for school electrification for far-flung areas especially with the increasing use of technology during the pandemic. • Continuation of CSR initiatives	• Community townhalls and consultations • School administration, faculty and Parent-Teachers consultations per school • Collaboration with LGUs in CSR program implementation • Community involvement in CSR initiatives planning involving climate change mitigation, disaster relief and resilience, livelihood, and education	• Community visits • LGU consultations • SMS and phone communications	
Employees	• Salaries and benefits • Training and career development opportunities • Job promotion opportunities • Workplace safety and environment • Work-life balance • Improvement of office systems and protocols • Internal communication structure and channels • Grievance mechanisms COVID-19 related concerns in the workplace	• Regular review of compensation packages • Regular professional training and career growth opportunities • Recognition programs • Online team-building and social activities • Regular review and improvement of communication structure and channels • Improvement of HR policies and programs • Updates through internal memos • Continuing use of Code Light Bot and remote working arrangements • Dissemination of return to office guidelines and support	• Union and town hall meetings • Online programs, seminars, and discussions • Employee performance evaluation • One Meralco Pulse Surveys (biennial) • CBA negotiations (every three years)	
Investors & Shareholders	• Return on investment • Company performance and growth • Transparency and due diligence • Increasing focus on ESG	• Online communications with investors on shareholders on latest developments by the company • Timely and transparent disclosures • Increasing use of the website to show presentations alongside quarterly results press releases • The launch of the sustainability microsite for ESG focused investors	• Investor meetings and conference calls • Annual Stockholders' Meeting • Meralco website	
Government & Regulators	• Compliance to regulations and policies • Payment of taxes • Energy price, availability, and reliability • Renewable energy integration	• Regular review of internal company policies and systems to ensure compliance to regulations and policies • Punctual payment of taxes to governme • Transparent disclosure in Annual Report and Sustainability Report • Internal and external audits • Close collaboration with government agencies to ensure uninterrupted power supply during the community quarantine period	• Meetings • Conferences • Correspondence through emails and phone calls • Hearings	
Suppliers & Contractors	• Impact of the pandemic to companies • Compliance to Meralco's sustainability requirements indicated in the scorecard	• Continuing guidance and implementation of the Meralco Supplier Sustainability Scorecard (MS³) • Transition to purely online communication for transactions through the SUS portal • Conducting performance improvement plan discussions with suppliers who received low ratings in the vendor performance evaluation. • Submission of government documentary requirements to Meralco.	• Accreditation process • Online meetings and calls	

Material Topics

Economic

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Direct economic contribution	One Meralco	With Performance as one of its Corporate Values, One Meralco ensures that it delivers the best value that helps develop economic systems at the local, national, and global level.	Economic Performance GRI 201
Indirect economic contribution	One Meralco	With Malasakit (lit. ‘concern’) as one of its Corporate Values, One Meralco believes that it is within its responsibility to go beyond generating financial value for its stakeholders. As such, the Group strives to implement services and programs that uplift the economic conditions of its stakeholders.	Indirect Economic Contribution GRI 203 Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.4
Effective demand-side management	Meralco, Clark Electric, MEP, Shin Clark	Meralco, Clark Electric, MEP, and Shin Clark recognize that the supply of electricity in the Philippines is much lower than the demand. As such, the Companies ensure that demand-side management is introduced to customers while aiming at reducing total cost of meeting energy demand, thereby ensuring reliability of electricity.	End-Use Efficiency and Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3
Power supply availability & reliability	Meralco, Clark Electric, MEP, Shin Clark	Recognizing that electricity is an essential need of society, Meralco, Clark Electric, MEP, and Shin Clark ensure that their services are affordable, accessible, and reliable for their customers.	Grid Resiliency SASB IF-EU-550a.1
Energy affordability	Meralco, Clark Electric, MEP, Shin Clark		Energy Affordability SABS IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4

Environmental

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Optimization of operations & prudent resource management	One Meralco	One Meralco embraces environmental stewardship. As a conglomerate that heavily relies on natural resources to deliver its products and services, it commits to be mindful in prudently utilizing its natural capital.	Energy GRI 302 Water and Effluents GRI 303
Effective environmental impact management	One Meralco	As in any business, One Meralco’s operations generate waste that result in pollution. The Group thus believes that proper management systems and preventive measures shall be set in place to reduce its ecological impact.	Biodiversity GRI 304 Emissions GRI 305
Integration of climate action into business strategy	One Meralco	With Accountability as one of its Corporate Values, One Meralco acknowledges that it is part of the sector that produces the highest amount of GHG emissions in the world. As such, the Group strives to lower its emissions to help mitigate climate change.	Effluents and Waste GRI 306 Greenhouse Gas Emissions & Energy Resource Planning SASB IF-EU-110a.1 SASB IF-EU-110a.2 SASB IF-EU-110a.3 SASB IF-EU-110a.4 Air Quality SASB IF-EU-120a.1 Water Management SASB IF-EU-140a.1 SASB IF-EU-140a.2 SASB IF-EU-140a.3

Social

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Provision of employee training & career development	One Meralco	With Empowerment as one of its Corporate Values, One Meralco engenders an environment that allows its employees to advance their professional careers.	Training and Education GRI 404
Workplace safety	One Meralco	One Meralco treats its employees as its most valued resource, treating them with dignity and full consideration of their interests. The Group thus recognizes that keeping its employees safe, through health and safety management systems and policies, is its due diligence to its workers.	Occupational Health and Safety GRI 404 Workforce Health and Safety SASB IF-EU-320a.1
Workplace management	Meralco, Clark Electric, MEP, Shin Clark	One Meralco realizes that its employees are essential in achieving its goals. The Group thus commits to adopting global best employee management practices to ensure employee satisfaction.	Employment GRI 401 Diversity and Equal Opportunity GRI 405 Non-discrimination GRI 406
Effective service delivery & customer communication	One Meralco	With Customer Service as one of its Corporate Values, One Meralco puts prime importance in efficiently addressing the needs of its customers as well as providing necessary and correct information to ensure inclusivity, reliability, and good customer experience.	Energy Affordability SASB IF-EU-240a.3 SASB IF-EU-240a.4 End-use Efficiency & Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3 Grid Resiliency SASB IF-EU-550a.2
Strengthened cybersecurity and customer privacy	Meralco	As Meralco adopts efforts to digitalize many of its systems, the Company prioritizes data privacy and data breach prevention through secure cyber systems.	Customer Privacy GRI 418 Grid Resiliency SASB IF-EU-550a.1
Proactive community engagement	One Meralco	With Makabayan (lit. patriotic) as one of its Corporate Values, One Meralco seeks to create shared value in the communities, especially those that are poor and marginalized, within or near its areas of operation.	Energy Affordability ASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4

Governance

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Strict compliance with laws & regulations	One Meralco	One Meralco is heavily regulated by the government and thus ensures that the Group strictly adheres to national policies and regulations, and that it maintains good relations with local regulatory agencies.	General Disclosures GRI 102-16 to 102-37
Observance of ethical business practices	One Meralco	With Integrity as one of its Corporate Values, One Meralco conducts all of its business operations and transactions in an ethical manner.	
Effective & efficient risk management	One Meralco	With the ever-evolving industry landscape, One Meralco recognizes it is essential to have foresight of risks inherent to its various businesses and how these change over time.	Anti-corruption GRI 205 Anti-competitive Behavior GRI 206
Robust corporate governance	One Meralco	One Meralco ensures that its competitiveness and profitability are sustained in a manner that puts forward the best interest of its stakeholders through a robust corporate governance.	

Power

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Affordability	Meralco, Clark Electric, MEP, Shin Clark	Recognizing that electricity is an essential need of society, Meralco, Clark Electric, MEP, and Shin Clark ensure that their services are affordable, accessible, and reliable for their customers.	Energy Affordability SABS IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4 End-Use Efficiency and Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3
Accessibility	Meralco	Meralco, Clark Electric, MEP, and Shin Clark recognize that the supply of electricity in the Philippines is much lower than the demand. As such, the Companies ensure that demand-side management is introduced to customers while aiming at reducing total costs of meeting energy demand, thereby ensuring reliability of electricity.	IF-EU-000.A IF-EU-000.
Reliability	Meralco, Clark Electric, MEP, Shin Clark		Grid Resiliency SASB IF-EU-550a.1
Clean Energy	MGen, Spectrum	As such, in support of SDG 7: Affordable and Clean Energy, One Meralco is working to realize a future where powering society's progress runs parallel with environmental stewardship.	IF-EU-420a.3 IF- EU-000.E

Planet

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Climate Action	One Meralco	With Accountability as one of its Corporate Values, One Meralco acknowledges that it is part of the sector that produces the highest amount of GHG emissions in the world. As such, the Group strives to lower its emissions to help mitigate climate change.	Greenhouse Gas Emissions & Energy Resource Planning SASB IF-EU-110a.1 SASB IF-EU-110a.2 SASB IF-EU-110a.3 SASB IF-EU-110a.4 GRI 305: Emissions 2016
Air Quality	One Meralco		Air Quality SASB IF-EU-120a.1
Water Management	One Meralco	As in any business, One Meralco's operations generate waste that result in pollution. The Group thus believes that proper management systems and preventive measures shall be set in place to reduce its ecological impact.	GRI 303: Water and Effluents 2018 GRI 306: Waste 2020
Integration of climate action into business strategy	One Meralco	One Meralco embraces environmental stewardship. As a conglomerate that heavily relies on natural resources to deliver its products and services, it commits to be mindful in prudently utilizing its natural capital.	Water Management SASB IF-EU-140a.1 SASB IF-EU-140a.2 SASB IF-EU-140a.3

People

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Workforce Profile	One Meralco	One Meralco employs a recruitment process that is fair, ethical, and inclusive. It is an equal-opportunity employer and hires qualified candidates regardless of gender, socioeconomic status, religion, age, and ethnicity. The Group continuously also attracts top talents to meet the fast-changing needs of the organization.	GRI 2-7 Employees GRI 2-8 Workers who are not employees
Talent Resourcing	One Meralco		GRI 401: Employment 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016
Remuneration and Incentives	One Meralco	One Meralco realizes that its employees are essential in achieving its goals. The Group thus commits to adopting global best employee management practices to ensure employee satisfaction.	GRI 402: Labor/ Management Relations 2016 GRI 407: Freedom of Association and Collective Bargaining 2016
Diversity and Inclusion	One Meralco		
Labor Relations	Meralco		
Employee Health and Safety	One Meralco	One Meralco treats its employees as its most valued resource, treating them with dignity and full consideration of their interests. The Group thus recognizes that keeping its employees safe, through health and safety management systems and policies, is its due diligence to its workers.	GRI 403: Occupational Health and Safety 2018 Workforce Health and Safety SASB IF-EU-320a.1
Training and Development	One Meralco	With Empowerment as one of its Corporate Values, One Meralco engenders an environment that allows its employees to advance their professional careers.	GRI 404: Training and Education 2016
Employee Engagement	One Meralco		

Prosperity

MATERIAL TOPICS	REPORTING BUSINESS UNITS	RELEVANCE	RELATED GRI AND SASB STANDARDS TOPICS
Economic Performance	One Meralco	With Performance as one of its Corporate Values, One Meralco ensures that it delivers the best value that helps develop economic systems at the local, national, and global level.	GRI 201: Economic Performance 2016 GRI 203: Indirect Economic Impacts 2016
		With Malasakit (lit. ‘concern’) as one of its Corporate Values, One Meralco believes that it is within its responsibility to go beyond generating financial value for its stakeholders. As such, the Group strives to implement services and programs that uplift the economic conditions of its stakeholders.	Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.4
Customer Service (Customer Enablement)	Meralco	As Meralco adopts efforts to digitalize many of its systems, the Company prioritizes data privacy and data breach prevention through secure cyber systems.	GRI 418: Customer Privacy 2016 Grid Resiliency SASB IF-EU-550a.1 SASB IF-EU-550a.2
		With Customer Service as one of its Corporate Values, One Meralco puts prime importance in efficiently addressing the needs of its customers as well as providing necessary and correct information to ensure inclusivity, reliability, and good customer experience.	Energy Affordability SASB IF-EU-240a.3 SASB IF-EU-240a.4 End-use Efficiency & Demand SASB IF-EU-420a.1 SASB IF-EU-420a.2 SASB IF-EU-420a.3
Procurement Practices (Supply Chain)	One Meralco	One Meralco’s ecosystem consists of many constituents, including a broad and deep chain of companies which are essential cogs in the wheels of the economy. Committed to nation-building and powering progress for local enterprises, the Group purposefully sources its goods and services from Philippine-based suppliers amid foreign counterparts being available.	GRI 204: Procurement Practices 2016 GRI 414: Supplier Social Assessment 2016
Community Engagement	One Meralco	With Makabayan (lit. patriotic) as one of its Corporate Values, One Meralco seeks to create shared value in the communities, especially those that are poor and marginalized, within or near its areas of operation.	Energy Affordability SASB IF-EU-240a.1 SASB IF-EU-240a.2 SASB IF-EU-240a.3 SASB IF-EU-240a.4
Corporate Governance	One Meralco	One Meralco ensures that its competitiveness and profitability are sustained in a manner that puts forward the best interest of its stakeholders through a robust corporate governance.	
		One Meralco is heavily regulated by the government and thus ensures that the Group strictly adheres to national policies and regulations, and that it maintains good relations with local regulatory agencies.	GRI 2: General Disclosures 2021 (GRI 2-9 to GRI 2-20) GRI 205: Anti-corruption 2016
		With Integrity as one of its Corporate Values, One Meralco conducts all of its business operations and transactions in an ethical manner.	GRI 206: Anti-competitive Behavior 2016
		With the ever-evolving industry landscape, One Meralco recognizes it is essential to have foresight of risks inherent to its various businesses and how these change over time.	

ESG Data: Power

Energy Sales

AMOUNT OF ENERGY SOLD TO RESIDENTIAL CUSTOMERS (in kWh)						
Month	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
January	1,181,905,003	1,231,986,291	1,220,890,019	711,585	521,743	473,681
February	1,095,933,930	1,180,088,673	1,263,199,718	635,520	496,370	533,603
March	1,085,536,230	1,202,258,935	1,322,585,212	723,843	535,238	579,355
April	1,148,560,542	1,498,917,815	1,518,235,021	864,762	675,619	672,255
May	1,752,330,976	1,576,360,139	1,567,854,291	878,966	711,570	689,406
June	1,846,245,651	1,677,084,614	1,609,369,518	948,174	686,509	720,439
July	1,495,692,429	1,473,893,930	1,489,081,877	854,906	586,525	655,262
August	1,418,482,392	1,451,520,875	1,471,939,289	748,855	595,244	645,564
September	1,510,826,695	1,448,183,698	1,456,964,127	779,192	626,992	638,630
October	1,382,368,786	1,428,045,076	1,436,976,036	728,867	561,331	647,981
November	1,302,864,485	1,448,795,069	1,413,281,342	704,553	612,137	615,787
December	1,258,227,515	1,289,031,239	1,369,880,322	601,763	532,893	590,403
TOTAL	16,478,974, 641	16,906,166,361	17,140,256,777	9,180,986	7,142,171	7,462,366

AMOUNT OF ENERGY SOLD TO COMMERCIAL CUSTOMERS (in kWh)						
Month	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
January	1,451,946,608	1,159,265,438	1,184,908,465	27,147,668	21,336,614	22,658,943
February	1,476,359,780	1,185,978,371	1,260,214,105	26,599,490	21,340,640	24,776,276
March	1,336,903,752	1,150,593,212	1,263,320,783	24,135,032	21,123,702	25,338,183
April	1,141,074,162	1,155,528,114	1,420,477,053	19,338,539	23,644,702	29,049,123
May	815,907,022	1,264,766,906	1,468,917,266	19,132,374	24,908,499	30,227,425
June	1,068,653,353	1,385,974,707	1,542,456,412	22,802,566	25,220,290	32,251,915
July	1,138,502,402	1,298,162,804	1,465,634,013	23,255,166	23,410,901	30,496,798
August	1,123,436,770	1,248,645,521	1,485,709,573	22,969,869	24,116,051	31,274,517
September	1,301,185,754	1,223,513,158	1,492,693,600	23,823,445	23,905,900	30,754,549
October	1,217,446,342	1,256,101,999	1,490,712,768	22,775,021	23,704,074	30,951,404
November	1,209,397,100	1,341,755,511	1,498,484,878	22,503,501	26,192,489	31,868,478
December	1,208,812,496	1,279,887,427	1,478,949,100	22,103,399	24,695,536	30,914,425
TOTAL	14,489,625,546	14,950,173,170	17,052,478,018	276,586,070	283,599,398	350,562,036

AMOUNT OF ENERGY SOLD TO INDUSTRIAL CUSTOMERS (in kWh)						
Month	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
January	932,620,118	991,851,637	1,044,397,631	18,978,273	20,045,353	20,083,020
February	1,168,837,047	1,137,218,457	1,207,309,087	22,309,940	22,484,047	24,937,476
March	976,840,917	1,069,592,755	1,123,563,840	15,394,381	20,011,695	23,089,239
April	646,573,333	1,077,049,686	1,162,447,825	8,673,837	20,140,836	23,745,473
May	718,192,940	1,157,850,450	1,164,110,478	12,312,342	21,825,269	24,569,755
June	983,778,188	1,219,808,993	1,241,783,239	18,924,784	22,992,108	25,275,467
July	1,029,482,026	1,125,218,769	1,171,164,622	19,659,459	21,621,429	23,899,549
August	1,075,324,147	1,148,391,506	1,185,706,662	19,838,516	23,508,918	25,536,044
September	1,138,774,697	1,140,309,797	1,162,021,395	20,216,668	22,622,746	23,655,529
October	1,087,809,881	1,143,611,812	1,171,836,502	20,502,146	23,384,853	24,332,032
November	1,093,194,823	1,198,562,160	1,162,280,978	20,497,508	24,754,283	24,856,885
December	1,106,461,443	1,107,096,245	1,138,816,797	20,875,933	21,814,585	21,313,430
TOTAL	11,957,889,562	13,516,562,271	13,935,439,061	218,183,787	256,206,122	285,293,899

AMOUNT OF ENERGY SOLD FOR FLAT STREETLIGHTS (in kWh)						
Month	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
January	11,681,953	11,769,458	11,946,420	134,793	155,077	158,973
February	11,622,068	11,793,487	12,123,066	121,399	155,089	150,827
March	11,670,860	11,935,859	11,897,106	113,262	121,774	127,826
April	11,683,204	11,846,076	11,919,205	120,518	123,045	141,980
May	11,651,370	11,830,791	12,025,238	106,650	119,344	135,632
June	11,721,051	11,814,775	11,788,524	107,345	137,099	135,160
July	11,730,786	11,858,959	11,968,736	105,281	136,068	134,881
August	11,714,890	11,844,766	11,979,321	111,372	144,161	135,527
September	11,718,597	11,929,151	11,960,558	113,148	146,512	139,608
October	11,732,368	11,922,785	11,507,025	112,788	142,308	135,257
November	11,721,621	11,861,734	11,892,288	120,967	154,275	151156
December	11,709,878	11,915,838	11,790,220	142,607	156,583	148,602
TOTAL	140,358,646	142,323,679	142,797,707	1,410,130	1,691,335	1,695,429

GENERATOR WHEELING (in kWh)						
Month	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
January	21,866,548	54,743,467	62,262,571	-	-	-
February	72,246,799	45,663,859	44,716,407	-	-	-
March	40,200,858	47,823,350	50,644,514	-	-	-
April	42,324,559	51,016,905	50,415,818	-	-	-
May	34,438,679	58,867,460	40,713,772	-	-	-
June	29,036,330	64,209,335	46,177,567	-	-	-
July	30,992,405	49,515,524	41,315,874	-	-	-
August	29,578,616	49,643,162	41,957,635	-	-	-
September	32,011,365	42,400,458	49,014,413	-	-	-
October	33,620,726	44,175,145	54,649,578	-	-	-
November	53,082,326	51,138,194	56,091,131	-	-	-
December	65,963,491	54,576,423	100,546,848	-	-	-
TOTAL	485,362,702	613,773,282	638,506,128	-	-	-

TOTAL AMOUNT OF ENERGY SOLD (in kWh)						
Month	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
January	3,600,020,231	3,449,616,292	3,524,405,106	46,972,319	42,058,787	43,374,617
February	3,824,999,624	3,560,742,849	3,787,562,384	49,666,349	44,476,146	50,398,182
March	3,451,152,619	3,482,204,113	3,772,011,456	40,366,518	41,792,409	49,134,603
April	2,990,215,801	3,794,358,596	4,163,494,923	28,997,656	44,584,202	53,608,831
May	3,332,520,988	4,069,675,747	4,253,621,047	32,430,332	47,564,682	55,622,218
June	3,939,434,574	4,358,892,425	4,451,575,261	42,782,869	49,036,006	58,382,981
July	3,706,400,050	3,958,649,987	4,179,165,122	43,874,812	45,754,923	55,186,490
August	3,658,536,815	3,910,045,831	4,197,292,481	43,668,612	48,364,374	57,591,652
September	3,994,517,110	3,866,336,264	4,172,654,094	44,932,453	47,302,150	55,188,316
October	3,732,978,105	3,883,856,818	4,165,681,911	44,118,822	47,792,566	56,066,674
November	3,670,260,356	4,052,112,669	4,142,030,619	43,826,529	51,713,184	57,492,306
December	3,651,174,825	3,742,507,173	4,099,983,288	43,723,702	47,199,597	52,966,860
TOTAL	43,552,211,097	46,128,998,763	48,909,477,691	505,360,973	557,639,026	645,013,730

ENERGY SALES (in GWh)						
Customer Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Residential	16,478.97	16,906.17	17,140.26	9.18	7.14	7.46
Commercial	14,489.63	14,950.17	17,052.48	276.59	283.60	350.56
Industrial	11,957.89	13,516.56	13,935.44	218.18	265.21	285.29
Flat Streetlights	140.36	142.32	142.80	1.41	1.69	1.70
Generator Wheeling	485.36	613.77	638.51	-	-	-
TOTAL	43,552.21	46,129.00	48,909.48	505.36	557.64	645.01

SCOPE 3 EMISSIONS FROM ENERGY SALES (in tonnes CO ₂ e)						
Customer Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Residential	11,736,325.74	12,040,571.68	12,207,290.88	6,538.70	5,086.65	5,314.70
Commercial	10,319,511.31	10,647,513.33	12,144,774.84	196,984.60	201,979.49	249,670.28
Industrial	8,516,408.95	9,626,495.65	9,924,819.70	155,390.49	188,879.80	203,186.31
Flat Streetlights	99,963.43	101,362.92	101,700.53	1,004.29	1,204.57	1,207.48
Generator Wheeling	345,675.32	437,129.33	454,744.06	-	-	-
TOTAL	31,017,884.74	32,853,072.92	34,833,330.01	359,918.08	397,150.51	459,378.78

CAPACITY OF SOLAR PANELS SOLD BY SPECTRUM (in kWp)			
Customer Type	2020	2021	2022
Residential	702.00	239.14	227.62
Commercial & Industrial	11,183.00	13,784.53	7,732.69
TOTAL	11,885.00	14,023.67	7,960.31

ENERGY SOLD BY SPECTRUM THROUGH POWER PURCHASE AGREEMENTS (in kWh)			
Month	2020	2021	2022
January	0.21	0.37	0.74
February	0.15	0.45	1.03
March	0.17	0.57	1.11
April	0.11	0.52	1.33
May	0.10	0.64	1.45
June	0.16	0.46	1.45
July	0.14	0.53	1.27
August	0.21	0.60	1.24
September	0.15	0.45	1.32
October	0.25	0.39	1.26
November	0.28	0.37	1.09
December	0.37	0.19	1.01
TOTAL	2.29	5.54	14.30

Customer Connections

NUMBER OF CUSTOMER CONNECTIONS BY TYPE						
Customer Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Residential	6,573,953	6,837,717	7,039,706	1,059	1,129	1,142
Commercial	539,912	554,183	567,498	1,311	1,323	1,324
Industrial	10,667	10,686	10,683	156	158	152
Flat Streetlights	4,842	4,909	4,931	87	93	93
TOTAL	7,129,374	7,407,495	7,622,818	2,613	2,703	2,711

NUMBER OF CAPTIVE CUSTOMERS SUBJECT TO RENEWABLE PORTFOLIO STANDARDS (RPS) BY TYPE						
Customer Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Residential	6,573,953	6,837,716	6,971,917	1,059	1,129	1,152
Commercial	539,282	553,446	560,784	1,300	1,310	1,310
Industrial	10,153	10,060	9,971	141	142	135
Flat Streetlights	4,842	4,909	4,817	87	93	93
TOTAL	7,128,230	7,406,131	7,547,489	2,587	2,674	2,690

FULFILLMENT OF RPS (IN %)						
	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
	100	100	100	100	100	100

NUMBER OF NET METERING CUSTOMERS						
Customer Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Residential	2,802	3,579	6,982	1	1	1
Commercial	272	323	548	6	6	6
Industrial	22	23	38	-	-	1
TOTAL	3,096	3,925	7,568	7	7	8

DU Assets

DISTRIBUTION NETWORK ASSETS						
	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Length of distribution lines	18,444.84	18,822.29	19,058.54	460.41	477.35	498.12
Number of substations	122	131	134	4	4	5
Total substation capacity	19,182	20,408	21,262	183	183	333
Number of distribution poles	824,075	834,831	880,709	3,479	3,549	3,791
Number of overhead transformers (mineral oil-based)	181,471	201,833	213,405	1,957	1,990	2,040
Number of overhead transformers (ester oil-based)	24	653	15,849	-	-	-
Number of overhead distribution transformers	181,495	202,486	229,254	1,957	1,990	2,040
Number of pad-mounted transformers (mineral oil-based)	-	-	-	18	18	18
Number of pad-mounted transformers (ester oil-based)	5,587	6,121	6,604	-	-	-
Number of pad-mounted distribution transformers	5,587	6,121	6,604	18	18	18
Total number of distribution transformers	187,082	208,607	235,858	1,975	2,008	2,058

Affordability

AVERAGE RETAIL ELECTRICITY RATE (in PHP/kWh)						
Customer Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Residential	9.2357	9.4226	10.3991	6.6787	5.8730	6.6765
Commercial	7.6937	8.1561	9.5682	6.7266	5.9074	6.6700
Industrial	6.4765	6.8344	8.3148	6.6049	5.6833	6.4672
Overall	7.9584	8.2407	9.5164	6.6693	5.8005	6.5802

TYPICAL MONTHLY ELECTRICITY BILL OF RESIDENTIAL CUSTOMERS (in PHP)						
Amount of Electricity Delivered (in kWh)	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
200	1,747.07	1,780.28	1,982.73	-	-	-
500	4,889.41	5,027.50	5,554.77	3,502.39	3,287.39	3,635.54
1,000	9,945.54	10,137.32	11,120.24	6,969.44	6,539.44	7,235.74

ELECTRICITY SERVICE DISCONNECTION METRICS							
	Meralco			Clark Electric			
	2020	2021	2022	2020	2021	2022	
Number of residential electric disconnections due to non-payment	206,035	907,618	1,763,554	71	131	99	
Percentage of disconnections restored within 30 days	88%	88%	91%	N/A	32%	707.00%	

Reliability

LIGHTNING PROTECTION IMPROVEMENT METRICS						
	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Number of surge arresters used for installation or replacement	7,397	6,554	28,555	1	9	12
Number of poles used for pole-grounding correction	8,470	7,374	39,928	18	12	-
Length of system neutrals installed (in spans)	1,213	1,573	11,403	-	-	-
Length of overhead shield wires installed (in spans)	2,051	1,643	19,033	-	-	-
Number of remote-controlled line reclosers installed	91	257	226	-	-	4

Efficiency & Demand

EFFICIENCY & DEMAND METRICS						
	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Percentage of electric utility revenues from decoupled rate structures	Not applicable to the Philippines			Not applicable to the Philippines		
Percentage of electric utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)						
Percentage of electric load served by smart grid technology	N/A	N/A	N/A	0%	0%	0%
Customer electricity savings from efficiency measures (in MWh)	N/A	N/A	N/A	17,565.53	19,499.26	24,257.75

DU Energy Mix

POWER DISTRIBUTION UTILITY FUEL MIX BASED ON ENERGY DELIVERED TO CAPTIVE CUSTOMERS (in MWh)						
Fuel Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Coal	10,456,011.25	10,891,059.41	10,684,368.60	179,620.94	138,720.00	175,200,000.00
Natural gas	17,712,845.03	16,126,245.83	18,615,961.83	-	-	-
Oil	106,255.59	1,850,122.42	1,428,286.85	-	-	-
Hydro	168,210.30	734,237.69	362,174.55	60,619.33	54,041.40	74,000,000.00
Geothermal	-	56,985.01	322,390.37	-	-	-
Wind	-	-	-	-	-	-
Solar	110,872.81	213,664.06	259,132.34	82.11	46.19	34,791.00
Biomass	-	236.07	7,925.51	-	-	-
WESM	3,965,311.38	3,380,580.96	2,893,240.81	13,238.46	68,042.11	46,877,959.00
TOTAL	32,519,506.37	33,253,131.44	34,573,480.86	253,560.84	260,849.70	296,112,750.00

POWER DISTRIBUTION UTILITY FUEL MIX BASED ON ENERGY DELIVERED TO CAPTIVE CUSTOMERS (in %)						
Fuel Type	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Coal	32.15%	32.75%	30.90%	70.84%	53.18%	59.17%
Natural gas	54.47%	48.50%	53.84%	0.00%	0.00%	0.00%
Oil	0.33%	5.56%	4.13%	0.00%	0.00%	0.00%
Hydro	0.52%	2.21%	1.05%	23.91%	20.72%	24.99%
Geothermal	0.00%	0.17%	0.93%	0.00%	0.00%	0.00%
Wind	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Solar	0.34%	0.64%	0.75%	0.03%	0.02%	0.01%
Biomass	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%
WESM	12.19%	10.17%	8.37%	5.22%	26.08%	15.83%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

POWER GENERATION FUEL MIX (in MWh)			
Fuel Type	2020	2021	2022
Coal	7,260,791.27	7,879,523.61	7,093,794.00
Natural gas	4,596,514.76	5,331,709.90	5,318,849.77
Diesel	76,810.67	66,218.03	101,113.27
Solar	-	66,105.55	112,461.19
TOTAL	11,934,116.70	13,343,557.09	12,626,218.23

POWER GENERATION FUEL MIX (in %)			
Fuel Type	2020	2021	2022
Coal	60.84%	59.05%	56.18%
Natural gas	38.52%	39.96%	42.13%
Diesel	0.64%	0.50%	0.80%
Solar	0.00%	0.50%	0.89%
TOTAL	100.00%	100.00%	100.00%

POWER GENERATION CAPACITY MIX						
FUEL TYPE	BASED ON ATTRIBUTABLE		BASED ON GROSS CAPACITY		BASED ON NET CAPACITY	
	in MW	in %	in MW	in %	in MW	in %
Coal	894.66	58.38%	1,439.00	58.83%	1,282.70	56.99%
Natural gas	464.00	30.28%	800.00	32.71%	771.00	34.26%
Diesel	140.82	9.19%	152.00	6.21%	141.90	6.30%
Solar	33.00	2.15%	55.00	2.25%	55.00	2.44%
TOTAL	1,532.48	100.00%	2,446.00	100.00%	2,250.60	100.00%

MGen-GBP Plants

LIST OF POWER PLANTS FULLY OR PARTIALLY OWNED BY MGP				
NAME OF COMPANY	FACILITY	LOCATION	MGP'S EQUITY STAKE	FUEL TYPE
PowerSource First Bulacan Solar	BulacanSol	San Miguel, Bulacan	60.00%	Solar
San Buenaventura Power Ltd.	SBPL	Mauban, Quezon	51.00%	Coal
GBH Power Resources, Inc.	GPRI	Pinamalayan, Oriental Mindoro	100.00%	Diesel
Cebu Energy Develop-ment Corporation	CEDC	Toledo City, Cebu	52.19%	Coal
Toledo Power Company	TPC Sangi	Toledo City, Cebu	100.00%	Coal
	TPC 1A	Toledo City, Cebu	100.00%	Coal
	TPC Carmen	Toledo City, Cebu	100.00%	Diesel
Panay Energy Development Corporation	PEDC 1&2	Iloilo City, Iloilo	89.30%	Coal
	PEDC 3	Iloilo City, Iloilo	89.30%	Coal
Panay Power Corporation	PPC 1	Iloilo City, Iloilo	89.30%	Diesel
	PPC 2	Iloilo City, Iloilo	89.30%	Diesel
	PPC 3	Nabas, Aklan	89.30%	Diesel
	PPC 4	New Washington, Aklan	89.30%	Diesel
Sarangani Energy Corporation	SEC 1	Maasim, Sarangani	37.50%	Coal
	SEC 2	Maasim, Sarangani	37.50%	Coal
PacificLight Power	PLP	Jurong Island, Singapore	58.00%	Natural Gas

LIST OF POWER PLANTS FULLY OR PARTIALLY OWNED BY MGP					
NAME OF COMPANY	ATTRIBUTABLE CAPACITY (in MW)	GROSS CAPACITY (in MW)	NET CAPCITY (in MW)	COMMERCIAL OPERATION DATE	ECONOMIC LIFE LIMIT BASED ON PSA
PowerSource First Bulacan Solar	33.0	55	55.0	2021	2041
San Buenaventura Power Ltd.	255.0	500	455.0	2019	2039
GBH Power Resources, Inc.	7.5	7.5	6.2	2000	2020
Cebu Energy Development Corporation	128.4	246.0	216.0	2011	2036
Toledo Power Company	60.0	60.0	53.0	1964	2026
	82.0	82.0	73.7	2014	2039
	40.0	40.0	38.0	1979	2024
Panay Energy Development Corporation	146.5	164.0	144.0	2011	2036
	134.0	150.0	131.0	2017	2042
Panay Power Corporation	64.3	72.0	97.7	1998	2024
	17.9	20.0	97.7	2004	2024
	6.7	7.5	97.7	2006	2024
	4.5	5.0	97.7	2005	2026
Sarangani Energy Corporation	44.4	118.5	105.0	2016	2044
	44.4	118.5	105.0	2019	2044
PacificLight Power	464.0	800.0	771.0	2014	2044

ESG Data: Planet

Water

AMOUNT OF WATER WITHDRAWN BY MGEN (in liters)			
	2020	2021	2022
Surface water	99,430,000	87,240,000	113,862,000
Groundwater	267,372,001	249,581,709	95,763,050
Seawater	1,231,801,946,740	1,271,552,198,650	1,201,407,404,500
Third-party water	6,277,401	9,942,300	8,428,804
TOTAL	1,232,175,026,142	1,271,898,962,659	1,201,625,458,354

AMOUNT OF WATER CONSUMED BY MGEN (in liters)			
	2020	2021	2022
Surface water	96,710,433	84,415,550	110,888,300
Groundwater	267,372,001	249,581,709	95,763,050
Seawater	183,560,906	393,021,587	401,314,390
Third-party water	6,277,401	9,942,300	8,428,804
TOTAL	553,920,741	736,961,146	616,394,544

AMOUNT OF WATER DISCHARGED BY MGEN (in liters)			
	2020	2021	2022
Surface water	2,719,567	2,824,450	2,973,700
Groundwater	-	-	-
Seawater	1,231,618,385,834	1,271,159,177,063	1,201,006,090,110
Third-party water	-	-	-
TOTAL	1,231,621,105,401	1,271,162,001,513	1,201,009,063,810

PERCENTAGE OF WATER WITHDRAWN OR CONSUMED BY MGEN IN WATER-STRESSED AREAS			
	2020	2021	2022
Withdrawn in high water stress	-	-	-
Withdrawn in extremely high water stress	-	-	-
Consumed in high water stress	-	-	-
Consumed in extremely high water stress	-	-	-

NUMBER OF INCIDENTS OF NON-COMPLIANCE BY MGEN WITH WATER LAWS & STANDARDS			
	2020	2021	2022
	-	-	-

WATER MANAGEMENT METRICS OF MGEN (in liters)			
	2020	2021	2022
Withdrawn	1,232,175,026,142	1,271,898,962,659	1,201,625,458,354
Consumed	553,920,741	736,961,146	616,394,544
Discharged	1,231,621,105,401	1,271,162,001,513	1,201,009,063,810

Non-Haz Waste

AMOUNT OF BIODEGRADABLE WASTE GENERATED BY MERALCO (in tonnes)			
	2020	2021	2022
Q1	421.06	293.36	226.73
Q2	16.66	477.06	498.18
Q3	177.16	554.98	749.31
Q4	112.45	318.33	659.12
TOTAL	727.33	1,643.73	2,133.35

AMOUNT OF BIODEGRADABLE WASTE GENERATED BY MGEN (in tonnes)			
	2020	2021	2022
Q1	-	-	3.16
Q2	-	-	2.95
Q3	-	-	2.10
Q4	-	-	6.22
TOTAL	-	-	14.42

AMOUNT OF RECYCLABLE WASTE GENERATED BY MERALCO (in tonnes)			
	2020	2021	2022
Q1	23.37	124.89	103.56
Q2	253.67	313.65	70.06
Q3	152.81	329.08	75.68
Q4	52.91	53.34	161.93
TOTAL	482.76	820.96	411.23

AMOUNT OF RECYCLABLE WASTE GENERATED BY MGEN (in tonnes)			
	2020	2021	2022
Q1	-	-	0.88
Q2	-	-	0.24
Q3	-	-	0.61
Q4	-	-	1.11
TOTAL	-	-	2.84

AMOUNT OF RESIDUAL WASTE GENERATED BY MERALCO (in tonnes)			
	2020	2021	2022
Q1	525.26	133.70	29.57
Q2	271.54	157.64	28.13
Q3	242.39	95.30	27.75
Q4	112.45	34.48	30.26
TOTAL	1,151.64	421.12	115.72

AMOUNT OF RESIDUAL WASTE GENERATED BY MGEN (in tonnes)			
	2020	2021	2022
Q1	-	-	13.95
Q2	-	-	8.48
Q3	-	-	13.21
Q4	-	-	9.62
TOTAL	-	-	45.25

AMOUNT OF SOLID WASTE TREATED OR DISPOSED OF BY MERALCO (in tonnes)			
	2020	2021	2022
Composted or recycled	1,210.09	2,464.69	2,544.57
Disposed of in landfill sites	1,151.64	421.12	115.72
TOTAL	2,361.73	2,885.81	2,660.29

AMOUNT OF SOLID WASTE TREATED OR DISPOSED OF BY MGEN (in tonnes)			
	2020	2021	2022
Composted or recycled	-	-	17.26
Disposed of in landfill sites	-	-	45.25
TOTAL	-	-	62.51

AMOUNT OF SOLID WASTE TREATED OR DISPOSED OF BY MERALCO (in tonnes)			
	2020	2021	2022
Biodegradable	727.33	1,643.73	2,133.35
Recyclable	482.76	820.96	411.23
Residual	1,151.64	421.12	115.72
TOTAL	2,361.73	2,885.81	2,660.29

AMOUNT OF SOLID WASTE TREATED OR DISPOSED OF BY MGEN (in tonnes)			
	2020	2021	2022
Biodegradable	-	-	14.42
Recyclable	-	-	2.84
Residual	-	-	45.25
TOTAL	-	-	62.51

MGEN'S COAL ASH MANAGEMENT METRICS			
	2020	2021	2022
Amount of coal combustion residuals (CCR) generated (in metric tons)	220,970.74	254,325.49	224,060.29
Percentage of CCR recycled	0.42	0.55	0.83
Total number of CCR impoundments	3	3	3

Haz Waste

AMOUNT OF USED OIL GENERATED (in tonnes)						
	Meralco			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	71.81	133.41	198.76	646.24	32.85	152.43
Q2	94.21	316.80	142.85	22.83	118.70	64.87
Q3	228.66	256.84	90.10	2.43	49.06	74.15
Q4	210.61	208.01	190.61	24.62	24.43	105.01
TOTAL	605.29	915.06	622.32	696.13	225.03	396.46

AMOUNT OF USED OIL TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	560.72	79.50	280.80	646.24	32.85	166.40
Q2	560.72	350.43	116.40	22.83	118.70	138.00
Q3	560.72	256.40	132.90	2.43	49.06	128.70
Q4	560.72	260.60	129.20	24.62	24.43	100.00
TOTAL	560.72	946.93	659.30	696.13	225.03	533.10

AMOUNT OF BUSTED BULBS GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.75	129.12	8.49	0.10	0.05	0.06
Q2	4.73	4.05	8.28	0.00	0.09	0.11
Q3	5.01	0.86	119.60	0.02	0.19	0.05
Q4	0.77	7.31	6.95	0.24	0.14	0.01
TOTAL	11.26	141.34	143.31	0.36	0.46	0.23

AMOUNT OF BUSTED BULBS TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	1.30	6.20	1.21	0.10	0.05	-
Q2	1.30	2.46	1.54	0.00	0.09	-
Q3	1.30	8.66	3.21	0.02	0.19	-
Q4	1.30	-	0.30	0.24	0.14	-
TOTAL	1.30	17.32	6.25	0.36	0.46	-

AMOUNT OF ELECTRONIC WASTES GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.33	6.77	12.92	0.05	0.02	0.20
Q2	0.02	2.25	113.72	0.03	0.02	0.87
Q3	0.05	48.09	633.74	-	-	0.08
Q4	0.88	56.06	286.96	0.08	-	0.06
TOTAL	1.28	113.17	1,047.33	0.16	0.04	1.20

AMOUNT OF ELECTRONIC WASTES TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	-	-	84.14	0.05	0.02	-
Q2	-	-	-	0.03	0.02	-
Q3	-	-	156.39	-	-	0.19
Q4	-	-	90.15	0.08	-	-
TOTAL	-	-	330.68	0.16	0.04	0.19

AMOUNT OF PCB-CONTAMINATED MATERIALS GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	-	-	-	Not being monitored		-
Q2	-	-	-			-
Q3	-	55.00	95.00			-
Q4	-	12.40	-			-
TOTAL	-	67.40	95.00			-

AMOUNT OF PCB-CONTAMINATED MATERIALS TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	-	-	-	Not being monitored		-
Q2	-	-	-			14.00
Q3	-	-	-			0.19
Q4	-	52.11	-			-
TOTAL	-	52.11	-			14.00

AMOUNT OF LEAD-ACID BATTERIES GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	3.72	6.11	19.33	3.33	0.25	0.36
Q2	10.23	7.47	10.24	5.52	0.49	0.26
Q3	16.35	19.51	60.86	0.35	0.13	6.76
Q4	2.86	44.28	20.04	0.81	0.41	0.64
TOTAL	33.16	77.37	110.47	10.00	1.27	8.02

AMOUNT OF LEAD-ACID BATTERIES TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	-	-	-	3.33	0.25	232.00
Q2	-	-	-	5.52	0.49	148.00
Q3	-	12.00	-	0.35	0.13	215.00
Q4	-	3.87	2.51	0.81	0.41	-
TOTAL	-	15.87	2.51	10.00	1.27	595.00

AMOUNT OF PCB-CONTAMINATED MATERIALS GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.58	1.21	2.31	Not being monitored		-
Q2	0.07	3.21	2.59			0.52
Q3	0.10	3.92	6.49			-
Q4	2.15	13.91	25.79			-
TOTAL	2.90	22.25	37.18			0.52

AMOUNT OF PCB-CONTAMINATED MATERIALS TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	2.46	-	-	Not being monitored		-
Q2	-	-	0.69			-
Q3	-	1.63	2.12			-
Q4	-	-	-			-
TOTAL	2.46	1.63	2.81			-

AMOUNT OF OIL-CONTAMINATED MATERIALS GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.82	5.33	1.85	3.16	1.00	8.59
Q2	4.33	1.10	2.04	0.69	5.65	0.99
Q3	0.61	0.89	3.80	0.42	3.08	8.62
Q4	8.50	52.19	3.58	0.48	0.43	1.09
TOTAL	14.26	59.51	11.26	0.36	10.15	19.30

AMOUNT OF OIL-CONTAMINATED MATERIALS TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	1.16	-	11.81	3.16	1.00	1,168.00
Q2	1.16	3.77	1.00	0.69	5.65	366.00
Q3	1.16	0.25	0.76	0.42	3.08	90.00
Q4	1.16	1.80	3.00	0.48	0.43	-
TOTAL	1.16	17.32	16.57	4.76	10.15	1,624.00

AMOUNT OF CONTAMINATED CONTAINERS GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.58	2.32	1.05	1.45	0.53	0.54
Q2	0.09	0.92	1.17	0.12	1.11	0.94
Q3	0.09	2.15	0.67	0.09	2.31	1.52
Q4	0.96	1.43	30.23	0.45	0.40	0.35
TOTAL	1.72	6.82	33.11	2.12	4.34	3.34

AMOUNT OF CONTAMINATED CONTAINERS TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.58	-	0.40	1.45	0.53	2,080.00
Q2		0.05	-	0.12	1.11	-
Q3		-	-	0.09	2.31	100.00
Q4		-	-	0.45	0.40	-
TOTAL	0.58	0.05	0.40	2.12	4.34	2,180.00

AMOUNT OF GREASE WASTES GENERATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.03	0.03	-	0.03	0.01	0.03
Q2	-	0.05	-	0.03	-	0.67
Q3	0.03	-	-	0.04	-	0.04
Q4	-	0.06	-	0.25	-	-
TOTAL	0.33	0.14	-	0.36	0.01	0.73

AMOUNT OF GREASE WASTES TREATED (in tonnes)						
	MERALCO			MGen-GBP		
	2020	2021	2022	2020	2021	2022
Q1	0.33	0.03	-	0.03	0.01	-
Q2		0.05	-	0.03	-	-
Q3		-	-	0.04	-	-
Q4		0.06	-	0.25	-	-
TOTAL	0.33	0.14	-	0.36	0.01	-

TOTAL AMOUNT OF HAZARDOUS WASTES GENERATED (in tonnes)					
MERALCO			MGen-GBP		
2020	2021	2022	2020	2021	2022
670.20	1,403.06	2,100.00	713.88	241.30	429.81

TOTAL AMOUNT OF HAZARDOUS WASTES GENERATED (in tonnes)					
MERALCO			MGen-GBP		
2020	2021	w2022	2020	2021	2022
566.55	1,039.87	1,018.52	713.88	241.30	4,946.29

Electricity

AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION IN 2020 (in kWh)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	4,603,938.00	1,190,125.81	7,335.00	5,710.00	1,625.00	37,044.00	-	223.00	945,097.89	92,211.79	76,291.79	15,920.00	-	4,407.00	13,418.00	2,004.00	-	88,385.13	5,794,063.81
February	4,964,125.00	2,372,143.07	7,091.00	5,196.00	1,895.00	34,596.00	-	13,362.53	2,149,691.44	81,732.68	64,492.68	17,240.00	-	4,495.00	14,016.00	2,011.00	-	65,147.41	7,336,268.07
March	4,548,697.00	707,949.31	7,249.00	5,196.00	2,053.00	37,741.00	-	14,317.00	464,813.11	72,952.13	56,552.13	16,400.00	-	5,713.00	11,076.00	2,158.00	-	91,930.06	5,256,646.31
April	4,919,331.00	2,188,403.12	7,094.00	5,196.00	1,898.00	39,145.00	-	1,988.00	1,953,810.28	65,421.56	49,021.56	16,400.00	-	7,671.00	6,074.00	2,655.00	-	104,544.29	7,107,734.12
May	3,644,754.00	1,593,102.49	5,680.00	5,196.00	484.00	40,356.00	-	1,925.00	1,338,650.87	82,038.83	65,638.83	16,400.00	-	8,490.00	8,374.00	2,806.00	-	104,781.79	5,237,856.49
June	5,798,104.00	1,882,116.53	5,979.00	5,196.00	783.00	42,547.00	-	733.00	1,619,935.36	81,769.67	59,689.67	22,080.00	-	7,542.00	11,095.00	2,703.00	-	109,812.50	7,680,220.53
July	3,872,717.00	1,413,516.29	6,279.00	5,196.00	1,083.00	39,215.00	-	4,430.00	1,179,264.62	96,992.24	73,372.24	23,620.00	-	6,664.00	9,586.00	2,324.00	-	68,761.42	5,286,233.29
August	3,717,956.00	1,069,252.42	7,091.00	5,914.00	1,177.00	34,027.00	-	4,049.00	905,600.37	93,472.89	73,152.89	20,320.00	-	6,899.00	8,598.00	2,413.00	-	7,102.16	4,787,208.42
September	6,685,974.00	2,143,189.40	8,132.00	6,942.00	1,190.00	37,564.00	-	3,558.00	1,857,337.75	130,577.65	105,537.65	25,040.00	-	6,279.00	9,865.00	2,501.00	-	87,375.00	8,829,163.40
October	5,806,366.00	2,072,743.30	8,209.00	6,882.00	1,327.00	34,740.00	-	4,937.00	1,833,357.36	108,911.85	87,871.85	21,040.00	-	5,303.00	8,637.00	2,319.00	-	66,329.09	7,879,109.30
November	5,340,998.00	1,800,549.81	7,407.00	6,352.00	1,055.00	36,680.00	-	4,946.00	1,565,701.22	86,225.69	68,265.69	17,960.00	-	5,318.00	8,680.00	2,353.00	-	83,238.90	7,141,547.81
December	4,057,394.00	1,639,418.52	6,772.09	5,725.09	1,047.00	35,100.00	-	4,384.00	1,406,704.11	87,495.49	70,415.49	17,080.00	-	4,843.00	7,564.00	2,204.00	-	84,351.83	5,696,812.52
SUBTOTAL	57,960,354.00	20,072,510.07	84,318.09	68,701.09	15,617.00	448,755.00	-	58,852.53	17,219,964.39	1,079,802.47	850,302.47	229,500.00	-	73,624.00	116,983.00	28,451.00	-	961,759.59	78,032,864.07

AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION IN 2021 (in kWh)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	4,730,681.00	1,932,260.22	17,728.14	16,952.14	776.00	40,620.00	-	3,118.00	1,677,238.32	82,883.80	69,123.80	13,760.00	-	4,625.00	7,116.00	2,151.00	-	96,779.96	6,662,941.22
February	5,078,906.00	1,269,523.82	20,794.09	19,338.09	1,456.00	37,600.00	-	5,221.00	1,016,309.62	84,940.73	67,620.73	17,320.00	-	5,179.00	7,283.00	2,216.00	-	89,980.39	6,348,429.82
March	4,602,376.00	1,159,039.92	20,624.16	19,125.16	1,499.00	40,800.00	-	5,203.00	886,175.53	91,925.84	73,845.84	18,080.00	-	5,471.00	7,544.00	2,259.00	-	99,037.39	5,761,415.92
April	4,762,590.00	1,326,051.48	24,540.42	22,813.42	1,727.00	44,680.00	-	9,099.00	1,023,177.98	105,422.13	87,502.13	17,920.00	-	6,476.00	6,964.00	2,676.00	-	103,015.95	6,088,641.48
May	5,521,459.00	939,029.07	19,597.10	17,825.10	1,772.00	46,460.00	-	7,973.00	637,925.59	109,139.12	88,099.12	21,040.00	-	6,784.00	8,141.00	2,532.00	-	100,477.26	6,460,488.07
June	5,570,775.00	2,269,884.89	20,488.34	18,507.34	1,981.00	46,280.00	-	8,119.00	1,916,164.82	113,782.23	89,862.23	23,920.00	-	7,049.00	9,075.00	2,453.00	-	146,473.49	7,840,659.89
July	5,035,766.00	1,384,910.26	20,175.92	18,390.92	1,785.00	40,840.00	-	7,130.00	1,033,716.43	112,318.74	91,558.74	20,760.00	-	6,039.00	6,930.00	2,419.00	-	155,341.16	6,420,676.26
August	4,832,055.00	1,377,627.87	15,854.43	14,086.43	1,768.00	40,980.00	-	4,130.00	1,056,857.22	106,940.22	85,740.22	21,200.00	-	6,612.00	7,319.00	2,303.00	-	136,632.00	6,209,682.87
September	4,973,746.00	853,797.68	14,001.75	12,468.75	1,533.00	39,980.00	-	9,835.00	514,119.51	107,551.29	87,151.29	20,400.00	-	6,043.00	6,688.00	2,344.00	-	153,235.13	5,827,543.68
October	4,826,807.00	1,354,915.87	14,092.38	12,432.38	1,660.00	37,140.00	-	8,948.00	1,048,334.70	108,811.08	88,611.08	20,200.00	-	5,662.00	7,063.00	2,316.00	-	122,548.71	6,181,722.87
November	4,946,626.00	1,067,039.11	12,147.25	10,479.25	1,668.00	39,200.00	-	6,753.00	702,891.98	119,527.01	98,367.01	21,160.00	-	5,840.00	8,786.00	2,372.00	-	169,521.88	6,013,665.11
December	4,443,747.00	1,533,989.36	7,232.25	5,399.25	1,833.00	36,000.00	-	6,500.00	1,181,704.50	109,592.43	90,832.43	18,760.00	-	5,067.23	7,875.00	2,020.00	-	177,997.95	5,977,736.36
SUBTOTAL	59,325,534.00	16,468,069.55	207,276.23	187,818.23	19,458.00	490,580.00	-	82,029.00	12,694,616.19	1,252,834.62	1,018,314.62	234,520.00	-	70,847.23	90,784.00	28,061.00	-	1,551,041.27	75,793,603.55

AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION IN 2022 (in kWh)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	4,313,625.00	4,705,770.88	12,156.87	10,673.87	1,483.00	34,320.00	-	5,728.00	4,211,212.50	107,544.00	93,464.00	14,080.00	-	4,560.00	5,825.00	2,060.00	-	322,364.51	9,019,395.88
February	4,623,771.00	2,691,242.86	13,668.61	12,209.61	1,459.00	38,600.00	-	5,109.00	2,016,903.01	112,166.83	91,446.83	20,720.00	-	5,175.00	9,052.00	2,085.00	-	488,483.41	7,315,013.86
March	4,431,847.00	1,663,520.31	13,976.16	12,517.16	1,459.00	38,600.00	-	5,897.00	900,228.33	122,033.97	101,953.97	20,080.00	-	5,441.00	11,267.00	2,078.00	-	563,998.85	6,095,367.31
April	4,901,136.00	1,804,901.37	16,751.21	14,576.21	2,175.00	43,780.00	-	6,288.00	943,278.38	147,591.97	127,511.97	20,080.00	-	6,769.00	11,758.00	2,082.00	-	626,602.81	6,706,037.37
May	5,165,854.00	1,719,505.33	18,330.12	16,382.12	1,948.00	41,420.00	-	7,867.00	962,401.81	115,803.88	93,963.88	21,840.00	-	6,863.00	12,968.00	1,922.00	-	551,929.52	6,885,359.33
June	7,663,736.00	1,124,561.15	18,978.77	16,882.77	2,096.00	47,440.00	-	10,529.00	519,302.03	82,984.74	59,664.74	23,320.00	-	7,148.00	13,294.00	2,149.00	-	422,735.61	8,788,297.15
July	5,264,348.00	2,855,836.03	17,478.27	15,415.27	2,063.00	46,122.00	-	8,532.00	2,075,148.22	53,621.51	33,541.51	20,080.00	-	6,018.00	11,154.00	2,004.00	-	635,758.03	8,120,184.03
August	4,873,372.00	1,983,005.11	17,091.28	15,175.28	1,916.00	41,820.00	-	9,387.00	1,122,181.34	87,117.01	67,277.01	19,840.00	-	6,286.00	9,579.00	1,837.00	-	687,706.48	6,856,377.11
September	5,036,988.10	2,362,380.53	16,307.91	14,553.91	1,754.00	45,700.00	-	8,832.00	1,546,199.35	166,052.55	145,612.55	20,440.00	-	6,754.00	9,974.00	1,956.00	-	560,604.72	7,399,368.63
October	4,911,438.00	2,781,793.53	15,382.09	13,514.09	1,868.00	43,061.00	-	8,779.00	2,065,753.96	134,150.71	114,350.71	19,800.00	-	7,346.00	11,510.00	1,917.00	-	493,893.77	7,693,231.53
November	4,958,526.00	1,780,498.80	15,010.94	13,236.94	1,774.00	44,825.00	-	9,080.00	1,134,191.85	96,197.10	77,237.10	18,960.00	-	7,058.00	9,993.00	2,040.00	-	462,102.91	6,739,024.80
December	5,749,796.00	2,050,972.98	13,930.43	11,892.43	2,038.00	43,950.00	-	8,351.00	1,483,888.87	64,527.54	46,567.54	17,960.00	-	5,197.00	8,334.00	1,833.00	-	420,961.14	7,800,768.98
SUBTOTAL	61,894,437.10	27,523,988.88	189,062.66	167,029.66	22,033.00	509,638.00	-	94,379.00	18,980,689.65	1,289,791.81	1,052,591.81	237,200.00	-	74,615.00	124,708.00	23,963.00	-	6,237,141.76	89,418,425.98

TOTAL AMOUNT OF ELECTRICITY SOURCED FROM THE GRID THEN USED FOR OWN CONSUMPTION (in MWh)			
	2020	2021	2022
MERALCO	57,960	59,326	61,894
SUBSIDIARIES	20,073	16,468	27,524
CIS Bayad Center	84	207	189
Bayad	69	188	167
CFS	16	19	22
Clark Electric	449	491	510
Comstech	-	-	-
eSakay	59	82	94
MGen	17,220	12,695	18,981
MIESCOR United	1,080	1,253	1,290
MIESCOR	850	1,018	1,053
MBI	230	235	237
MLI	-	-	-
MEP	74	71	75
MServ	117	91	125
Shin Clark	28	28	24
Spectrum	-	-	-
Radius	962	1,551	6,237
TOTAL	78,033	75,794	89,418

AMOUNT OF ENERGY SOURCED BY PEDC FROM SOLAR PANELS FOR OWN USE (in GWh)			
	2020	2021	2022
January	0.0130	0.0105	0.0124
February	0.0137	0.0144	0.0156
March	0.0162	0.0125	0.0148
April	0.0150	0.0119	0.0141
May	0.0148	0.0122	0.0150
June	0.0133	0.0110	0.0135
July	0.0138	0.0100	0.0103
August	0.0131	0.0114	0.0114
September	0.0121	0.0108	0.0119
October	0.0117	0.0084	0.0098
November	0.0114	0.0123	0.0124
December	0.0106	0.0106	0.0105
TOTAL	0.1588	0.1360	0.1516

SCOPE 2 EMISSIONS FROM ELECTRICITY CONSUMPTION (in tonnes CO ₂ e)			
	2020	2021	2022
MERALCO	41,279	42,252	44,081
SUBSIDIARIES	14,296	11,729	19,603
CIS Bayad Center	60	148	135
Bayad	49	134	119
CFS	11	14	16
Clark Electric	320	349	363
Comstech	-	-	-
eSakay	42	58	67
MGen	12,264	9,041	13,518
MIESCOR United	769	892	919
MIESCOR	606	725	750
MBI	163	167	169
MLI	-	-	-
MEP	52	50	53
MServ	83	65	89
Shin Clark	20	20	17
Spectrum	-	-	-
Radius	685	1,105	4,442
TOTAL	55,575	53,980	63,684

AMOUNT OF ELECTRICITY PURCHASED FOR REPLACEMENT POWER (in KWh)			
	2020	2021	2022
January	No data available		17,818,000.00
February			23,413,617.47
March			25,146,508.34
April			1,574,845.91
May			9,964,751.35
June			8,326,291.38
July			8,714,120.46
August			8,362,550.05
September			13,738,423.66
October			19,979,537.44
November			11,811,746.11
December			11,407,840.81
TOTAL	-	-	160,258,232.98

AMOUNT OF ELECTRICITY PURCHASED FOR REPLACEMENT POWER (in KWh)			
	2020	2021	2022
January	No data available		1,448,933.92
February			8,828,646.68
March			12,423,433.09
April			24,245,758.46
May			27,604,370.14
June			17,690,330.00
July			51,255,407.23
August			51,191,679.49
September			25,447,452.67
October			13,009,131.83
November			17,710,379.26
December			21,389,761.19
TOTAL	-	-	272,245,283.97

SF6

AMOUNT OF SF6 LEAKAGE (in kg)					
	MERALCO			MGen-GBP	
	2020	2021	2022	2020	2021
January	20.47	31.20	20.43	Not being monitored yet	-
February	20.47	17.04	5.20		-
March	20.47	19.08	6.55		-
April	20.47	20.16	9.52		-
May	17.45	12.74	10.04		-
June	2.21	11.07	5.51		-
July	21.26	21.94	9.77		-
August	19.31	43.89	4.17		-
September	26.50	12.98	9.30		-
October	20.31	14.03	17.40		-
November	22.23	4.62	2.70		-
December	34.52	7.38	4.84		-
TOTAL	245.67	216.13	105.43	-	-

*Monitoring of SF6 leakage started in May 2020, thus the average SF6 leakage from May to Dec 2020 (20.47 kg) was used to represent the estimated monthly SF6 leakage for January to April 2020.

**Monitoring of SF6 leakage started in 2021; no SF6 leakage was recorded for the year.

TOTAL SCOPE 1 EMISSIONS FROM SF6 LEAKAGE (in tCO ₂ e)			
	2020	2021	2022
TOTAL	5,773.25	5,079.06	2,477.61

Gasoline (Vehicles & Gen Sets)

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2020 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	18,696.00	19,175.65	-	-	-	194.35	-	-	2,173.41	8,733.36	5,935.98	2,285.38	512.00	-	53,156.71	-	358.19	7,716.34	37,871.65
February	16,836.00	17,541.06	-	-	-	326.52	-	-	2,284.46	10,972.40	6,594.40	3,660.00	718.00	-		-	423.52	3,534.16	34,377.06
March	11,303.00	13,912.78	458.00	-	458.00	98.85	-	-	1,402.56	6,853.83	4,492.63	1,824.20	537.00	-		-	244.69	4,854.85	25,215.78
April	7,533.00	7,973.88	970.00	-	970.00	191.16	-	-	658.46	3,751.90	1,774.09	1,626.81	351.00	-		-	98.88	2,303.48	15,506.88
May	14,990.00	10,868.75	830.00	-	830.00	252.06	-	-	774.28	5,565.13	1,970.13	3,111.00	484.00	-		-	346.07	3,101.21	25,858.75
June	15,104.00	12,097.67	498.00	-	498.00	380.38	-	-	1,236.95	8,088.11	2,880.11	4,647.00	561.00	-		-	322.75	1,571.48	27,201.67
July	17,812.48	18,173.26	318.00	-	318.00	224.91	-	-	799.08	13,156.57	7,195.43	5,420.14	541.00	20.78		-	187.97	3,465.95	35,985.74
August	15,028.00	14,766.10	321.00	-	321.00	260.20	-	-	728.79	11,426.96	6,286.01	4,688.95	452.00	48.05		-	155.49	1,825.61	29,794.10
September	15,168.00	15,138.77	-	-	-	263.91	-	-	889.57	12,610.48	6,878.88	4,990.60	741.00	21.54		-	229.64	1,123.63	30,306.77
October	15,017.00	20,828.48	-	-	-	295.37	-	-	952.36	16,929.42	11,882.37	4,610.05	437.00	-		-	244.75	2,406.58	35,845.48
November	14,363.00	16,575.79	-	-	-	270.44	-	-	1,322.35	9,847.37	7,921.58	1,293.79	632.00	11.20		-	236.51	4,887.92	30,938.79
December	12,718.00	66,263.25	408.00	114.00	294.00	184.54	-	-	1,384.63	8,371.24	4,440.90	3,507.34	423.00	21.00		-	177.38	2,559.75	78,981.25
SUBTOTAL	174,568.48	233,315.45	3,803.00	114.00	3,689.00	2,942.69	-	-	14,606.90	116,306.77	68,252.51	41,665.26	6,389.00	122.57	53,156.71	-	3,025.84	39,350.97	407,883.93

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2021 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	14,136.22	21,033.02	497.00	236.00	261.00	536.23	-	-	923.66	12,597.14	11,086.07	942.07	569.00	62.10	58,772.34	-	252.15	6,164.74	35,169.24
February	14,391.00	40,868.79	528.00	245.00	283.00	632.99	-	-	1,531.67	31,120.30	16,741.20	14,031.10	348.00	40.34		-	372.69	6,642.80	55,259.79
March	15,553.00	36,148.44	512.00	234.00	278.00	553.92	-	-	1,470.41	28,588.12	24,051.72	3,960.40	576.00	46.11		-	271.00	4,706.88	51,701.44
April	13,807.00	28,646.38	335.00	141.00	194.00	506.60	-	-	854.97	25,373.86	21,525.76	3,415.10	433.00	55.26		-	-	1,520.69	42,453.38
May	17,370.00	37,418.07	405.00	88.00	317.00	456.80	-	-	2,048.39	30,338.47	26,495.07	3,211.40	632.00	37.54		-	354.00	3,777.88	54,788.07
June	18,711.00	42,035.03	599.00	121.00	478.00	701.21	-	-	2,298.90	32,014.96	27,042.27	4,507.69	465.00	16.86		-	-	6,404.10	60,746.03
July	16,583.00	35,777.25	628.00	53.00	575.00	513.12	-	-	1,316.34	31,524.77	26,882.66	4,149.11	493.00	16.69		-	444.24	1,334.09	52,360.25
August	16,783.00	34,422.97	449.00	40.00	409.00	571.01	-	-	1,305.78	31,189.75	25,998.92	4,724.83	466.00	19.10		-	677.09	211.24	51,205.97
September	17,097.00	36,831.83	487.00	191.00	296.00	614.75	-	-	926.41	34,044.57	29,602.85	3,866.72	575.00	52.89		-	452.05	254.16	53,928.83
October	17,860.00	71,372.72	608.00	168.00	440.00	645.24	-	-	375.75	43,304.57	38,755.62	3,901.95	647.00	16.69		-	-	26,422.47	89,232.72
November	18,434.00	64,392.49	725.00	213.00	512.00	970.15	-	-	554.23	48,282.35	43,433.23	3,955.12	894.00	39.05		-	487.87	13,333.84	82,826.49
December	18,135.00	121,189.12	624.00	213.00	411.00	925.40	-	-	308.37	46,518.05	42,305.15	3,544.90	668.00	40.43		-	-	14,000.53	139,324.12
SUBTOTAL	198,860.22	570,136.11	6,397.00	1,943.00	4,454.00	7,627.42	-	-	13,914.88	394,896.91	333,920.52	54,210.39	6,766.00	443.04	58,772.34	-	3,311.09	84,773.43	768,996.33

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2022 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	14,387.00	51,452.88	199.00	199.00	-	555.89	-	-	418.37	42,515.89	38,286.89	3,662.00	567.00	69.41	3,411.32	-	101.00	4,182.00	65,839.88
February	17,433.50	63,915.99	154.00	154.00	-	511.27	-	-	355.76	51,797.79	46,928.51	4,280.28	589.00	86.48	5,345.69	-	54.00	5,611.00	81,349.49
March	24,282.00	58,466.77	169.00	169.00	-	780.70	-	-	491.45	48,092.64	41,960.77	5,318.87	813.00	39.89	6,085.09	-	544.00	2,264.00	82,748.77
April	18,879.67	75,020.49	30.00	30.00	-	578.92	-	-	435.82	64,637.92	60,642.91	3,458.01	537.00	70.76	6,277.20	-	423.00	2,566.87	93,900.16
May	22,423.00	73,608.86	51.00	51.00	-	464.21	-	-	469.00	61,522.02	57,537.67	3,397.35	587.00	14.35	7,025.68	-	580.00	3,482.60	96,031.86
June	22,478.00	83,108.70	208.00	208.00	-	665.11	-	-	149.00	65,103.55	60,392.44	3,837.11	874.00	24.34	11,675.58	-	530.00	4,753.12	105,586.70
July	21,914.00	45,634.16	135.00	135.00	-	474.60	-	-	334.00	35,163.15	30,033.80	4,407.35	722.00	7.19	6,740.05	-	503.00	2,277.17	67,548.16
August	22,578.00	53,651.94	190.00	190.00	-	351.02	-	-	562.14	40,893.31	35,021.34	5,327.97	544.00	29.38	6,863.75	-	495.00	4,267.34	76,229.94
September	25,069.00	46,517.77	50.00	50.00	-	551.43	-	-	416.00	32,946.12	26,939.50	5,352.62	654.00	37.38	6,760.26	-	429.00	5,327.58	71,586.77
October	23,400.00	57,779.09	259.00	259.00	-	536.57	-	-	437.00	43,285.88	36,952.60	5,827.28	506.00	71.48	6,928.04	-	518.00	5,743.12	81,179.09
November	23,471.00	55,254.25	181.00	181.00	-	534.10	-	-	460.00	40,879.89	34,912.45	5,286.44	681.00	31.12	6,376.99	-	353.00	6,438.15	78,725.25
December	19,158.00	43,468.61	192.00	192.00	-	450.22	-	-	393.65	32,398.12	27,352.72	4,455.40	590.00	0.33	5,889.29	-	-	4,145.00	62,626.61
SUBTOTAL	255,473.17	707,879.51	1,818.00	1,818.00	-	6,454.04	-	-	4,922.19	559,236.28	496,961.60	54,610.68	7,664.00	482.11	79,378.94	-	4,530.00	51,057.95	963,352.68

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2020 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	1,910.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,910.94
February	1,441.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,441.00
March	655.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	655.00
April	275.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	275.00
May	294.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	294.00
June	730.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	730.00
July	952.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	952.60
August	519.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	519.33
September	1,047.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,047.00
October	1,410.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,410.00
November	2,198.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,198.12
December	855.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	855.53
SUBTOTAL	12,288.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,288.52

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2021 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	930.69	3,088.10	-	-	-	-	-	-	-	3,088.10	3,088.10	-	-	-	-	-	-	-	4,018.79
February	969.00	2,082.12	-	-	-	-	-	-	-	2,082.12	2,082.12	-	-	-	-	-	-	-	3,051.12
March	1,137.00	2,346.70	-	-	-	-	-	-	-	2,346.70	2,346.70	-	-	-	-	-	-	-	3,483.70
April	802.00	1,035.06	-	-	-	-	-	-	-	1,035.06	1,035.06	-	-	-	-	-	-	-	1,837.06
May	1,333.00	1,147.11	-	-	-	-	-	-	-	1,147.11	1,147.11	-	-	-	-	-	-	-	2,480.11
June	1,134.00	3,337.90	-	-	-	-	-	-	-	3,337.90	3,337.90	-	-	-	-	-	-	-	4,471.90
July	888.20	2,112.49	-	-	-	-	-	-	-	2,112.49	2,112.49	-	-	-	-	-	-	-	3,000.69
August	1,611.85	3,067.49	-	-	-	-	-	-	-	3,067.49	3,067.49	-	-	-	-	-	-	-	4,679.34
September	1,544.00	6,453.00	-	-	-	-	-	-	-	6,453.00	6,453.00	-	-	-	-	-	-	-	7,997.00
October	1,248.71	3,668.62	-	-	-	-	-	-	-	3,668.62	3,668.62	-	-	-	-	-	-	-	4,917.33
November	956.00	2,846.76	-	-	-	-	-	-	-	2,846.76	2,846.76	-	-	-	-	-	-	-	3,802.76
December	1,450.00	3,471.99	-	-	-	-	-	-	-	3,471.99	3,471.99	-	-	-	-	-	-	-	4,921.99
SUBTOTAL	14,004.45	34,657.34	-	-	-	-	-	-	-	34,657.34	34,657.34	-	-	-	-	-	-	-	48,661.79

AMOUNT OF GASOLINE CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2022 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	789.00	4,155.43	-	-	-	-	-	-	-	4,155.43	4,155.43	-	-	-	-	-	-	-	4,944.43
February	822.00	1,790.10	-	-	-	-	-	-	-	1,790.10	1,790.10	-	-	-	-	-	-	-	2,612.10
March	1,876.00	3,746.57	-	-	-	-	-	-	-	3,746.57	3,746.57	-	-	-	-	-	-	-	5,622.57
April	1,934.00	1,968.45	-	-	-	-	-	-	-	1,968.45	1,968.45	-	-	-	-	-	-	-	3,902.45
May	3,034.00	3,623.77	-	-	-	-	-	-	-	3,623.77	3,623.77	-	-	-	-	-	-	-	6,657.77
June	1,737.00	3,367.48	-	-	-	-	-	-	-	3,367.48	3,367.48	-	-	-	-	-	-	-	5,104.48
July	1,804.00	3,405.76	-	-	-	-	-	-	-	3,405.76	3,405.76	-	-	-	-	-	-	-	5,209.76
August	1,906.00	3,061.92	-	-	-	-	-	-	-	3,061.92	3,061.92	-	-	-	-	-	-	-	4,967.92
September	2,531.00	10,290.03	-	-	-	-	-	-	10.00	10,280.03	10,280.03	-	-	-	-	-	-	-	12,821.03
October	2,273.00	4,588.82	-	-	-	-	-	-	-	4,588.82	4,588.82	-	-	-	-	-	-	-	6,861.82
November	2,544.00	6,218.48	-	-	-	-	-	-	-	6,218.48	6,218.48	-	-	-	-	-	-	-	8,762.48
December	1,832.00	5,548.33	-	-	-	-	-	-	-	5,548.33	5,548.33	-	-	-	-	-	-	-	7,380.33
SUBTOTAL	23,082.00	51,765.14	-	-	-	-	-	-	10.00	51,755.14	51,755.14	-	-	-	-	-	-	-	74,847.14

AMOUNT OF GASOLINE CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2020 (in liters)																				
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL	
January	-	539.56	-	-	-	-	-	322.00	-	-	-	-	-	-	11,487.67	-	217.56	-	539.56	
February	-	802.46	-	-	-	-	-	372.00	-	-	-	-	-	-		-	430.46	-	802.46	
March	-	1,346.89	-	-	-	-	-	227.00	-	-	-	-	-	-		-	1,119.89	-	1,346.89	
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	
May	-	515.72	-	-	-	-	-	357.00	-	-	-	-	-	-		-	-	158.72	-	515.72
June	-	1,092.14	-	-	-	-	-	761.00	-	-	-	-	-	-		-	-	331.14	-	1,092.14
July	-	910.71	-	-	-	-	-	696.00	-	-	-	-	-	-		-	-	214.71	-	910.71
August	-	1,343.22	-	-	-	-	-	631.00	-	-	-	-	-	-		-	-	712.22	-	1,343.22
September	-	1,351.30	-	-	-	-	-	866.00	-	-	-	-	-	-		-	-	485.30	-	1,351.30
October	-	904.83	-	-	-	-	-	398.00	-	-	-	-	-	-		-	-	506.83	-	904.83
November	-	801.02	-	-	-	-	-	514.40	-	-	-	-	-	-		-	-	286.62	-	801.02
December	-	13,005.77	-	-	-	-	-	576.20	-	-	-	-	-	-		-	-	941.90	-	13,005.77
SUBTOTAL	-	22,613.62	-	-	-	-	-	5,720.60	-	-	-	-	-	-	11,487.67	-	5,405.35	-	22,613.62	

AMOUNT OF GASOLINE CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2021 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	-	499.00	-	-	-	-	-	499.00	-	-	-	-	-	-	13,330.00	-	-	-	499.00
February	-	612.00	-	-	-	-	-	612.00	-	-	-	-	-	-		-	-	-	612.00
March	-	647.00	-	-	-	-	-	647.00	-	-	-	-	-	-		-	-	-	647.00
April	-	241.00	-	-	-	-	-	241.00	-	-	-	-	-	-		-	-	-	241.00
May	-	661.00	-	-	-	-	-	661.00	-	-	-	-	-	-		-	-	-	661.00
June	-	461.00	-	-	-	-	-	461.00	-	-	-	-	-	-		-	-	-	461.00
July	-	554.44	-	-	-	-	-	554.44	-	-	-	-	-	-		-	-	-	554.44
August	-	853.02	-	-	-	-	-	853.02	-	-	-	-	-	-		-	-	-	853.02
September	-	548.18	-	-	-	-	-	548.18	-	-	-	-	-	-		-	-	-	548.18
October	-	706.87	-	-	-	-	-	706.87	-	-	-	-	-	-		-	-	-	706.87
November	-	876.27	-	-	-	-	-	876.27	-	-	-	-	-	-		-	-	-	876.27
December	-	14,040.44	-	-	-	-	-	710.44	-	-	-	-	-	-		-	-	-	14,040.44
SUBTOTAL	-	20,700.22	-	-	-	-	-	7,370.22	-	-	-	-	-	-	13,330.00	-	-	-	20,700.22

AMOUNT OF GASOLINE CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2022 (in liters)																				
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay		MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	-	1,427.99	-	-	-	-	-	262.96	-	-	-	-	-	-	-	1,165.03	-	-	-	1,427.99
February	-	1,601.22	-	-	-	-	-	423.60	-	-	-	-	-	-	-	1,177.62	-	-	-	1,601.22
March	-	1,662.66	-	-	-	-	-	414.25	-	-	-	-	-	-	-	1,248.41	-	-	-	1,662.66
April	-	1,679.42	-	-	-	-	-	469.59	-	-	-	-	-	-	-	1,209.83	-	-	-	1,679.42
May	-	1,578.20	-	-	-	-	-	426.68	-	-	-	-	-	-	-	1,151.52	-	-	-	1,578.20
June	-	1,743.29	-	-	-	-	-	611.37	-	-	-	-	-	-	-	1,131.92	-	-	-	1,743.29
July	-	8,393.20	-	-	-	-	-	519.66	-	-	-	-	-	-	-	7,873.54	-	-	-	8,393.20
August	-	1,479.65	-	-	-	-	-	544.24	-	-	-	-	-	-	-	935.41	-	-	-	1,479.65
September	-	1,711.44	-	-	-	-	-	469.68	-	-	-	-	-	-	-	1,241.76	-	-	-	1,711.44
October	-	1,565.32	-	-	-	-	-	487.94	-	-	-	-	-	-	-	1,077.38	-	-	-	1,565.32
November	-	1,435.22	-	-	-	-	-	471.86	-	-	-	-	-	-	-	963.36	-	-	-	1,435.22
December	-	1,641.63	-	-	-	-	-	493.43	-	-	-	-	-	-	-	1,148.20	-	-	-	1,641.63
SUBTOTAL	-	25,919.22	-	-	-	-	-	5,595.24	-	-	-	-	-	-	-	20,323.98	-	-	-	25,919.22

SCOPE 1 EMISSIONS FROM COMBUSTION OF GASOLINE USED TO RUN COMPANY-OWNED VEHICLES (in tonnes CO ₂ e)			
	2020	2021	2022
MERALCO	398.04	453.42	582.51
SUBSIDIARIES	531.99	1,299.97	1,614.05
CIS Bayad Center	8.67	14.59	4.15
Bayad	0.26	4.43	4.15
CFS	8.41	10.16	-
Clark Electric	6.71	17.39	14.72
Comstech	-	-	-
eSakay	-	-	-
MGen	33.31	31.73	11.22
MIESCOR United	265.19	900.41	1,275.12
MIESCOR	155.62	761.38	1,133.13
MBI	95.00	123.61	124.52
MLI	14.57	15.43	17.47
MEP	0.28	1.01	1.10
MServ	121.20	134.01	180.99
Shin Clark	-	-	-
Spectrum	6.90	7.55	10.33
Radius	89.72	193.29	116.42
TOTAL	930.02	1,753.40	2,196.55

SCOPE 1 EMISSIONS FROM COMBUSTION OF GASOLINE USED TO RUN COMPANY-OWNED GENERATOR SETS (in tonnes CO ₂ e)			
	2020	2021	2022
MERALCO	28.02	31.93	52.63
SUBSIDIARIES	-	79.02	118.03
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	0.02
MIESCOR United	-	79.02	118.01
MIESCOR	-	79.02	118.01
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	28.02	110.95	170.66

SCOPE 3 EMISSIONS FROM COMBUSTION OF GASOLINE USED TO RUN RENTED/THIRD-PARTY VEHICLES (in tonnes CO ₂ e)			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	51.56	47.20	59.10
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	13.04	16.80	12.76
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	26.19	30.39	46.34
Shin Clark	-	-	-
Spectrum	12.32	-	-
Radius	-	-	-
TOTAL	51.56	47.20	59.10

TOTAL SCOPE 1 EMISSIONS FROM GASOLINE CONSUMPTION (in tonnes CO ₂ e)		
2020	2021	2021
958.04	1,864.35	2,367.21

TOTAL SCOPE 3 EMISSIONS FROM GASOLINE CONSUMPTION (in tonnes CO ₂ e)		
2020	2021	2021
51.56	47.20	59.10

Diesel (Vehicle & Gen Sets)

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2020 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	252,088.00	161,993.07	343.00	343.00	-	2,856.30	-	-	14,783.87	141,581.17	94,975.67	45,763.50	842.00	111.50	100,011.24	199.00	123.13	1,995.10	414,081.07
February	233,279.62	174,466.60	475.00	475.00	-	2,914.23	-	-	17,932.69	150,087.42	105,510.42	43,830.00	747.00	25.20		126.00	145.58	2,760.48	407,746.22
March	210,350.63	110,837.32	1,019.00	561.00	458.00	334.99	-	-	4,121.33	103,061.64	71,882.10	30,804.54	375.00	50.50		167.00	84.11	1,998.75	321,187.95
April	162,128.63	90,151.27	1,481.00	511.00	970.00	3,935.59	-	-	32,848.42	49,987.08	28,385.48	20,721.60	880.00	99.90		87.00	33.99	1,678.29	252,279.90
May	261,672.75	75,175.66	1,605.00	775.00	830.00	1,949.92	-	-	7,626.75	62,198.51	31,522.11	28,553.40	2,123.00	-		109.00	118.96	1,567.52	336,848.41
June	261,848.33	101,227.03	1,198.00	700.00	498.00	2,259.38	-	-	10,068.39	85,244.42	46,081.82	36,863.60	2,299.00	113.10		195.00	110.94	2,037.80	363,075.36
July	277,785.31	170,124.20	685.00	367.00	318.00	3,248.11	-	-	7,209.79	156,561.02	115,126.83	38,613.19	2,821.00	82.10		186.00	64.61	2,087.57	447,909.51
August	251,320.52	161,136.43	703.00	382.00	321.00	2,360.89	-	-	13,477.80	142,745.96	100,576.19	40,087.77	2,082.00	-		121.00	53.45	1,674.33	412,456.95
September	278,128.55	163,172.08	536.00	536.00	-	2,668.56	-	-	7,017.00	150,344.03	110,062.09	37,619.94	2,662.00	73.70		166.00	78.94	2,287.85	441,300.63
October	297,001.52	268,170.62	434.00	434.00	-	3,112.92	-	-	18,190.03	243,754.81	190,118.00	51,166.81	2,470.00	91.80		197.00	84.13	2,305.93	565,172.14
November	301,632.41	141,872.85	430.00	430.00	-	3,095.44	-	-	8,295.43	126,926.62	106,581.62	18,389.00	1,956.00	123.30		142.00	81.30	2,778.76	443,505.26
December	241,370.00	282,177.75	1,284.00	990.00	294.00	2,138.15	-	-	14,924.64	161,113.41	119,710.38	39,286.03	2,117.00	98.20		143.00	60.98	2,404.13	523,547.75
SUBTOTAL	3,028,606.27	1,900,504.88	10,193.00	6,504.00	3,689.00	30,874.48	-	-	156,496.14	1,573,606.09	1,120,532.71	431,699.38	21,374.00	869.30	100,011.24	1,838.00	1,040.12	25,576.51	4,929,111.15

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2021 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	249,080.79	90,916.95	674.00	413.00	261.00	2,554.26	-	-	10,394.83	74,593.66	56,824.17	15,425.49	2,344.00	82.53	121,582.29	129.00	86.68	2,401.99	339,997.74
February	249,537.00	99,601.42	1,129.00	846.00	283.00	2,108.00	-	-	10,710.20	82,191.88	50,647.08	29,258.80	2,286.00	65.04		116.00	128.11	3,153.20	349,138.42
March	293,704.00	127,386.83	1,187.00	909.00	278.00	2,676.99	-	-	9,842.49	109,804.09	57,687.44	49,036.65	3,080.00	195.76		129.00	93.16	3,458.35	421,090.83
April	263,441.74	110,665.01	1,087.00	893.00	194.00	2,620.50	-	-	7,589.84	95,741.78	52,159.02	37,942.76	5,640.00	150.72		106.00	-	3,369.17	374,106.75
May	286,820.00	121,878.57	1,034.00	717.00	317.00	2,715.08	-	-	13,561.48	99,648.77	59,247.80	33,453.97	6,947.00	119.32		104.00	121.69	4,574.23	408,698.57
June	298,920.49	133,008.46	1,262.00	784.00	478.00	2,675.33	-	-	17,710.89	105,730.81	56,537.11	43,231.70	5,962.00	89.49		139.00	-	5,400.94	431,928.95
July	287,183.00	131,462.60	1,337.00	762.00	575.00	2,590.12	-	-	11,335.69	111,123.27	64,141.12	44,745.15	2,237.00	112.37		95.00	152.71	4,716.44	418,645.60
August	289,071.00	140,476.94	870.00	461.00	409.00	2,424.04	-	-	11,083.89	116,387.20	68,720.10	45,314.10	2,353.00	65.18		154.00	232.75	9,259.88	429,547.94
September	291,367.40	145,953.98	837.00	541.00	296.00	2,547.13	-	-	11,050.47	122,760.18	72,262.66	47,263.52	3,234.00	188.00		142.00	155.39	8,273.82	437,321.38
October	283,869.00	146,933.32	1,260.00	820.00	440.00	2,938.10	-	-	9,328.27	124,015.06	74,764.80	47,219.26	2,031.00	247.89		135.00	-	9,009.00	430,802.32
November	268,204.00	154,542.32	1,484.00	972.00	512.00	2,762.59	-	-	11,849.05	127,076.85	82,249.08	42,672.77	2,155.00	124.12		70.00	167.71	11,008.00	422,746.32
December	247,296.00	275,133.69	1,401.00	990.00	411.00	2,901.58	-	-	11,242.57	127,999.37	88,521.62	37,804.75	1,673.00	82.88		192.00	-	9,732.00	522,429.69
SUBTOTAL	3,308,494.42	1,677,960.09	13,562.00	9,108.00	4,454.00	31,513.72	-	-	135,699.67	1,297,072.92	783,762.00	473,368.92	39,942.00	1,523.27	121,582.29	1,511.00	1,138.20	74,357.02	4,986,454.51

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED VEHICLES IN 2022 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spec-trum	Radius	TOTAL
January	215,330.00	133,799.20	822.00	414.00	408.00	951.58	-	-	9,920.84	109,838.22	72,106.07	36,433.15	1,299.00	107.28	8,621.28	107.00	166.00	3,265.00	349,129.20
February	244,326.51	143,747.61	1,452.00	947.00	505.00	1,025.76	-	-	9,738.49	115,560.88	75,478.45	39,037.43	1,045.00	90.61	9,439.87	113.00	-	6,327.00	388,074.12
March	306,477.00	153,316.56	1,973.00	1,198.00	775.00	1,257.33	-	-	11,111.16	123,586.07	75,109.98	46,715.09	1,761.00	121.04	9,852.96	131.00	182.00	5,102.00	459,793.56
April	257,582.00	159,353.56	1,875.00	1,224.00	651.00	1,691.56	-	-	8,780.09	129,924.94	91,043.69	37,894.25	987.00	100.21	10,170.76	136.00	144.00	6,531.00	416,935.56
May	281,835.00	122,671.82	1,649.00	1,028.00	621.00	1,866.89	-	-	10,337.88	93,659.73	54,854.81	37,862.92	942.00	116.51	9,616.81	119.00	-	5,306.00	404,506.82
June	288,380.00	141,036.85	1,724.00	1,080.00	644.00	2,155.71	-	-	10,128.46	108,365.85	71,624.32	35,768.53	973.00	172.79	12,579.92	206.00	228.00	5,476.12	429,416.85
July	281,698.00	125,606.47	1,015.00	716.00	299.00	1,673.85	-	-	11,043.12	95,030.10	54,061.28	39,891.82	1,077.00	51.80	9,977.61	134.00	108.00	6,573.00	407,304.47
August	286,885.00	182,923.28	1,533.00	1,037.00	496.00	1,964.02	-	-	9,455.06	150,505.51	105,963.59	43,605.92	936.00	154.92	10,414.64	144.00	196.00	8,556.13	469,808.28
September	293,724.00	168,131.37	1,158.00	601.00	557.00	2,073.12	-	-	10,403.52	134,644.73	94,190.80	39,298.93	1,155.00	122.52	10,536.14	147.00	81.00	8,965.34	461,855.37
October	290,410.50	118,458.17	1,239.00	800.00	439.00	1,687.42	-	-	9,534.20	85,780.56	41,318.00	43,222.56	1,240.00	225.32	10,992.44	122.79	-	8,876.44	408,868.67
November	279,635.00	157,610.35	1,016.00	437.00	579.00	1,631.99	-	-	8,957.20	127,389.70	81,588.40	44,895.30	906.00	46.90	10,917.36	108.06	-	7,543.14	437,245.35
December	233,911.00	121,942.81	931.00	618.00	313.00	1,593.73	-	-	10,436.22	94,308.41	55,683.54	37,915.87	709.00	-	8,625.74	96.84	-	5,950.87	355,853.81
SUBTOTAL	3,260,194.01	1,728,598.04	16,387.00	10,100.00	6,287.00	19,572.96	-	-	119,846.23	1,368,594.70	873,022.93	482,541.77	13,030.00	1,309.89	121,745.53	1,564.69	1,105.00	78,472.04	4,988,792.05

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2020 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	2,885.00	25,087.26	-	-	-	-	-	-	17,865.57	3,886.69	3,886.69	-	-	-	-	-	3,335.00	-	27,972.26
February	2,272.00	29,215.68	-	-	-	-	-	-	21,243.56	4,428.12	4,428.12	-	-	-	-	-	3,544.00	-	31,487.68
March	2,032.00	27,774.29	-	-	-	400.00	-	-	19,135.39	4,149.91	4,149.91	-	-	14.99	-	-	4,074.00	-	29,806.29
April	359.00	22,459.78	-	-	-	-	-	-	19,424.76	19.00	19.00	-	-	5.02	-	-	3,011.00	-	22,818.78
May	660.00	22,192.31	-	-	-	-	-	-	19,912.31	25.00	25.00	-	-	-	-	-	2,255.00	-	22,852.31
June	1,956.00	21,065.78	-	-	-	-	-	-	17,711.78	1,254.00	1,254.00	-	-	-	-	-	2,100.00	-	23,021.78
July	10,660.00	27,102.12	-	-	-	-	-	-	18,530.12	5,832.00	5,832.00	-	-	-	-	-	2,740.00	-	37,762.12
August	2,875.00	25,583.35	-	-	-	-	-	-	19,635.75	3,321.60	3,321.60	-	-	-	-	-	2,626.00	-	28,458.35
September	5,839.00	23,173.76	-	-	-	-	-	-	18,034.91	2,714.85	2,714.85	-	-	-	-	-	2,424.00	-	29,012.76
October	5,323.00	31,968.37	-	-	-	241.20	-	-	21,370.67	6,755.50	6,755.50	-	-	-	-	-	3,601.00	-	37,291.37
November	8,510.00	32,262.87	-	-	-	-	-	-	24,733.97	4,440.90	4,440.90	-	-	-	-	-	3,088.00	-	40,772.87
December	978.00	29,147.01	-	-	-	-	-	-	19,664.08	4,987.93	4,987.93	-	-	-	-	-	4,495.00	-	30,125.01
SUBTOTAL	44,349.00	317,032.58	-	-	-	641.20	-	-	237,262.87	41,815.50	41,815.50	-	-	20.01	-	-	37,293.00	-	361,381.58

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2021 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	1,118.00	30,844.60	-	-	-	5.00	-	-	15,889.53	12,960.07	12,960.07	-	-	-	-	-	1,990.00	-	31,962.60
February	820.00	28,335.69	-	-	-	-	-	-	15,522.72	10,162.97	10,162.97	-	-	-	-	-	2,650.00	-	29,155.69
March	2,129.00	40,030.54	-	-	-	-	-	-	16,929.70	20,086.84	20,086.84	-	-	-	-	-	3,014.00	-	42,159.54
April	7,678.00	34,086.17	-	-	-	-	-	-	15,408.64	15,639.53	15,639.53	-	-	-	-	-	3,038.00	-	41,764.17
May	1,443.00	48,758.50	-	-	-	7.00	-	-	23,978.25	19,950.25	19,950.25	-	-	-	-	-	4,823.00	-	50,201.50
June	4,872.00	41,019.36	-	-	-	-	-	-	18,111.80	19,111.56	19,111.56	-	-	-	-	-	3,796.00	-	45,891.36
July	2,758.00	33,341.72	-	-	-	-	-	-	21,161.13	8,592.59	8,592.59	-	-	-	-	-	3,588.00	-	36,099.72
August	775.00	44,037.18	-	-	-	-	-	-	27,754.40	12,626.78	12,626.78	-	-	-	-	-	3,656.00	-	44,812.18
September	1,760.00	36,538.88	-	-	-	-	-	-	19,660.79	13,301.09	13,301.09	-	-	-	-	-	3,577.00	-	38,298.88
October	4,136.00	41,758.69	-	-	-	5.00	-	-	22,460.40	15,469.29	15,469.29	-	-	-	-	-	3,824.00	-	45,894.69
November	1,121.00	44,268.35	-	-	-	-	-	-	21,638.68	18,943.67	18,943.67	-	-	-	-	-	3,686.00	-	45,389.35
December	1,698.00	40,381.19	-	-	-	80.00	-	-	20,891.20	15,868.99	15,868.99	-	-	-	-	-	3,541.00	-	42,079.19
SUBTOTAL	30,308.00	463,400.86	-	-	-	97.00	-	-	239,407.23	182,713.63	182,713.63	-	-	-	-	-	41,183.00	-	493,708.86

AMOUNT OF DIESEL CONSUMED TO RUN COMPANY-OWNED GENERATOR SETS IN 2022 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Elec- tric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spec- trum	Radius	TOTAL
January	1,563.00	15,767.76	-	-	-	4.00	-	-	195.48	15,568.28	15,568.28	-	-	-	-	-	-	-	17,330.76
February	751.00	21,666.63	-	-	-	-	-	-	5,154.03	16,512.60	16,512.60	-	-	-	-	-	-	-	22,417.63
March	2,210.00	15,901.51	-	-	-	28.00	-	-	227.91	15,645.60	15,645.60	-	-	-	-	-	-	-	18,111.51
April	7,720.00	15,389.17	-	-	-	10.00	-	-	198.63	15,152.85	15,152.85	-	-	27.69	-	-	-	-	23,109.17
May	1,737.00	18,710.35	-	-	-	20.00	-	-	180.93	18,495.88	18,495.88	-	-	13.54	-	-	-	-	20,447.35
June	1,110.00	17,250.25	-	-	-	20.00	-	-	226.38	17,003.87	17,003.87	-	-	-	-	-	-	-	18,360.25
July	1,780.00	31,966.52	-	-	-	-	-	-	1,641.26	30,325.26	30,325.26	-	-	-	-	-	-	-	33,746.52
August	1,051.00	24,099.88	-	-	-	-	-	-	2,409.88	21,690.00	21,690.00	-	-	-	-	-	-	-	25,150.88
September	3,228.00	26,677.05	-	-	-	132.16	-	-	941.58	25,603.31	25,603.31	-	-	-	-	-	-	-	29,905.05
October	2,134.00	33,810.05	-	-	-	162.00	-	-	1,123.38	32,524.67	32,524.67	-	-	-	-	-	-	-	35,944.05
November	852.00	30,093.70	-	-	-	10.00	-	-	654.88	29,428.82	29,428.82	-	-	-	-	-	-	-	30,945.70
December	634.00	28,862.93	-	-	-	-	-	-	340.43	28,522.50	28,522.50	-	-	-	-	-	-	-	29,496.93
SUBTOTAL	24,770.00	280,195.80	-	-	-	386.16	-	-	13,294.77	266,473.64	266,473.64	-	-	41.23	-	-	-	-	304,965.80

AMOUNT OF DIESEL CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2020 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	-	541.06	-	-	-	-	160.00	-	-	-	-	-	-	306.27	530.18	-	74.79	-	541.06
February	-	564.65	-	-	-	-	212.50	-	-	-	-	-	-	204.18		-	147.97	-	564.65
March	-	814.36	-	-	-	-	89.10	-	-	-	-	-	-	340.30		-	384.96	-	814.36
April	-	329.27	-	-	-	-	23.00	-	-	-	-	-	-	306.27		-	-	-	329.27
May	-	452.86	-	-	-	-	58.00	-	-	-	-	-	-	340.30		-	54.56	-	452.86
June	-	537.10	-	-	-	-	117.00	-	-	-	-	-	-	306.27		-	113.83	-	537.10
July	-	558.14	-	-	-	-	110.00	-	-	-	-	-	-	374.33		-	73.81	-	558.14
August	-	716.10	-	-	-	-	165.00	-	-	-	-	-	-	306.27		-	244.83	-	716.10
September	-	719.21	-	-	-	-	110.00	-	-	-	-	-	-	442.39		-	166.82	-	719.21
October	-	666.58	-	-	-	-	84.00	-	-	-	-	-	-	408.36		-	174.22	-	666.58
November	-	649.33	-	-	-	-	115.00	-	-	-	-	-	-	435.80		-	98.53	-	649.33
December	-	1,243.26	-	-	-	-	80.00	-	-	-	-	-	-	309.30		-	323.78	-	1,243.26
SUBTOTAL	-	7,791.92	-	-	-	-	1,323.60	-	-	-	-	-	-	4,080.04	530.18	-	1,858.10	-	7,791.92

AMOUNT OF DIESEL CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2021 (in liters)																			
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay	MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	-	420.65	-	-	-	-	170.00	-	-	-	-	-	-	250.65	-	-	-	-	420.65
February	-	320.30	-	-	-	-	121.00	-	-	-	-	-	-	199.30	-	-	-	-	320.30
March	-	429.85	-	-	-	-	87.00	-	-	-	-	-	-	342.85	-	-	-	-	429.85
April	-	222.87	-	-	-	-	61.00	-	-	-	-	-	-	161.87	-	-	-	-	222.87
May	-	478.26	-	-	-	-	77.00	-	-	-	-	-	-	401.26	-	-	-	-	478.26
June	-	431.20	-	-	-	-	92.00	-	-	-	-	-	-	339.20	-	-	-	-	431.20
July	-	204.22	-	-	-	-	112.00	-	-	-	-	-	-	92.22	-	-	-	-	204.22
August	-	288.53	-	-	-	-	111.00	-	-	-	-	-	-	177.53	-	-	-	-	288.53
September	-	666.08	-	-	-	-	71.00	-	-	-	-	-	-	595.08	-	-	-	-	666.08
October	-	364.31	-	-	-	-	64.00	-	-	-	-	-	-	300.31	-	-	-	-	364.31
November	-	247.32	-	-	-	-	125.00	-	-	-	-	-	-	122.32	-	-	-	-	247.32
December	-	693.72	-	-	-	-	70.00	-	-	-	-	-	-	623.72	-	-	-	-	693.72
SUBTOTAL	-	4,767.31	-	-	-	-	1,161.00	-	-	-	-	-	-	3,606.31	-	-	-	-	4,767.31

AMOUNT OF DIESEL CONSUMED TO RUN RENTED/THIRD-PARTY VEHICLES IN 2022 (in liters)																				
	MERALCO	SUBSIDIARIES	CIS Bayad Center	Bayad	CFS	Clark Electric	Comstech	eSakay		MGen	MIESCOR United	MIESCOR	MBI	MLI	MEP	MServ	Shin Clark	Spectrum	Radius	TOTAL
January	-	336.55	-	-	-	-	146.00	-		-	-	-	-	-	190.55	-	-	-	-	336.55
February	-	331.83	-	-	-	-	149.00	-		-	-	-	-	-	182.83	-	-	-	-	331.83
March	-	292.31	-	-	-	-	25.00	-		-	-	-	-	-	267.31	-	-	-	-	292.31
April	-	367.70	-	-	-	-	147.00	-		-	-	-	-	-	220.70	-	-	-	-	367.70
May	-	355.16	-	-	-	-	73.00	-		-	-	-	-	-	282.16	-	-	-	-	355.16
June	-	377.68	-	-	-	-	108.00	-		-	-	-	-	-	269.68	-	-	-	-	377.68
July	-	312.50	-	-	-	-	69.00	-		-	-	-	-	-	243.50	-	-	-	-	312.50
August	-	411.46	-	-	-	-	125.00	-		-	-	-	-	-	286.46	-	-	-	-	411.46
September	-	457.57	-	-	-	-	143.00	-		-	-	-	-	-	314.57	-	-	-	-	457.57
October	-	395.21	-	-	-	-	110.00	-		-	-	-	-	-	285.21	-	-	-	-	395.21
November	-	280.86	-	-	-	-	-	-		-	-	-	-	-	280.86	-	-	-	-	280.86
December	-	290.18	-	-	-	-	-	-		-	-	-	-	-	290.18	-	-	-	-	290.18
SUBTOTAL	-	4,209.01	-	-	-	-	1,095.00	-		-	-	-	-	-	3,114.01	-	-	-	-	4,209.01

SCOPE 1 EMISSIONS FROM COMBUSTION OF DIESEL USED TO RUN COMPANY-OWNED VEHICLES (in tonnes CO ₂ e)			
	2020	2021	2022
MERALCO	8,134	8,885	8,756
SUBSIDIARIES	5,104	4,506	4,642
CIS Bayad Center	27	36	44
Bayad	17	24	27
CFS	10	12	17
Clark Electric	83	85	53
Comstech	-	-	-
eSakay	-	-	-
MGen	420	364	322
MIESCOR United	4,226	3,483	3,676
MIESCOR	3,009	2,105	2,345
MBI	1,159	1,271	1,296
MLI	57	107	35
MEP	2	4	4
MServ	269	327	327
Shin Clark	5	4	4
Spectrum	3	3	3
Radius	69	200	211
TOTAL	13,238	13,392	13,398

SCOPE 1 EMISSIONS FROM COMBUSTION OF DIESEL USED TO RUN COMPANY-OWNED GENERATOR SETS (in tonnes CO ₂ e)			
	2020	2021	2022
MERALCO	119	81	67
SUBSIDIARIES	851	1,245	753
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	2	0	1
Comstech	-	-	-
eSakay	-	-	-
MGen	637	643	36
MIESCOR United	112	491	716
MIESCOR	112	491	716
MBI	-	-	-
MLI	-	-	-
MEP	0	-	0
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	100	111	-
Radius	-	-	-
TOTAL	971	1,326	819

SCOPE 3 EMISSIONS FROM COMBUSTION OF DIESEL USED TO RUN RENTED/THIRD-PARTY VEHICLES (in tonnes CO ₂ e)			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	21	13	11
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	4	3	3
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	11	10	8
MServ	1	-	-
Shin Clark	-	-	-
Spectrum	5	-	-
Radius	-	-	-
TOTAL	21	13	11

TOTAL SCOPE 1 EMISSIONS FROM DIESEL CONSUMPTION (in tonnes CO ₂ e)		
2020	2021	2021
14,208.46	14,717.85	14,217.23

TOTAL SCOPE 3 EMISSIONS FROM DIESEL CONSUMPTION (in tonnes CO ₂ e)		
2020	2021	2021
20.93	12.80	11.30

Coal

AMOUNT OF ENERGY GENERATED BY SBPL PLANT (in GWh)			
	2020	2021	2022
January	272.79	295.00	62.95
February	103.48	304.36	305.20
March	294.22	144.08	256.37
April	287.99	326.09	231.41
May	265.82	327.99	228.54
June	213.88	336.26	283.36
July	315.88	301.22	281.11
August	283.21	304.13	217.15
September	152.58	259.22	211.75
October	303.24	289.61	288.45
November	292.23	240.53	212.35
December	285.07	105.30	186.35
TOTAL	3,070.38	3,233.78	2,764.98

AMOUNT OF GROSS EMISSIONS GENERATED BY SBPL PLANT (in tonnes CO ₂ e)			
	2020	2021	2022
January	3,029,074.20	3,038,932.14	60,285.32
February			284,188.72
March			237,616.22
April			221,156.78
May			219,119.75
June			266,227.84
July			259,625.92
August			206,525.09
September			196,364.04
October			274,886.52
November			211,860.49
December			179,810.34
TOTAL	3,029,074.20	3,038,932.14	2,617,667.05

AMOUNT OF ENERGY GENERATED BY CEDC PLANT (in GWh)			
	2020	2021	2022
January	126.67	116.72	85.91
February	101.54	124.87	117.75
March	114.40	89.43	112.96
April	73.72	88.12	108.75
May	75.52	119.56	115.45
June	111.49	134.96	128.37
July	97.58	124.78	119.85
August	112.68	128.79	83.39
September	97.83	123.55	94.34
October	98.26	121.76	105.66
November	95.67	123.18	133.89
December	109.99	90.26	125.17
TOTAL	1,215.33	1,385.97	1,331.48

AMOUNT OF GROSS EMISSIONS GENERATED BY CEDC PLANT (in tonnes CO ₂ e)			
	2020	2021	2022
January	1,684,302.49	1,702,055.78	108,270.57
February			148,271.09
March			139,238.32
April			144,888.94
May			150,357.37
June			167,278.00
July			156,720.45
August			110,877.77
September			122,989.01
October			135,365.20
November			171,533.17
December			161,134.63
TOTAL	1,684,302.49	1,702,055.78	1,716,924.50

AMOUNT OF ENERGY GENERATED BY TPC1 (SANGI) AND TPC 1A PLANTS (in GWh)			
	2020	2021	2022
January	51.05	50.08	20.31
February	47.33	42.46	40.75
March	47.21	48.15	44.08
April	41.06	61.34	51.58
May	43.32	64.97	42.39
June	11.55	37.98	47.77
July	44.36	64.18	15.77
August	48.23	64.36	40.29
September	49.99	54.50	49.71
October	35.63	54.36	51.30
November	40.15	57.75	51.17
December	46.06	32.88	50.65
TOTAL	505.94	633.01	505.76

AMOUNT OF GROSS EMISSIONS GENERATED BY TPC1 (SANGI) AND TPC 1A PLANTS (in tonnes CO ₂ e)			
	2020	2021	2022
January	640,369.24	825,123.55	24,606.80
February			49,462.47
March			51,786.09
April			61,340.21
May			52,287.34
June			56,939.41
July			22,386.83
August			51,001.32
September			60,485.04
October			62,582.02
November			60,635.38
December			61,606.02
TOTAL	640,369.24	825,123.55	615,118.93

AMOUNT OF ENERGY GENERATED BY PEDC 1 & 2 PLANTS (in GWh)			
	2020	2021	2022
January	77.19	76.63	82.19
February	73.78	47.59	46.81
March	58.98	66.44	34.36
April	56.87	78.42	76.44
May	60.26	80.85	71.50
June	70.81	80.44	79.60
July	64.21	80.96	70.82
August	67.12	71.00	70.84
September	51.20	61.58	74.51
October	66.86	59.82	79.68
November	70.69	64.27	81.49
December	69.25	56.94	79.83
TOTAL	787.22	824.93	848.07

AMOUNT OF GROSS EMISSIONS GENERATED BY PEDC 1 & 2 PLANTS (in tonnes CO ₂ e)			
	2020	2021	2022
January	1,110,918.89	1,079,970.14	109,608.68
February			65,789.29
March			45,286.91
April			97,218.95
May			95,107.31
June			104,613.80
July			92,366.27
August			93,609.59
September			92,511.74
October			98,959.77
November			106,313.97
December			102,936.86
TOTAL	1,110,918.89	1,079,970.14	1,104,323.14

AMOUNT OF ENERGY GENERATED BY PEDC 3 PLANT (in GWh)			
	2020	2021	2022
January	10.42	2.80	11.47
February	57.87	85.43	58.43
March	66.46	0.08	74.59
April	53.71	85.63	83.11
May	64.01	85.55	75.17
June	72.77	67.95	85.13
July	64.56	75.44	76.83
August	66.52	77.17	75.10
September	83.15	62.76	74.99
October	67.48	65.26	67.49
November	67.39	68.13	77.20
December	72.65	65.27	55.66
TOTAL	746.99	741.45	815.17

AMOUNT OF GROSS EMISSIONS GENERATED BY PEDC 3 PLANT (in tonnes CO ₂ e)			
	2020	2021	2022
January	957,625.98	969,196.21	13,467.40
February			73,633.04
March			91,302.09
April			92,792.34
May			90,579.79
June			100,600.35
July			90,090.54
August			90,861.57
September			86,904.05
October			76,753.00
November			92,194.11
December			68,521.22
TOTAL	957,625.98	969,196.21	967,699.49

AMOUNT OF ENERGY GENERATED BY SEC 1 & 2 PLANTS (in GWh)			
	2020	2021	2022
January	72.35	87.92	61.24
February	79.10	90.51	62.67
March	92.17	94.55	58.54
April	85.79	108.07	63.04
May	87.40	97.81	63.98
June	92.86	101.18	45.69
July	75.75	76.08	70.21
August	76.13	51.93	88.05
September	54.38	73.76	85.40
October	61.97	65.55	78.55
November	77.43	67.91	66.95
December	79.60	64.12	83.64
TOTAL	934.93	979.39	827.96

AMOUNT OF GROSS EMISSIONS GENERATED BY SEC 1 & 2 PLANTS (in tonnes CO ₂ e)			
	2020	2021	2022
January	1,198,023.28	1,177,172.00	81,558.87
February			81,279.45
March			76,029.04
April			81,344.27
May			80,854.25
June			56,004.80
July			84,086.38
August			105,435.99
September			100,271.12
October			94,149.07
November			79,455.18
December			100,319.81
TOTAL	1,198,023.28	1,177,172.00	1,020,788.23

TOTAL ENERGY GENERATED FROM COAL COMBUSTION (in GWh)			
	2020	2021	2022
SBPL	3,070.38	3,233.78	2,764.98
CEDC	1,215.33	1,385.97	1,331.48
TPC 1 (Sangi) and TPC 1A	505.94	633.01	505.76
PEDC 1 & 2	787.22	824.93	848.07
PEDC 3	746.99	741.45	815.17
SEC 1 and SEC 2	934.93	979.39	827.96
TOTAL	7,260.79	7,798.53	7,093.43

GROSS SCOPE 1 EMISSIONS FROM COAL COMBUSTION (in tonnes CO ₂ e)			
	2020	2021	2022
SBPL	3,029,074.20	3,273,050.14	2,610,864.02
CEDC	1,684,302.49	1,896,923.88	1,719,325.39
TPC 1 (Sangi) and TPC 1A	640,369.24	904,749.61	613,981.45
PEDC 1 & 2	1,110,918.89	1,381,512.79	1,107,298.00
PEDC 3	957,625.98	1,051,481.92	970,230.80
SEC 1 and SEC 2	1,198,023.28	1,241,931.47	1,027,031.85
TOTAL	8,620,314.08	9,749,649.81	8,048,731.50

EQUITY-APPLIED SCOPE 1 EMISSIONS FROM COAL COMBUSTION (in tonnes CO ₂ e)			
	2020	2021	2022
SBPL	1,544,827.84	1,669,255.57	1,331,540.65
CEDC	122,617.22	783,793.16	897,315.92
TPC 1 (Sangi) and TPC 1A	89,651.69	731,813.79	613,981.45
PEDC 1 & 2	138,420.49	985,158.40	988,817.11
PEDC 3	119,320.20	839,971.78	866,416.10
SEC 1 and SEC 2	63,734.84	383,524.63	385,136.94
TOTAL	2,078,572.29	5,393,517.32	5,083,208.18

Natural Gas

AMOUNT OF ENERGY GENERATED BY ALL OF PLP'S PLANTS (in GWh)			
	2020	2021	2022
January	349.54	416.52	276.00
February	212.52	391.02	371.00
March	315.04	466.50	478.00
April	335.18	442.95	505.00
May	378.10	451.57	473.70
June	389.15	440.81	443.50
July	394.03	465.04	465.30
August	449.54	457.90	456.09
September	414.75	445.00	443.46
October	461.02	456.60	496.76
November	446.55	442.10	437.83
December	451.12	455.70	472.20
TOTAL	4,596.54	5,331.71	5,318.85

AMOUNT OF GROSS EMISSIONS GENERATED BY ALL OF PLP'S PLANTS (in tCO ₂ e)			
	2020	2021	2022
January	1,645,311.81	1,871,741.67	96,416.20
February			132,460.23
March			167,108.63
April			174,911.63
May			166,234.36
June			156,366.59
July			163,573.87
August			160,919.26
September			156,192.66
October			173,135.53
November			152,922.77
December			164,776.09
TOTAL	1,645,311.81	1,871,741.67	1,865,017.82

GROSS SCOPE 1 EMISSIONS FROM NATURAL GAS COMBUSTION			
	2020	2021	2022
PLP	1,645,311.81	1,877,025.18	1,865,017.82

EQUITY-APPLIED SCOPE 1 EMISSIONS FROM NATURAL GAS COMBUSTION (in tonnes CO ₂ e)			
	2020	2021	2022
PLP	954,280.85	1,088,674.60	1,081,710.34

Diesel

AMOUNT OF ENERGY GENERATED BY TPC (CARMEN) PLANT (in GWh)			
	2020	2021	2022
January	3.10	1.72	1.94
February	5.27	3.72	4.05
March	1.60	2.24	3.72
April	1.36	0.85	1.54
May	2.14	1.36	1.88
June	7.66	4.96	2.34
July	2.33	3.40	10.06
August	2.24	2.68	2.42
September	2.76	3.62	3.50
October	8.32	5.74	5.57
November	6.32	5.48	3.36
December	3.74	1.81	4.23
TOTAL	46.84	37.58	44.61

AMOUNT OF GROSS EMISSIONS GENERATED BY TPC (CARMEN) PLANT (in tonnes CO ₂ e)			
	2020	2021	2022
January	37,703.91	30,836.84	1,624.15
February			3,308.55
March			2,847.95
April			1,242.28
May			1,497.00
June			1,884.66
July			7,947.16
August			1,968.41
September			2,939.34
October			4,568.39
November			2,811.32
December			3,592.44
TOTAL	37,703.91	30,836.84	36,231.65

AMOUNT OF ENERGY GENERATED BY PPC 1 & 2 PLANTS (in GWh)			
	2020	2021	2022
January	1.67	1.04	1.36
February	2.83	0.03	2.09
March	1.62	1.36	2.00
April	-	1.04	5.45
May	0.42	4.70	1.32
June	2.23	3.34	5.71
July	1.62	4.06	5.09
August	1.07	3.12	3.09
September	2.79	0.21	6.12
October	0.39	1.20	8.71
November	0.94	0.38	4.16
December	0.25	1.08	6.84
TOTAL	15.83	21.56	51.93

AMOUNT OF GROSS EMISSIONS GENERATED BY PPC 1 & 2 PLANTS (in tonnes CO ₂ e)			
	2020	2021	2022
January	12,032.47	16,220.61	1,202.54
February			1,510.12
March			1,437.59
April			3,755.87
May			1,159.66
June			5,570.32
July			4,169.58
August			2,922.13
September			5,077.99
October			7,516.96
November			3,824.42
December			5,717.37
TOTAL	12,032.47	16,220.61	43,864.53

AMOUNT OF ENERGY GENERATED BY PPC 3 (NABAS) PLANT (in GWh)			
	2020	2021	2022
January	0.17	0.09	0.10
February	0.04	0.05	0.14
March	0.02	0.05	0.10
April	0.10	0.03	0.90
May	0.10	0.13	0.34
June	0.02	0.38	0.40
July	-	0.57	0.41
August	0.01	0.20	0.28
September	0.11	0.06	0.14
October	0.59	0.24	0.49
November	0.49	0.04	0.12
December	0.20	0.12	0.32
TOTAL	1.86	1.96	3.75

AMOUNT OF GROSS EMISSIONS GENERATED BY PPC 3 (NABAS) PLANT (in tonnes CO ₂ e)			
	2020	2021	2022
January	1,399.82	1,600.70	75.30
February			117.90
March			76.32
April			723.68
May			287.46
June			342.51
July			326.21
August			227.21
September			112.60
October			396.78
November			90.22
December			268.67
TOTAL	1,399.82	1,600.70	3,044.86

AMOUNT OF ENERGY GENERATED BY PPC 4 (NEW WASHINGTON) PLANT (in GWh)			
	2020	2021	2022
January	-	-	0.02
February	0.10	-	-
March	-	0.01	-
April	0.42	-	0.12
May	0.61	0.02	-
June	-	0.02	0.27
July	0.00	0.37	0.36
August	0.01	0.39	0.02
September	0.06	0.03	0.00
October	0.03	0.04	0.02
November	0.01	-	-
December	-	-	0.03
TOTAL	1.23	0.87	0.83

AMOUNT OF GROSS EMISSIONS GENERATED BY PPC 4 (NEW WASHINGTON) PLANT (in tonnes CO ₂ e)			
	2020	2021	2022
January	1,001.60	710.38	13.66
February			-
March			-
April			110.84
May			-
June			229.24
July			326.03
August			17.97
September			6.30
October			13.83
November			-
December			24.88
TOTAL	1,001.60	710.38	742.74

AMOUNT OF ENERGY GENERATED BY GPRI PLANT (in GWh)			
	2020	2021*	2022
January	2.58	0.89	-
February	2.10	0.97	-
March	1.83	0.93	-
April	0.54	1.07	-
May	-	0.36	-
June	-	-	-
July	-	-	-
August	-	-	-
September	1.03	-	-
October	1.36	-	-
November	0.17	-	-
December	1.44	-	-
TOTAL	11.05	4.21	-

*No new contract for GPRI starting June 2021. The plant is currently not operating but still being maintained by GBP.

AMOUNT OF GROSS EMISSIONS GENERATED BY GPRI PLANT (in tonnes CO ₂ e)			
	2020	2021*	2022
January	8,530.69	3,210.11	-
February			-
March			-
April			-
May			-
June			-
July			-
August			-
September			-
October			-
November			-
December			-
TOTAL	8,530.69	3,210.11	-

*No new contract for GPRI starting June 2021. The plant is currently not operating but still being maintained by GBP.

TOTAL ENERGY GENERATED FROM DIESEL COMBUSTION (in GWh)			
	2020	2021	2022
TPC (Carmen)	46.84	37.58	44.61
PPC 1 & 2 (Iloilo)	15.83	21.56	51.93
PPC 3 (Nabas)	1.86	1.96	3.75
PPC 4 (New Washington)	1.23	0.87	0.83
GPRI	11.05	4.21	-
TOTAL	76.81	66.18	101.11

GROSS SCOPE 1 EMISSIONS FROM DIESEL COMBUSTION (in tonnes CO ₂ e)			
	2020	2021	2022
TPC (Carmen)	37,703.91	30,348.29	36,232.82
PPC 1 & 2 (Iloilo)	12,032.47	15,817.54	38,954.89
PPC 3 (Nabas)	1,399.82	1,524.05	2,867.66
PPC 4 (New Washington)	1,001.60	711.04	675.34
GPRI	8,530.69	3,210.11	-
TOTAL	60,668.48	51,611.02	78,730.71

EQUITY-APPLIED SCOPE 1 EMISSIONS FROM DIESEL COMBUSTION (in tonnes CO ₂ e)			
	2020	2021	2022
TPC (Carmen)	5,278.55	25,016.86	36,232.82
PPC 1 & 2 (Iloilo)	1,499.25	12,714.42	34,786.72
PPC 3 (Nabas)	174.42	1,242.35	2,560.82
PPC 4 (New Washington)	125.22	631.69	603.07
GPRI	1,194.30	1,381.32	-
TOTAL	8,271.73	40,986.64	74,183.43

Solar

AMOUNT OF ENERGY GENERATED BY BULACANSOL PLANT (in KWh)			
	2020	2021	2022
January	-	-	10,041,410.40
February	-	-	10,059,162.40
March	-	-	10,547,476.80
April	-	-	10,952,662.00
May	-	10,327,612.40	10,269,876.40
June	-	2,872,825.20	10,637,300.80
July	-	8,619,702.00	6,557,832.40
August	-	9,181,393.20	8,712,754.40
September	-	7,436,954.00	9,220,366.40
October	-	8,128,610.00	8,700,574.40
November	-	10,506,003.20	8,300,793.20
December	-	9,032,452.80	8,461,278.00
TOTAL	-	66,105,552.80	112,461,487.60

Sales to Meralco

ENERGY TRANSMITTED/SOLD TO MERALCO BY SBPL (in kWh)			
	2020	2021	2022
January	272,794,000.00	294,999,000.00	62,948,427.00
February	103,479,000.00	304,357,000.00	305,199,568.00
March	294,219,000.00	144,075,000.00	256,368,845.00
April	287,989,000.00	326,093,000.00	231,413,010.00
May	265,822,000.00	327,992,000.00	228,538,983.00
June	213,880,000.00	336,259,000.00	283,356,194.00
July	315,880,000.00	301,221,000.00	281,107,862.00
August	283,205,000.00	304,129,000.00	217,154,013.00
September	152,582,000.00	259,220,000.00	211,746,335.00
October	303,238,000.00	289,608,000.00	288,452,868.00
November	292,226,000.00	240,526,000.00	212,349,520.00
December	285,065,000.00	105,297,000.00	186,347,490.00
TOTAL	3,070,379,000.00	3,233,776,000.00	2,764,983,115.00

ENERGY TRANSMITTED/SOLD TO MERALCO BY PEDC (in kWh)			
	2020	2021	2022
January	5,355,000.00	698,069.49	6,020,000.00
February	37,765,000.00	39,620,000.00	-
March	34,965,000.00	43,239,430.00	-
April	39,091,900.00	34,720,000.00	39,584,809.99
May	46,082,400.00	46,584,510.00	49,966,626.76
June	44,835,000.00	41,160,000.00	52,080,000.00
July	37,870,000.00	50,400,000.00	45,788,754.64
August	34,195,000.00	51,924,200.00	50,400,000.00
September	45,640,000.00	39,568,000.00	52,080,000.01
October	33,950,000.00	43,274,090.00	50,124,000.00
November	28,385,000.00	36,557,800.00	49,351,000.01
December	32,200,000.00	27,295,900.00	14,398,000.00
TOTAL	420,334,300.00	455,041,999.49	409,793,191.41

ENERGY TRANSMITTED/SOLD TO MERALCO BY BULACANSOL (in kWh)			
	2020	2021	2022
January	-	-	10,041,410.40
February	-	-	10,059,162.40
March	-	-	10,547,476.80
April	-	-	10,952,662.00
May	-	10,327,612.40	10,269,876.40
June	-	2,872,825.20	10,637,300.80
July	-	8,619,702.00	6,557,832.40
August	-	9,181,393.20	8,712,754.40
September	-	7,436,954.00	9,220,366.40
October	-	8,128,610.00	8,700,574.40
November	-	10,506,003.20	8,300,793.20
December	-	9,032,452.80	8,461,278.00
TOTAL	-	66,105,552.80	112,461,487.60

System Loss

SYSTEM LOSS (in kWh)					
Meralco			Clark Electric		
2020	2021	2022	2020	2021	2022
2,762,319,271.00	2,794,155,732.00	2,919,488,275.00	10,850,797.00	11,849,596.00	11,868,310.00

TOTAL SCOPE 2 EMISSIONS FROM SYSTEM LOSS (in tonnes CO ₂ e)		
2020	2021	2022
1,975,051.72	1,998,436.99	2,087,712.16

Total Scope 1

EQUITY-APPLIED SCOPE 1 EMISSIONS PER SOURCE (in tonnes CO ₂ e)			
	2020	2021	2022
SF ₆ leakage	5,773.25	5,079.06	2,477.61
Gasoline consumption	958.04	1,864.35	2,367.21
Diesel consumption	14,208.46	14,717.85	14,217.23
Coal combustion	2,078,572.29	5,393,517.32	5,083,208.18
Natural gas combustion	954,280.85	1,088,674.60	1,081,710.34
Diesel combustion	8,271.73	40,986.64	74,183.43
TOTAL	3,062,064.61	6,544,839.82	6,258,164.00

GROSS SCOPE 1 EMISSIONS PER SOURCE (in tonnes CO ₂ e)			
	2020	2021	2022
SF ₆ leakage	5,773.25	5,079.06	2,477.61
Gasoline consumption	958.04	1,864.35	2,367.21
Diesel consumption	14,208.46	14,717.85	14,217.23
Coal combustion	8,620,314.08	9,749,649.81	8,048,731.50
Natural gas combustion	1,645,311.81	1,877,025.18	1,865,017.82
Diesel combustion	60,668.48	51,611.02	78,730.71
TOTAL	10,347,234.12	11,699,947.27	10,011,542.08

Total Scope 2

SCOPE 2 EMISSIONS PER SOURCE (in tonnes CO ₂ e)			
	2020	2021	2022
System loss	1,975,051.72	1,998,436.99	2,087,712.16
Electricity consumption	55,575.01	53,980.20	63,683.80
TOTAL	2,030,626.73	2,052,417.20	2,151,395.96

Total Scope 3

EMISSIONS FROM ENERGY SALES OF DISTRIBUTION UTILITIES (in tonnes CO ₂ e)						
	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
Emissions from resi- dential energy sales	11,736,325.74	12,040,571.68	12,207,290.88	6,538.70	5,086.65	5,314.70
Emissions from com- mercial energy sales	10,319,511.31	10,647,513.33	12,144,774.84	196,984.60	201,979.49	249,670.28
Emissions from in- dustrial energy sales	8,516,408.95	9,626,495.65	9,924,819.70	155,390.49	188,879.80	203,186.31
Emissions from flat streelight energy sales	99,963.43	101,362.92	101,700.53	1,004.29	1,204.57	1,207.48
Generator Wheeling	345,675.32	437,129.33	454,744.06	-	-	-
Total Emissions	31,017,884.74	32,853,072.92	34,833,330.01	359,918.08	397,150.51	459,378.78

EQUITY-ADJUSTED TOTAL EMISSIONS FROM ENERGY SALES OF MERALCO DU (in tonnes CO ₂ e)			
	2020	2021	2022
Emissions from Meralco DU Energy Sales	31,017,884.74	32,853,072.92	34,833,330.01
Less: Emissions from PEDC	(70,614.31)	(530,209.55)	(457,097.09)
Less: Emissions from SBPL	(1,544,827.84)	(1,669,255.57)	(1,331,540.65)
Total Emissions	29,402,442.60	30,653,607.80	33,044,692.27

EQUITY-ADJUSTED SCOPE 3 EMISSIONS FROM ENERGY SALES (in tonnes CO ₂ e)			
	2020	2021	2022
Adjusted emissions from Meralco DU energy sales	29,402,442.60	30,653,607.80	33,044,692.27
Emissions from Clark Electric energy sales	359,918.08	397,150.51	459,378.78
TOTAL	29,762,360.68	31,050,758.31	33,504,071.05

EQUITY-ADJUSTED APPLIED SCOPE 3 EMISSIONS PER SOURCE (in tonnes CO ₂ e)			
	2020	2021	2022
Energy Sales	29,762,360.68	31,050,758.31	33,504,071.05
Gasoline consumption of rented/ contractor-owned vehicles	51.56	47.20	59.10
Diesel consumption of rented/ contractor-owned vehicles	20.93	12.80	11.30
TOTAL	29,762,433.17	31,050,818.31	33,504,141.45

OPERATIONAL CONTROL APPROACH ADJUSTED TOTAL EMISSIONS FROM ENERGY SALES OF MERALCO DU (in tonnes CO ₂ e)			
	2020	2021	2022
Emissions from Meralco DU Energy Sales	31,017,884.74	32,853,072.92	34,833,330.01
Less: Emissions from PEDC	(566,727.98)	(706,797.27)	(511,866.85)
Less: Emissions from SBPL	(3,029,074.20)	(3,273,050.14)	(2,610,864.02)
Total Emissions	27,422,082.57	28,873,225.51	31,710,599.15

OPERATIONAL CONTROL SCOPE 3 EMISSIONS FROM ENERGY SALES (in tonnes CO ₂ e)			
	2020	2021	2022
Emissions from Meralco DU energy sales	27,422,082.57	28,873,225.51	31,710,599.15
Emissions from Clark Electric energy sales	359,918.08	397,150.51	459,378.78
TOTAL	27,782,000.65	29,270,376.02	32,169,977.93

OPERATIONAL CONTROL SCOPE 3 EMISSIONS PER SOURCE (in tonnes CO ₂ e)			
	2020	2021	2022
Energy Sales	27,782,000.65	29,270,376.02	32,169,977.93
Gasoline consumption of rented/ contractor-owned vehicles	51.56	47.20	59.10
Diesel consumption of rented/ contractor-owned vehicles	20.93	12.80	11.30
TOTAL	27,782,073.14	29,270,436.02	32,170,048.33

Total Emissions

EQUITY-ADJUSTED TOTAL EMISSIONS (in tonnes CO ₂ e)			
	2020	2021	2022
Scope 1	3,062,064.61	6,544,839.82	6,258,164.00
Scope 2	2,030,626.73	2,052,417.20	2,151,395.96
Scope 3	29,762,433.17	31,050,818.31	33,504,141.45
TOTAL	34,855,124.50	39,648,075.34	41,913,701.41

TOTAL AMOUNT OF ENERGY SOLD BY DISTRIBUTION UTILITIES (in kWh)						
	Meralco			Clark Electric		
	2020	2021	2022	2020	2021	2022
TOTAL	43,066,848,395	45,515,225,481	48,270,971,563	505,360,973	557,639,026	645,013,730

ENERGY SALES (in GWh)			
in GWh	2020	2021	2022
Meralco	43,067	45,515	48,271
Clark Electric	505	558	645
TOTAL	43,572	46,073	48,916

EQUITY ADJUSTED SCOPE 1+2 EMISSIONS INTENSITY (in tCO ₂ e/GWh)			
	2020	2021	2022
Total scope 1+2 emissions	5,092,691	8,597,257	8,409,560
DU and Power Gen energy sales	55,506	59,269	61,429
TOTAL	91.75	145.05	136.90

EQUITY ADJUSTED SCOPE 3 EMISSIONS INTENSITY (in tCO ₂ e/GWh)			
	2020	2021	2022
Total scope 3 emissions	29,762,433	31,050,818	33,504,141
DU energy sales	43,572	46,073	48,916
TOTAL	683.06	673.95	684.93

GROSS TOTAL EMISSIONS (in tonnes CO ₂ e)			
	2020	2021	2022
Scope 1	10,347,234.12	11,699,947.27	10,011,542.08
Scope 2	2,030,626.73	2,052,417.20	2,151,395.96
Scope 3	27,782,073.14	29,270,436.02	32,164,601.92
TOTAL	40,159,933.99	43,022,800.50	44,327,539.97

Non-GHG Emissions

"CONCENTRATION OF AIR POLLUTANTS RELEASED BY MGEN'S POWER PLANTS (in mg/Nm³)"			
	2020*	2021*	2022*
Nitrogen oxides (NO _x)	194.70	171.47	155.66
Sulfur oxides (SO _x)	372.02	320.26	337.67
Particulate matter (PM10)	2.26	2.57	3.78
Persistent organic pollutants (POPs)	Not being monitored		
Volatile organic compounds (VOCs)			
Lead (Pb)			
Mercury (Hg)			

*Plants covered: TPC Sangi, CEDC, PEDC 1, PEDC 2, PEDC 3

PERCENTAGE OF AIR POLLUTANTS RELEASED BY MGEN'S POWER PLANTS IN OR NEAR AREAS OF DENSE POPULATION			
	2020	2021	2022
Nitrogen oxides (NO _x)	Not being monitored		
Sulfur oxides (SO _x)			
Particulate matter (PM10)			
Persistent organic pollutants (POPs)			
Volatile organic compounds (VOCs)			
Lead (Pb)			
Mercury (Hg)			

ESG Data: People

Hires and Separations

Number of new male hires			
	2020	2021	2022
MERALCO	225	256	304
SUBSIDIARIES	2,721	3,644	3,289
CIS Bayad Center	831	238	241
Bayad	10	47	53
CFS	821	191	188
Clark Electric	1	3	4
Comstech	-	-	-
eSakay	1	2	1
MGen	33	44	53
MIESCOR United	1,568	2,873	2,399
MIESCOR	1,299	2,529	1,969
MBI	204	120	97
MLI	65	224	333
MEP	-	-	-
MServ	215	299	448
Shin Clark	2	-	-
Spectrum	18	31	11
Radius	52	154	132
TOTAL	2,946	3,900	3,593

Total number of new hires			
	2020	2021	2022
MERALCO	290	403	434
SUBSIDIARIES	4,446	4,821	4,444
CIS Bayad Center	2,175	748	624
Bayad	24	75	108
CFS	2,151	673	516
Clark Electric	3	3	5
Comstech	-	-	-
eSakay	3	4	1
MGen	45	68	105
MIESCOR United	1,899	3,400	3,006
MIESCOR	1,524	2,912	2,380
MBI	222	141	133
MLI	153	347	493
MEP	-	-	1
MServ	228	317	468
Shin Clark	2	-	1
Spectrum	23	43	18
Radius	68	238	215
TOTAL	4,736	5,224	4,878

Number of new female hires			
	2020	2021	2022
MERALCO	65	147	130
SUBSIDIARIES	1,725	1,177	1,155
CIS Bayad Center	1,344	510	383
Bayad	14	28	55
CFS	1,330	482	328
Clark Electric	2	-	1
Comstech	-	-	-
eSakay	2	2	-
MGen	12	24	52
MIESCOR United	331	527	607
MIESCOR	225	383	411
MBI	18	21	36
MLI	88	123	160
MEP	-	-	1
MServ	13	18	20
Shin Clark	-	-	1
Spectrum	5	12	7
Radius	16	84	83
TOTAL	1,790	1,324	1,285

Number of male employees who resigned or retired			
	2020	2021	2022
MERALCO	181	235	300
SUBSIDIARIES	2,663	2,603	2,783
CIS Bayad Center	169	155	360
Bayad	11	40	65
CFS	158	115	295
Clark Electric	-	2	7
Comstech	-	-	-
eSakay	-	2	-
MGen	45	57	62
MIESCOR United	1,825	1,795	2,056
MIESCOR	1,723	1,464	1,678
MBI	56	181	213
MLI	46	150	165
MEP	-	-	1
MServ	592	528	208
Shin Clark	-	-	-
Spectrum	10	21	6
Radius	22	43	83
TOTAL	2,844	2,838	3,083

Number of female employees who resigned or retired			
	2020	2021	2022
MERALCO	49	78	109
SUBSIDIARIES	609	894	1,408
CIS Bayad Center	361	417	802
Bayad	13	27	66
CFS	348	390	736
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	1	2	1
MGen	3	26	38
MIESCOR United	188	286	466
MIESCOR	136	174	334
MBI	14	25	29
MLI	38	87	103
MEP	-	-	-
MServ	38	133	35
Shin Clark	1	-	-
Spectrum	6	6	8
Radius	11	24	58
TOTAL	658	972	1,517

Number of new hires under 30 years old			
	2020	2021	2022
MERALCO	200	286	341
SUBSIDIARIES	2,522	2,584	2,418
CIS Bayad Center	1,517	571	424
Bayad	5	49	64
CFS	1,512	522	360
Clark Electric	2	2	4
Comstech	-	-	-
eSakay	3	2	-
MGen	30	9	37
MIESCOR United	811	1,663	1,596
MIESCOR	658	1,388	1,214
MBI	78	81	104
MLI	75	194	278
MEP	-	-	1
MServ	109	182	230
Shin Clark	1	-	-
Spectrum	12	31	14
Radius	37	124	112
TOTAL	2,722	2,870	2,759

Total number of employee separations			
	2020	2021	2022
MERALCO	230	313	409
SUBSIDIARIES	3,272	3,497	4,191
CIS Bayad Center	530	572	1,162
Bayad	24	67	131
CFS	506	505	1,031
Clark Electric	-	2	7
Comstech	-	-	-
eSakay	1	4	1
MGen	48	83	100
MIESCOR United	2,013	2,081	2,522
MIESCOR	1,859	1,638	2,012
MBI	70	206	242
MLI	84	237	268
MEP	-	-	1
MServ	630	661	243
Shin Clark	1	-	-
Spectrum	16	27	14
Radius	33	67	141
TOTAL	3,502	3,810	4,600

Number of new hires between 30 and 50 years old			
	2020	2021	2022
MERALCO	88	115	92
SUBSIDIARIES	1,742	2,023	1,908
CIS Bayad Center	628	175	187
Bayad	17	25	42
CFS	611	150	145
Clark Electric	1	1	1
Comstech	-	-	-
eSakay	-	2	-
MGen	11	47	61
MIESCOR United	954	1,552	1,332
MIESCOR	758	1,359	1,071
MBI	123	51	62
MLI	73	142	199
MEP	-	-	-
MServ	111	129	225
Shin Clark	-	-	1
Spectrum	8	11	4
Radius	29	106	97
TOTAL	1,830	2,138	2,000

Number of new hires over 50 years old			
	2020	2021	2022
MERALCO	2	2	1
SUBSIDIARIES	181	217	157
CIS Bayad Center	28	5	13
Bayad	2	1	2
CFS	26	4	11
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	4	12	7
MIESCOR United	134	185	118
MIESCOR	108	165	95
MBI	21	9	7
MLI	5	11	16
MEP	-	-	-
MServ	9	6	13
Shin Clark	1	-	-
Spectrum	3	1	-
Radius	2	8	6
TOTAL	183	219	158

Total number of new hires			
	2020	2021	2021
MERALCO	290	403	434
SUBSIDIARIES	4,445	4,824	4,483
CIS Bayad Center	2,173	751	624
Bayad	24	75	108
CFS	2,149	676	516
Clark Electric	3	3	5
Comstech	-	-	-
eSakay	3	4	-
MGen	45	68	105
MIESCOR United	1,899	3,400	3,046
MIESCOR	1,524	2,912	2,380
MBI	222	141	173
MLI	153	347	493
MEP	-	-	1
MServ	229	317	468
Shin Clark	2	-	1
Spectrum	23	43	18
Radius	68	238	215
TOTAL	4,735	5,227	4,917

Number of employees under 30 years old who resigned or retired			
	2020	2021	2022
MERALCO	42	52	135
SUBSIDIARIES	1,299	1,491	2,047
CIS Bayad Center	395	405	668
Bayad	11	36	63
CFS	384	369	605
Clark Electric	-	1	3
Comstech	-	-	-
eSakay	1	3	-
MGen	2	11	18
MIESCOR United	571	806	1,169
MIESCOR	520	609	910
MBI	25	78	97
MLI	26	119	162
MEP	-	-	-
MServ	303	222	89
Shin Clark	1	-	-
Spectrum	9	14	9
Radius	17	29	91
TOTAL	1,341	1,543	2,182

Number of employees between 30 and 50 years old who resigned or retired			
	2020	2021	2022
MERALCO	47	87	110
SUBSIDIARIES	1,621	1,697	1,888
CIS Bayad Center	133	164	480
Bayad	11	30	64
CFS	122	134	416
Clark Electric	-	-	3
Comstech	-	-	-
eSakay	-	1	-
MGen	14	43	59
MIESCOR United	1,169	1,063	1,151
MIESCOR	1,087	870	965
MBI	34	109	96
MLI	48	84	90
MEP	-	-	1
MServ	287	380	141
Shin Clark	-	-	-
Spectrum	5	11	4
Radius	13	35	49
TOTAL	1,668	1,784	1,998

Number of employees over 50 years old who resigned or retired			
	2020	2021	2022
MERALCO	141	174	164
SUBSIDIARIES	353	309	268
CIS Bayad Center	2	3	14
Bayad	2	1	4
CFS	-	2	10
Clark Electric	-	1.00	1.00
Comstech	-	-	-
eSakay	-	-	-
MGen	33	29	23
MIESCOR United	273	212	215
MIESCOR	252	159	137
MBI	11	19	49
MLI	10	34	29
MEP	-	-	-
MServ	40	59	13
Shin Clark	-	-	-
Spectrum	2	2	1
Radius	3	3	1
TOTAL	494	483	432

Employment Status

Number of permanent male employees			
	2020	2021	2022
MERALCO	4,495	4,491	4,481
SUBSIDIARIES	3,886	3,950	4,796
CIS Bayad Center	286	372	494
Bayad	83	102	109
CFS	203	270	385
Clark Electric	47	46	44
Comstech	2	2	2
eSakay	2	2	3
MGen	773	741	723
MIESCOR United	2,240	2,227	2,897
MIESCOR	149	160	272
MBI	773	661	890
MLI	1,318	1,406	1,735
MEP	11	11	10
MServ	365	323	290
Shin Clark	-	-	3
Spectrum	7	13	32
Radius	153	213	298
TOTAL	8,381	8,441	9,277

Total number of employee separations			
	2020	2021	2021
MERALCO	230	313	409
SUBSIDIARIES	3,273	3,497	4,203
CIS Bayad Center	530	572	1,162
Bayad	24	67	131
CFS	506	505	1,031
Clark Electric	-	2	7
Comstech	-	-	-
eSakay	1	4	-
MGen	49	83	100
MIESCOR United	2,013	2,081	2,535
MIESCOR	1,859	1,638	2,012
MBI	70	206	242
MLI	84	237	281
MEP	-	-	1
MServ	630	661	243
Shin Clark	1	-	-
Spectrum	16	27	14
Radius	33	67	141
TOTAL	3,503	3,810	4,612

Number of permanent female employees			
	2020	2021	2022
MERALCO	1,188	1,205	1,239
SUBSIDIARIES	1,897	2,075	1,970
CIS Bayad Center	893	951	548
Bayad	112	121	110
CFS	781	830	438
Clark Electric	18	18	18
Comstech	1	1	1
eSakay	3	3	2
MGen	223	206	210
MIESCOR United	534	641	913
MIESCOR	94	105	227
MBI	74	45	60
MLI	366	491	626
MEP	5	5	5
MServ	132	121	89
Shin Clark	-	-	-
Spectrum	1	8	15
Radius	87	121	169
TOTAL	3,085	3,280	3,209

Total number of permanent employees			
	2020	2021	2022
MERALCO	5,683	5,696	5,720
SUBSIDIARIES	5,783	6,025	6,766
CIS Bayad Center	1,179	1,323	1,042
Bayad	195	223	219
CFS	984	1,100	823
Clark Electric	65	64	62
Comstech	3	3	3
eSakay	5	5	5
MGen	996	947	933
MIESCOR United	2,774	2,868	3,810
MIESCOR	243	265	499
MBI	847	706	950
MLI	1,684	1,897	2,361
MEP	16	16	15
MServ	497	444	379
Shin Clark	-	-	3
Spectrum	8	21	47
Radius	240	334	467
TOTAL	11,466	11,721	12,486

Number of probationary male employees			
	2020	2021	2022
MERALCO	112	137	150
SUBSIDIARIES	129	221	260
CIS Bayad Center	76	86	140
Bayad	24	20	25
CFS	52	66	115
Clark Electric	1	3	3
Comstech	-	-	-
eSakay	-	-	-
MGen	16	14	19
MIESCOR United	19	31	42
MIESCOR	18	27	31
MBI	1	1	1
MLI	-	3	10
MEP	-	-	-
MServ	6	13	11
Shin Clark	-	-	-
Spectrum	2	3	3
Radius	9	71	42
TOTAL	241	358	410

Number of probationary female employees			
	2020	2021	2022
MERALCO	20	72	60
SUBSIDIARIES	319	310	408
CIS Bayad Center	285	233	313
Bayad	21	18	26
CFS	264	215	287
Clark Electric	-	-	1
Comstech	-	-	-
eSakay	-	-	-
MGen	8	6	19
MIESCOR United	22	38	38
MIESCOR	18	34	22
MBI	4	-	2
MLI	-	4	14
MEP	-	-	1
MServ	1	3	7
Shin Clark	-	-	1
Spectrum	1	3	3
Radius	2	27	25
TOTAL	339	382	468

Total number of probationary employees			
	2020	2021	2022
MERALCO	132	209	210
SUBSIDIARIES	448	531	668
CIS Bayad Center	361	319	453
Bayad	45	38	51
CFS	316	281	402
Clark Electric	1	3	4
Comstech	-	-	-
eSakay	-	-	-
MGen	24	20	38
MIESCOR United	41	69	80
MIESCOR	36	61	53
MBI	5	1	3
MLI	-	7	24
MEP	-	-	1
MServ	7	16	18
Shin Clark	-	-	1
Spectrum	3	6	6
Radius	11	98	67
TOTAL	580	740	878

Number of project-based/fixed-term male employees			
	2020	2021	2022
MERALCO	119	184	230
SUBSIDIARIES	5,604	6,177	6,188
CIS Bayad Center	358	129	118
Bayad	-	2	2
CFS	358	127	116
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	5	26	24
MIESCOR United	3,997	4,947	4,655
MIESCOR	2,868	3,957	4,113
MBI	514	450	254
MLI	615	540	288
MEP	8	8	8
MServ	1,227	1,040	1,345
Shin Clark	4	4	1
Spectrum	5	12	-
Radius	-	11	37
TOTAL	5,723	6,361	6,418

Total number of project-based/fixed-term employees			
	2020	2021	2022
MERALCO	186	309	320
SUBSIDIARIES	7,036	7,498	7,326
CIS Bayad Center	866	444	299
Bayad	1	4	6
CFS	865	440	293
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	5	34	29
MIESCOR United	4,874	5,893	5,543
MIESCOR	3,359	4,643	4,864
MBI	553	489	278
MLI	962	761	401
MEP	8	8	8
MServ	1,270	1,074	1,382
Shin Clark	5	4	2
Spectrum	8	13	-
Radius	-	28	63
TOTAL	7,222	7,807	7,646

Number of project-based/fixed-term female employees			
	2020	2021	2022
MERALCO	67	125	90
SUBSIDIARIES	1,432	1,321	1,138
CIS Bayad Center	508	315	181
Bayad	1	2	4
CFS	507	313	177
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	8	5
MIESCOR United	877	946	888
MIESCOR	491	686	751
MBI	39	39	24
MLI	347	221	113
MEP	-	-	-
MServ	43	34	37
Shin Clark	1	-	1
Spectrum	3	1	-
Radius	-	17	26
TOTAL	1,499	1,446	1,228

Total number of male employees			
	2020	2021	2022
MERALCO	4,726	4,812	4,861
SUBSIDIARIES	9,619	10,348	11,244
CIS Bayad Center	720	587	752
Bayad	107	124	136
CFS	613	463	616
Clark Electric	48	49	47
Comstech	2	2	2
eSakay	2	2	3
MGen	794	781	766
MIESCOR United	6,256	7,205	7,594
MIESCOR	3,035	4,144	4,416
MBI	1,288	1,112	1,145
MLI	1,933	1,949	2,033
MEP	19	19	18
MServ	1,598	1,376	1,646
Shin Clark	4	4	4
Spectrum	14	28	35
Radius	162	295	377
TOTAL	14,345	15,160	16,105

Total number of female employees			
	2020	2021	2022
MERALCO	1,275	1,402	1,389
SUBSIDIARIES	3,648	3,706	3,516
CIS Bayad Center	1,686	1,499	1,042
Bayad	134	141	140
CFS	1,552	1,358	902
Clark Electric	18	18	19
Comstech	1	1	1
eSakay	3	3	2
MGen	231	220	234
MIESCOR United	1,433	1,625	1,839
MIESCOR	603	825	1,000
MBI	117	84	86
MLI	713	716	753
MEP	5	5	6
MServ	176	158	133
Shin Clark	1	-	2
Spectrum	5	12	18
Radius	89	165	220
TOTAL	4,923	5,108	4,905

Number of third-party male workers			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	59	63	1,492
CIS Bayad Center	-	-	83
Bayad	-	-	83
CFS	-	-	-
Clark Electric	35	36	45
Comstech	-	-	-
eSakay	24	18	16
MGen	N/A	N/A	1,320
MIESCOR United	-	-	4
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	4
MEP	-	-	-
MServ	-	9	-
Shin Clark	-	-	-
Spectrum	-	-	24
Radius	-	-	-
TOTAL	59	63	1,492

Total number of employees			
	2020	2021	2022
MERALCO	6,001	6,214	6,250
SUBSIDIARIES	13,267	14,054	14,760
CIS Bayad Center	2,406	2,086	1,794
Bayad	241	265	276
CFS	2,165	1,821	1,518
Clark Electric	66	67	66
Comstech	3	3	3
eSakay	5	5	5
MGen	1,025	1,001	1,000
MIESCOR United	7,689	8,830	9,433
MIESCOR	3,638	4,969	5,416
MBI	1,405	1,196	1,231
MLI	2,646	2,665	2,786
MEP	24	24	24
MServ	1,774	1,534	1,779
Shin Clark	5	4	6
Spectrum	19	40	53
Radius	251	460	597
TOTAL	19,268	20,268	21,010

Number of third-party female workers			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	3	8	78
CIS Bayad Center	-	-	73
Bayad	-	-	73
CFS	-	-	-
Clark Electric	1	1	1
Comstech	-	-	-
eSakay	2	1	1
MGen	N/A	N/A	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	6	-
Shin Clark	-	-	-
Spectrum	-	-	3
Radius	-	-	-
TOTAL	3	8	78

Total number of third-party workers			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	62	71	1,570
CIS Bayad Center	-	-	156
Bayad	-	-	156
CFS	-	-	-
Clark Electric	36	37	46
Comstech	-	-	-
eSakay	26	19	17
MGen	-	-	1,320
MIESCOR United	-	-	4
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	4
MEP	-	-	-
MServ	-	15	-
Shin Clark	-	-	-
Spectrum	-	-	27
Radius	-	-	-
TOTAL	62	71	1,570

Age, Rank, and Gender

Number of male employees (including project-based/fixed-term) under 30 years old			
	2020	2021	2022
MERALCO	1,064	1,113	1,145
SUBSIDIARIES	3,250	3,525	3,551
CIS Bayad Center	365	289	244
Bayad	47	56	56
CFS	318	233	188
Clark Electric	9	10	9
Comstech	-	-	-
eSakay	1	-	-
MGen	96	85	64
MIESCOR United	2,101	2,535	2,534
MIESCOR	1,111	1,692	1,684
MBI	623	490	226
MLI	367	353	624
MEP	2	1	1
MServ	584	458	552
Shin Clark	-	-	3
Spectrum	28	39	-
Radius	64	108	144
TOTAL	4,314	4,638	4,696

Number of female employees (including project-based/fixed-term) under 30 years old			
	2020	2021	2022
MERALCO	418	496	475
SUBSIDIARIES	2,182	2,075	1,845
CIS Bayad Center	1,147	917	541
Bayad	73	76	72
CFS	1,074	841	469
Clark Electric	3	3	4
Comstech	-	-	-
eSakay	2	2	1
MGen	43	40	55
MIESCOR United	833	936	1,050
MIESCOR	404	558	584
MBI	113	86	29
MLI	316	292	437
MEP	3	2	2
MServ	103	81	67
Shin Clark	-	-	-
Spectrum	9	17	7
Radius	39	77	118
TOTAL	2,600	2,571	2,320

Total number of employees (including project-based/fixed-term) under 30 years old			
	2020	2021	2022
MERALCO	1,482	1,609	1,620
SUBSIDIARIES	5,432	5,600	5,396
CIS Bayad Center	1,512	1,206	785
Bayad	120	132	128
CFS	1,392	1,074	657
Clark Electric	12	13	13
Comstech	-	-	-
eSakay	3	2	1
MGen	139	125	119
MIESCOR United	2,934	3,471	3,584
MIESCOR	1,515	2,250	2,268
MBI	736	576	255
MLI	683	645	1,061
MEP	5	3	3
MServ	687	539	619
Shin Clark	-	-	3
Spectrum	37	56	7
Radius	103	185	262
TOTAL	6,914	7,209	7,016

Number of male employees (including project-based/fixed-term) between 30 and 50 years old			
	2020	2021	2022
MERALCO	2,598	2,675	2,753
SUBSIDIARIES	6,230	6,533	6,329
CIS Bayad Center	329	275	394
Bayad	54	62	67
CFS	275	213	327
Clark Electric	23	24	21
Comstech	2	2	2
eSakay	1	2	3
MGen	516	543	563
MIESCOR United	4,386	4,680	4,128
MIESCOR	1,645	2,125	2,298
MBI	1,580	1,368	538
MLI	1,161	1,187	1,292
MEP	12	13	12
MServ	864	815	985
Shin Clark	-	-	-
Spectrum	11	10	4
Radius	86	169	217
TOTAL	8,828	9,208	9,082

Number of female employees (including project-based/fixed-term) between 30 and 50 years old			
	2020	2021	2022
MERALCO	712	771	798
SUBSIDIARIES	1,441	1,574	1,626
CIS Bayad Center	524	570	575
Bayad	56	64	74
CFS	468	506	501
Clark Electric	14	14	13
Comstech	1	1	1
eSakay	1	1	1
MGen	130	150	156
MIESCOR United	651	683	715
MIESCOR	187	251	296
MBI	96	54	26
MLI	368	378	393
MEP	1	2	3
MServ	70	72	63
Shin Clark	-	-	2
Spectrum	3	3	3
Radius	46	78	94
TOTAL	2,153	2,345	2,424

Total number of employees (including project-based/fixed-term) between 30 and 50 years old			
	2020	2021	2022
MERALCO	3,310	3,446	3,551
SUBSIDIARIES	7,671	8,107	7,955
CIS Bayad Center	853	845	969
Bayad	110	126	141
CFS	743	719	828
Clark Electric	37	38	34
Comstech	3	3	3
eSakay	2	3	4
MGen	646	693	719
MIESCOR United	5,037	5,363	4,843
MIESCOR	1,832	2,376	2,594
MBI	1,676	1,422	564
MLI	1,529	1,565	1,685
MEP	13	15	15
MServ	934	887	1,048
Shin Clark	-	-	2
Spectrum	14	13	7
Radius	132	247	311
TOTAL	10,981	11,553	11,506

Number of male employees (including project-based/fixed-term) over 50 years old			
	2020	2021	2022
MERALCO	1,064	1,024	963
SUBSIDIARIES	1,329	1,386	1,298
CIS Bayad Center	23	23	30
Bayad	3	6	6
CFS	20	17	24
Clark Electric	16	15	17
Comstech	-	-	-
eSakay	-	-	-
MGen	143	120	139
MIESCOR United	1,008	1,102	976
MIESCOR	274	327	333
MBI	343	366	238
MLI	391	409	405
MEP	5	5	5
MServ	124	103	109
Shin Clark	3	4	4
Spectrum	-	-	-
Radius	7	14	18
TOTAL	2,393	2,410	2,261

Total number of employees (including project-based/fixed-term) over 50 years old			
	2020	2021	2022
MERALCO	1,209	1,159	1,079
SUBSIDIARIES	1,446	1,526	1,409
CIS Bayad Center	35	34	40
Bayad	5	7	7
CFS	30	27	33
Clark Electric	17	16	19
Comstech	-	-	-
eSakay	-	-	-
MGen	165	149	162
MIESCOR United	1,084	1,192	1,044
MIESCOR	291	343	350
MBI	368	394	253
MLI	425	455	441
MEP	6	6	6
MServ	127	108	112
Shin Clark	3	4	4
Spectrum	-	-	-
Radius	9	17	22
TOTAL	2,655	2,685	2,488

Number of female employees (including project-based/fixed-term) over 50 years old			
	2020	2021	2022
MERALCO	145	135	116
SUBSIDIARIES	117	140	111
CIS Bayad Center	12	11	10
Bayad	2	1	1
CFS	10	10	9
Clark Electric	1	1	2
Comstech	-	-	-
eSakay	-	-	-
MGen	22	29	23
MIESCOR United	76	90	68
MIESCOR	17	16	17
MBI	25	28	15
MLI	34	46	36
MEP	1	1	1
MServ	3	5	3
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	2	3	4
TOTAL	262	275	227

Total number of male employees			
	2020	2021	2022
MERALCO	4,726	4,812	4,861
SUBSIDIARIES	10,809	11,444	11,178
CIS Bayad Center	717	587	668
Bayad	104	124	129
CFS	613	463	539
Clark Electric	48	49	47
Comstech	2	2	2
eSakay	2	2	3
MGen	755	748	766
MIESCOR United	7,495	8,317	7,638
MIESCOR	3,030	4,144	4,315
MBI	2,546	2,224	1,002
MLI	1,919	1,949	2,321
MEP	19	19	18
MServ	1,572	1,376	1,646
Shin Clark	3	4	7
Spectrum	39	49	4
Radius	157	291	379
TOTAL	15,535	16,256	16,039

Total number of female employees			
	2020	2021	2022
MERALCO	1,275	1,402	1,389
SUBSIDIARIES	3,740	3,789	3,582
CIS Bayad Center	1,683	1,498	1,126
Bayad	131	141	147
CFS	1,552	1,357	979
Clark Electric	18	18	19
Comstech	1	1	1
eSakay	3	3	2
MGen	195	219	234
MIESCOR United	1,560	1,709	1,833
MIESCOR	608	825	897
MBI	234	168	70
MLI	718	716	866
MEP	5	5	6
MServ	176	158	133
Shin Clark	-	-	2
Spectrum	12	20	10
Radius	87	158	216
TOTAL	5,015	5,191	4,971

Total number of employees (including project-based/fixed-term)			
	2020	2021	2022
MERALCO	6,001	6,214	6,250
SUBSIDIARIES	14,549	15,233	14,760
CIS Bayad Center	2,400	2,085	1,794
Bayad	235	265	276
CFS	2,165	1,820	1,518
Clark Electric	66	67	66
Comstech	3	3	3
eSakay	5	5	5
MGen	950	967	1,000
MIESCOR United	9,055	10,026	9,471
MIESCOR	3,638	4,969	5,212
MBI	2,780	2,392	1,072
MLI	2,637	2,665	3,187
MEP	24	24	24
MServ	1,748	1,534	1,779
Shin Clark	3	4	9
Spectrum	51	69	14
Radius	244	449	595
TOTAL	20,550	21,447	21,010

Number of male senior managers under 30 years old			
	2020	2021	2022
MERALCO	3	7	6
SUBSIDIARIES	301	244	7
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	299	242	5
MIESCOR	1	-	2
MBI	298	242	3
MLI	-	-	-
MEP	-	-	-
MServ	2	2	2
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	304	251	13

Number of female senior managers under 30 years old			
	2020	2021	2022
MERALCO	3	2	7
SUBSIDIARIES	61	47	5
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	59	45	4
MIESCOR	2	2	1
MBI	57	43	2
MLI	-	-	1
MEP	-	-	-
MServ	2	2	1
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	64	49	12

Total number of senior managers under 30 years old			
	2020	2021	2022
MERALCO	6	9	13
SUBSIDIARIES	362	291	12
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	358	287	9
MIESCOR	3	2	3
MBI	355	285	5
MLI	-	-	1
MEP	-	-	-
MServ	4	4	3
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	368	300	25

Number of female senior managers between 30 and 50 years old			
	2020	2021	2022
MERALCO	120	144	158
SUBSIDIARIES	90	63	48
CIS Bayad Center	7	1	10
Bayad	7	1	10
CFS	-	-	-
Clark Electric	2	2	2
Comstech	-	-	-
eSakay	-	-	-
MGen	4	7	8
MIESCOR United	63	41	18
MIESCOR	14	12	12
MBI	49	28	4
MLI	-	1	2
MEP	-	-	-
MServ	13	11	9
Shin Clark	-	-	1
Spectrum	1	1	-
Radius	-	-	-
TOTAL	210	207	206

Number of male senior managers between 30 and 50 years old			
	2020	2021	2022
MERALCO	306	347	365
SUBSIDIARIES	877	779	74
CIS Bayad Center	3	1	3
Bayad	3	1	3
CFS	-	-	-
Clark Electric	-	-	-
Comstech	1	1	1
eSakay	-	1	1
MGen	4	11	7
MIESCOR United	828	724	26
MIESCOR	9	19	18
MBI	818	703	6
MLI	1	2	2
MEP	2	2	2
MServ	30	30	26
Shin Clark	-	-	-
Spectrum	8	6	3
Radius	1	3	5
TOTAL	1,183	1,126	439

Total number of senior managers between 30 and 50 years old			
	2020	2021	2022
MERALCO	426	491	523
SUBSIDIARIES	967	842	122
CIS Bayad Center	10	2	13
Bayad	10	2	13
CFS	-	-	-
Clark Electric	2	2	2
Comstech	1	1	1
eSakay	-	1	1
MGen	8	18	15
MIESCOR United	891	765	44
MIESCOR	23	31	30
MBI	867	731	10
MLI	1	3	4
MEP	2	2	2
MServ	43	41	35
Shin Clark	-	-	1
Spectrum	9	7	3
Radius	1	3	5
TOTAL	1,393	1,333	645

Number of male senior managers over 50 years old			
	2020	2021	2022
MERALCO	221	211	216
SUBSIDIARIES	212	217	48
CIS Bayad Center	1	3	4
Bayad	1	3	4
CFS	-	-	-
Clark Electric	4	4	3
Comstech	-	-	-
eSakay	-	-	-
MGen	7	12	12
MIESCOR United	186	182	12
MIESCOR	12	12	11
MBI	172	167	-
MLI	2	3	1
MEP	-	-	-
MServ	12	11	11
Shin Clark	2	3	3
Spectrum	-	-	-
Radius	-	2	3
TOTAL	433	428	264

Number of female senior managers over 50 years old			
	2020	2021	2022
MERALCO	37	39	37
SUBSIDIARIES	22	29	18
CIS Bayad Center	-	-	1
Bayad	-	-	1
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	4	5	4
MIESCOR United	16	19	9
MIESCOR	5	6	6
MBI	11	13	3
MLI	-	-	-
MEP	1	1	1
MServ	1	4	3
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	59	68	55

Total number of senior managers over 50 years old			
	2020	2021	2022
MERALCO	258	250	253
SUBSIDIARIES	234	246	66
CIS Bayad Center	1	3	5
Bayad	1	3	5
CFS	-	-	-
Clark Electric	4	4	3
Comstech	-	-	-
eSakay	-	-	-
MGen	11	17	16
MIESCOR United	202	201	21
MIESCOR	17	18	17
MBI	183	180	3
MLI	2	3	1
MEP	1	1	1
MServ	13	15	14
Shin Clark	2	3	3
Spectrum	-	-	-
Radius	-	2	3
TOTAL	492	496	319

Total number of male senior managers			
	2020	2021	2022
MERALCO	530	565	587
SUBSIDIARIES	1,390	1,240	129
CIS Bayad Center	4	4	7
Bayad	4	4	7
CFS	-	-	-
Clark Electric	4	4	3
Comstech	1	1	1
eSakay	-	1	1
MGen	11	23	19
MIESCOR United	1,313	1,148	43
MIESCOR	22	31	31
MBI	1,288	1,112	9
MLI	3	5	3
MEP	2	2	2
MServ	44	43	39
Shin Clark	2	3	3
Spectrum	8	6	3
Radius	1	5	8
TOTAL	1,920	1,805	716

Total number of female senior managers			
	2020	2021	2022
MERALCO	160	185	202
SUBSIDIARIES	173	139	71
CIS Bayad Center	7	1	11
Bayad	7	1	11
CFS	-	-	-
Clark Electric	2	2	2
Comstech	-	-	-
eSakay	-	-	-
MGen	8	12	12
MIESCOR United	138	105	31
MIESCOR	21	20	19
MBI	117	84	9
MLI	-	1	3
MEP	1	1	1
MServ	16	17	13
Shin Clark	-	-	1
Spectrum	1	1	-
Radius	-	-	-
TOTAL	333	324	273

Total number of senior managers			
	2020	2021	2022
MERALCO	690	750	789
SUBSIDIARIES	1,563	1,379	200
CIS Bayad Center	11	5	18
Bayad	11	5	18
CFS	-	-	-
Clark Electric	6	6	5
Comstech	1	1	1
eSakay	-	1	1
MGen	19	35	31
MIESCOR United	1,451	1,253	74
MIESCOR	43	51	50
MBI	1,405	1,196	18
MLI	3	6	6
MEP	3	3	3
MServ	60	60	52
Shin Clark	2	3	4
Spectrum	9	7	3
Radius	1	5	8
TOTAL	2,253	2,129	989

Number of male middle managers under 30 years old			
	2020	2021	2022
MERALCO	27	47	44
SUBSIDIARIES	116	126	150
CIS Bayad Center	1	3	2
Bayad	1	3	2
CFS	-	-	-
Clark Electric	-	1	-
Comstech	-	-	-
eSakay	1	-	-
MGen	22	27	22
MIESCOR United	74	72	106
MIESCOR	37	48	67
MBI	37	24	14
MLI	-	-	25
MEP	-	-	-
MServ	18	21	12
Shin Clark	-	-	3
Spectrum	-	-	-
Radius	-	2	5
TOTAL	143	173	194

Number of female middle managers under 30 years old			
	2020	2021	2022
MERALCO	32	51	53
SUBSIDIARIES	99	106	129
CIS Bayad Center	2	2	2
Bayad	2	2	2
CFS	-	-	-
Clark Electric	1	2	2
Comstech	-	-	-
eSakay	2	2	1
MGen	14	13	27
MIESCOR United	68	77	86
MIESCOR	45	60	64
MBI	23	14	4
MLI	-	3	18
MEP	-	-	-
MServ	11	8	4
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	1	2	7
TOTAL	131	157	182

Total number of middle managers under 30 years old			
	2020	2021	2022
MERALCO	59	98	97
SUBSIDIARIES	215	232	279
CIS Bayad Center	3	5	4
Bayad	3	5	4
CFS	-	-	-
Clark Electric	1	3	2
Comstech	-	-	-
eSakay	3	2	1
MGen	36	40	49
MIESCOR United	142	149	192
MIESCOR	82	108	131
MBI	60	38	18
MLI	-	3	43
MEP	-	-	-
MServ	29	29	16
Shin Clark	-	-	3
Spectrum	-	-	-
Radius	1	4	12
TOTAL	274	330	376

Number of male middle managers between 30 and 50 years old			
	2020	2021	2022
MERALCO	347	357	378
SUBSIDIARIES	484	529	634
CIS Bayad Center	13	18	12
Bayad	12	17	9
CFS	1	1	3
Clark Electric	9	9	7
Comstech	-	-	-
eSakay	1	1	2
MGen	247	264	284
MIESCOR United	156	139	219
MIESCOR	76	82	79
MBI	79	57	54
MLI	1	-	86
MEP	2	2	2
MServ	25	44	50
Shin Clark	-	-	-
Spectrum	3	4	1
Radius	28	48	57
TOTAL	831	886	1,012

Number of female middle managers between 30 and 50 years old			
	2020	2021	2022
MERALCO	187	214	231
SUBSIDIARIES	189	249	264
CIS Bayad Center	13	24	14
Bayad	13	24	14
CFS	-	-	-
Clark Electric	2	2	1
Comstech	-	-	-
eSakay	1	1	1
MGen	95	114	112
MIESCOR United	53	65	90
MIESCOR	36	50	52
MBI	17	14	13
MLI	-	1	25
MEP	-	1	1
MServ	4	11	9
Shin Clark	-	-	-
Spectrum	2	2	-
Radius	19	29	36
TOTAL	376	463	495

Total number of middle managers between 30 and 50 years old			
	2020	2021	2022
MERALCO	534	571	609
SUBSIDIARIES	673	778	898
CIS Bayad Center	26	42	26
Bayad	25	41	23
CFS	1	1	3
Clark Electric	11	11	8
Comstech	-	-	-
eSakay	2	2	3
MGen	342	378	396
MIESCOR United	209	204	309
MIESCOR	112	132	131
MBI	96	71	67
MLI	1	1	111
MEP	2	3	3
MServ	29	55	59
Shin Clark	-	-	-
Spectrum	5	6	1
Radius	47	77	93
TOTAL	1,207	1,349	1,507

Number of male middle managers over 50 years old			
	2020	2021	2022
MERALCO	65	58	58
SUBSIDIARIES	144	142	180
CIS Bayad Center	1	2	1
Bayad	-	1	-
CFS	1	1	1
Clark Electric	1	1	2
Comstech	-	-	-
eSakay	-	-	-
MGen	69	76	59
MIESCOR United	66	52	108
MIESCOR	21	22	22
MBI	41	27	37
MLI	4	3	49
MEP	-	-	-
MServ	2	2	1
Shin Clark	1	1	-
Spectrum	-	-	-
Radius	4	8	9
TOTAL	209	200	238

Number of female middle managers over 50 years old			
	2020	2021	2022
MERALCO	38	34	31
SUBSIDIARIES	42	43	44
CIS Bayad Center	3	2	1
Bayad	2	1	-
CFS	1	1	1
Clark Electric	1	1	2
Comstech	-	-	-
eSakay	-	-	-
MGen	15	20	15
MIESCOR United	22	18	24
MIESCOR	9	4	6
MBI	12	13	10
MLI	1	1	8
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	1	2	2
TOTAL	80	77	75

Total number of middle managers over 50 years old			
	2020	2021	2022
MERALCO	103	92	89
SUBSIDIARIES	186	185	224
CIS Bayad Center	4	4	2
Bayad	2	2	-
CFS	2	2	2
Clark Electric	2	2	4
Comstech	-	-	-
eSakay	-	-	-
MGen	84	96	74
MIESCOR United	88	70	132
MIESCOR	30	26	28
MBI	53	40	47
MLI	5	4	57
MEP	-	-	-
MServ	2	2	1
Shin Clark	1	1	-
Spectrum	-	-	-
Radius	5	10	11
TOTAL	289	277	313

Total number of male middle managers			
	2020	2021	2022
MERALCO	439	462	480
SUBSIDIARIES	744	797	964
CIS Bayad Center	15	23	15
Bayad	13	21	11
CFS	2	2	4
Clark Electric	10	11	9
Comstech	-	-	-
eSakay	2	1	2
MGen	338	367	365
MIESCOR United	296	263	433
MIESCOR	134	152	168
MBI	157	108	105
MLI	5	3	160
MEP	2	2	2
MServ	45	67	63
Shin Clark	1	1	3
Spectrum	3	4	1
Radius	32	58	71
TOTAL	1,183	1,259	1,444

Total number of female middle managers			
	2020	2021	2022
MERALCO	257	299	315
SUBSIDIARIES	330	398	437
CIS Bayad Center	18	28	17
Bayad	17	27	16
CFS	1	1	1
Clark Electric	4	5	5
Comstech	-	-	-
eSakay	3	3	2
MGen	124	147	154
MIESCOR United	143	160	200
MIESCOR	90	114	122
MBI	52	41	27
MLI	1	5	51
MEP	-	1	1
MServ	15	19	13
Shin Clark	-	-	-
Spectrum	2	2	-
Radius	21	33	45
TOTAL	587	697	752

Total number of middle managers			
	2020	2021	2022
MERALCO	696	761	795
SUBSIDIARIES	1,074	1,195	1,401
CIS Bayad Center	33	51	32
Bayad	30	48	27
CFS	3	3	5
Clark Electric	14	16	14
Comstech	-	-	-
eSakay	5	4	4
MGen	462	514	519
MIESCOR United	439	423	633
MIESCOR	224	266	290
MBI	209	149	132
MLI	6	8	211
MEP	2	3	3
MServ	60	86	76
Shin Clark	1	1	3
Spectrum	5	6	1
Radius	53	91	116
TOTAL	1,770	1,956	2,196

Number of male rank and file employees under 30 years old			
	2020	2021	2022
MERALCO	938	912	913
SUBSIDIARIES	1,762	1,511	1,064
CIS Bayad Center	364	286	241
Bayad	46	53	53
CFS	318	233	188
Clark Electric	9	9	9
Comstech	-	-	-
eSakay	-	-	-
MGen	74	58	42
MIESCOR United	658	578	589
MIESCOR	3	1	-
MBI	288	224	132
MLI	367	353	457
MEP	1	-	-
MServ	564	435	56
Shin Clark	-	-	-
Spectrum	28	39	
Radius	64	106	127
TOTAL	2,700	2,423	1,977

Number of female rank and file employees under 30 years old			
	2020	2021	2022
MERALCO	321	342	344
SUBSIDIARIES	1,667	1,427	1,037
CIS Bayad Center	1,145	915	536
Bayad	71	74	67
CFS	1,074	841	469
Clark Electric	2	1	2
Comstech	-	-	-
eSakay	-	-	-
MGen	29	27	27
MIESCOR United	351	319	337
MIESCOR	2	1	-
MBI	33	29	2
MLI	316	289	335
MEP	3	2	2
MServ	90	71	37
Shin Clark	-	-	-
Spectrum	9	17	7
Radius	38	75	89
TOTAL	1,988	1,769	1,381

Total number of rank-and-file employees under 30 years old			
	2020	2021	2022
MERALCO	1,259	1,254	1,257
SUBSIDIARIES	3,429	2,938	2,101
CIS Bayad Center	1,509	1,201	777
Bayad	117	127	120
CFS	1,392	1,074	657
Clark Electric	11	10	11
Comstech	-	-	-
eSakay	-	-	-
MGen	103	85	69
MIESCOR United	1,009	897	926
MIESCOR	5	2	-
MBI	321	253	134
MLI	683	642	792
MEP	4	2	2
MServ	654	506	93
Shin Clark	-	-	-
Spectrum	37	56	7
Radius	102	181	216
TOTAL	4,688	4,192	3,358

Number of female rank and file employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	400	390	390
SUBSIDIARIES	1,028	1,076	855
CIS Bayad Center	504	545	373
Bayad	36	39	49
CFS	468	506	324
Clark Electric	10	10	10
Comstech	1	1	1
eSakay	-	-	-
MGen	31	29	33
MIESCOR United	401	391	346
MIESCOR	3	3	4
MBI	30	12	6
MLI	368	376	336
MEP	1	1	2
MServ	53	50	33
Shin Clark	-	-	-
Spectrum	-	-	3
Radius	27	49	54
TOTAL	1,428	1,466	1,245

Number of male rank and file employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	1,923	1,935	1,964
SUBSIDIARIES	3,308	3,200	2,191
CIS Bayad Center	313	256	262
Bayad	39	44	54
CFS	274	212	208
Clark Electric	14	15	14
Comstech	1	1	1
eSakay	-	-	-
MGen	265	268	256
MIESCOR United	1,845	1,796	1,406
MIESCOR	3	3	2
MBI	683	608	330
MLI	1,159	1,185	1,074
MEP	4	5	4
MServ	809	741	118
Shin Clark	-	-	-
Spectrum	-	-	
Radius	57	118	130
TOTAL	5,231	5,135	4,155

Total number of rank-and-file employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	2,323	2,325	2,354
SUBSIDIARIES	4,336	4,276	3,046
CIS Bayad Center	817	801	635
Bayad	75	83	103
CFS	742	718	532
Clark Electric	24	25	24
Comstech	2	2	2
eSakay	-	-	-
MGen	296	297	289
MIESCOR United	2,246	2,187	1,752
MIESCOR	6	6	6
MBI	713	620	336
MLI	1,527	1,561	1,410
MEP	5	6	6
MServ	862	791	151
Shin Clark	-	-	-
Spectrum	-	-	3
Radius	84	167	184
TOTAL	6,659	6,601	5,400

Number of male rank and file employees over 50 years old			
	2020	2021	2022
MERALCO	777	754	687
SUBSIDIARIES	729	731	642
CIS Bayad Center	21	18	25
Bayad	2	2	2
CFS	19	16	23
Clark Electric	11	10	12
Comstech	-	-	-
eSakay	-	-	-
MGen	67	32	60
MIESCOR United	515	575	512
MIESCOR	-	-	1
MBI	130	172	172
MLI	385	403	339
MEP	2	2	2
MServ	110	90	25
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	3	4	6
TOTAL	1,506	1,485	1,329

Number of rank and file employees over 50 years old			
	2020	2021	2022
MERALCO	70	61	48
SUBSIDIARIES	51	63	44
CIS Bayad Center	9	9	8
Bayad	-	-	-
CFS	9	9	8
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	3	4	3
MIESCOR United	36	48	31
MIESCOR	1	1	1
MBI	2	2	2
MLI	33	45	28
MEP	-	-	-
MServ	2	1	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	1	1	2
TOTAL	121	124	92

Total number of rank-and-file employees over 50 years old			
	2020	2021	2022
MERALCO	847	815	735
SUBSIDIARIES	780	794	686
CIS Bayad Center	30	27	33
Bayad	2	2	2
CFS	28	25	31
Clark Electric	11	10	12
Comstech	-	-	-
eSakay	-	-	-
MGen	70	36	63
MIESCOR United	551	623	543
MIESCOR	1	1	2
MBI	132	174	174
MLI	418	448	367
MEP	2	2	2
MServ	112	91	25
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	4	5	8
TOTAL	1,627	1,609	1,421

Total number of male rank-and-file employees			
	2020	2021	2022
MERALCO	3,638	3,601	3,564
SUBSIDIARIES	5,799	5,442	3,897
CIS Bayad Center	698	560	528
Bayad	87	99	109
CFS	611	461	419
Clark Electric	34	34	35
Comstech	1	1	1
eSakay	-	-	-
MGen	406	358	358
MIESCOR United	3,018	2,949	2,507
MIESCOR	6	4	3
MBI	1,101	1,004	634
MLI	1,911	1,941	1,870
MEP	7	7	6
MServ	1,483	1,266	199
Shin Clark	-	-	-
Spectrum	28	39	-
Radius	124	228	263
TOTAL	9,437	9,043	7,461

Total number of female rank-and-file employees			
	2020	2021	2022
MERALCO	791	793	782
SUBSIDIARIES	2,746	2,566	1,936
CIS Bayad Center	1,658	1,469	917
Bayad	107	113	116
CFS	1,551	1,356	801
Clark Electric	12	11	12
Comstech	1	1	1
eSakay	-	-	-
MGen	63	60	63
MIESCOR United	788	758	714
MIESCOR	6	5	5
MBI	65	43	10
MLI	717	710	699
MEP	4	3	4
MServ	145	122	70
Shin Clark	-	-	-
Spectrum	9	17	10
Radius	66	125	145
TOTAL	3,537	3,359	2,718

Number of male project-based/fixed-term employees under 30 years old			
	2020	2021	2022
MERALCO	96	147	182
SUBSIDIARIES	1,071	1,644	2,330
CIS Bayad Center	-	-	1
Bayad	-	-	1
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	1,070	1,643	1,834
MIESCOR	1,070	1,643	1,615
MBI	-	-	77
MLI	-	-	142
MEP	1	1	1
MServ	-	-	482
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	12
TOTAL	1,167	1,791	2,512

Total number of rank-and-file employees			
	2020	2021	2022
MERALCO	4,429	4,394	4,346
SUBSIDIARIES	8,545	8,008	5,833
CIS Bayad Center	2,356	2,029	1,445
Bayad	194	212	225
CFS	2,162	1,817	1,220
Clark Electric	46	45	47
Comstech	2	2	2
eSakay	-	-	-
MGen	469	418	421
MIESCOR United	3,806	3,707	3,221
MIESCOR	12	9	8
MBI	1,166	1,047	644
MLI	2,628	2,651	2,569
MEP	11	10	10
MServ	1,628	1,388	269
Shin Clark	-	-	-
Spectrum	37	56	10
Radius	190	353	408
TOTAL	12,974	12,402	10,179

Number of female project-based/fixed-term employees under 30 years old			
	2020	2021	2022
MERALCO	62	101	71
SUBSIDIARIES	355	495	674
CIS Bayad Center	-	-	3
Bayad	-	-	3
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1
MIESCOR United	355	495	623
MIESCOR	355	495	519
MBI	-	-	21
MLI	-	-	83
MEP	-	-	-
MServ	-	-	25
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	22
TOTAL	417	596	745

Total number of project-based/fixed-term employees under 30 years old			
	2020	2021	2022
MERALCO	158	248	253
SUBSIDIARIES	1,426	2,139	3,004
CIS Bayad Center	-	-	4
Bayad	-	-	4
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1
MIESCOR United	1,425	2,138	2,457
MIESCOR	1,425	2,138	2,134
MBI	-	-	98
MLI	-	-	225
MEP	1	1	1
MServ	-	-	507
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	34
TOTAL	1,584	2,387	3,257

Number of male project-based/fixed-term employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	22	36	46
SUBSIDIARIES	1,561	2,025	3,430
CIS Bayad Center	-	-	117
Bayad	-	-	1
CFS	-	-	116
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	16
MIESCOR United	1,557	2,021	2,477
MIESCOR	1,557	2,021	2,199
MBI	-	-	148
MLI	-	-	130
MEP	4	4	4
MServ	-	-	791
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	25
TOTAL	1,583	2,061	3,476

Number of female project-based/fixed-term employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	5	23	19
SUBSIDIARIES	134	186	459
CIS Bayad Center	-	-	178
Bayad	-	-	1
CFS	-	-	177
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	3
MIESCOR United	134	186	261
MIESCOR	134	186	228
MBI	-	-	3
MLI	-	-	30
MEP	-	-	-
MServ	-	-	12
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	4
TOTAL	139	209	478

Total number of project-based/fixed-term employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	27	59	65
SUBSIDIARIES	1,695	2,211	3,889
CIS Bayad Center	-	-	295
Bayad	-	-	2
CFS	-	-	293
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	19
MIESCOR United	1,691	2,207	2,738
MIESCOR	1,691	2,207	2,427
MBI	-	-	151
MLI	-	-	160
MEP	4	4	4
MServ	-	-	803
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	29
TOTAL	1,722	2,270	3,954

Number of male project-based/fixed-term employees over 50 years old			
	2020	2021	2022
MERALCO	1	1	2
SUBSIDIARIES	244	296	428
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	8
MIESCOR United	241	293	344
MIESCOR	241	293	299
MBI	-	-	29
MLI	-	-	16
MEP	3	3	3
MServ	-	-	72
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	-
TOTAL	245	297	430

Total number of project-based/fixed-term employees over 50 years old			
	2020	2021	2022
MERALCO	1	2	2
SUBSIDIARIES	246	301	433
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	9
MIESCOR United	243	298	348
MIESCOR	243	298	303
MBI	-	-	29
MLI	-	-	16
MEP	3	3	3
MServ	-	-	72
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	-
TOTAL	247	303	435

Number of female project-based/fixed-term employees over 50 years old			
	2020	2021	2022
MERALCO	-	1	-
SUBSIDIARIES	2	5	5
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1
MIESCOR United	2	5	4
MIESCOR	2	5	4
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	2	6	5

Total number of male project-based/fixed-term employees			
	2020	2021	2022
MERALCO	119	184	230
SUBSIDIARIES	2,876	3,965	6,188
CIS Bayad Center	-	-	118
Bayad	-	-	2
CFS	-	-	116
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	24
MIESCOR United	2,868	3,957	4,655
MIESCOR	2,868	3,957	4,113
MBI	-	-	254
MLI	-	-	288
MEP	8	8	8
MServ	-	-	1,345
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	37
TOTAL	2,995	4,149	6,418

Total number of female project-based/fixed-term employees			
	2020	2021	2022
MERALCO	67	125	90
SUBSIDIARIES	491	686	1,138
CIS Bayad Center	-	-	181
Bayad	-	-	4
CFS	-	-	177
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	5
MIESCOR United	491	686	888
MIESCOR	491	686	751
MBI	-	-	24
MLI	-	-	113
MEP	-	-	-
MServ	-	-	37
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	26
TOTAL	558	811	1,228

Total number of project-based/fixed-term employees			
	2020	2021	2022
MERALCO	186	309	320
SUBSIDIARIES	3,367	4,651	7,326
CIS Bayad Center	-	-	299
Bayad	-	-	6
CFS	-	-	293
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	29
MIESCOR United	3,359	4,643	5,543
MIESCOR	3,359	4,643	4,864
MBI	-	-	278
MLI	-	-	401
MEP	8	8	8
MServ	-	-	1,382
Shin Clark	-	-	2
Spectrum	-	-	-
Radius	-	-	63
TOTAL	3,553	4,960	7,646

Number of male third-party/contracted employees under 30 years old			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	14	12	13
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	11	9	9
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	3	3	-
Spectrum	-	-	4
Radius	-	-	-
TOTAL	14	12	13

Number of female third-party/contracted employees under 30 years old			
-	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	-	-	2
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	2
Radius	-	-	-
TOTAL	-	-	2

Total number of third-party/contracted employees under 30 years old			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	14	12	15
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	11	9	9
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	3	3	-
Spectrum	-	-	6
Radius	-	-	-
TOTAL	14	12	15

Number of female third-party/contracted employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	-	-	1
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	1

Number of male third-party/contracted employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	22	23	2,724
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	22	23	32
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1,320
MIESCOR United	-	-	1
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	1
MEP	-	-	-
MServ	-	-	1,371
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	22	23	2,724

Total number of third-party/contracted employees between 30 and 50 years old			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	22	23	2,725
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	22	23	32
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1,320
MIESCOR United	-	-	1
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	1
MEP	-	-	-
MServ	-	-	1,371
Shin Clark	-	-	1
Spectrum	-	-	-
Radius	-	-	-
TOTAL	22	23	2,725

Number of male third-party/contracted employees over 50 years old			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	3	5	9
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	2	4	4
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	3
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	3
MEP	-	-	-
MServ	-	-	-
Shin Clark	1	1	1
Spectrum	-	-	1
Radius	-	-	-
TOTAL	3	5	9

Number of third-party/contracted employees over 50 years old			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	1	1	1
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	1	1	1
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	1	1	1

Total number of third-party/contracted employees over 50 years old			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	4	6	10
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	3	5	5
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	3
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	3
MEP	-	-	-
MServ	-	-	-
Shin Clark	1	1	1
Spectrum	-	-	1
Radius	-	-	-
TOTAL	4	6	10

Total number of male third-party/contracted employees			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	39	40	2,746
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	35	36	45
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1,320
MIESCOR United	-	-	4
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	4
MEP	-	-	-
MServ	-	-	1,371
Shin Clark	4	4	1
Spectrum	-	-	5
Radius	-	-	-
TOTAL	39	40	2,746

Total number of female third-party/contracted employees			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	1	1	4
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	1	1	1
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	1
Spectrum	-	-	2
Radius	-	-	-
TOTAL	1	1	4

Board

Number of male board members			
	2020	2021	2022
MERALCO	10	9	9
SUBSIDIARIES	71	70	74
CIS Bayad Center	14	15	14
Bayad	8	8	7
CFS	6	7	7
Clark Electric	8	8	8
Comstech	7	7	7
eSakay	4	4	4
MGen	8	8	8
MIESCOR United	12	12	12
MIESCOR	12	12	12
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	7	5	7
Shin Clark	4	4	4
Spectrum	1	1	4
Radius	6	6	6
TOTAL	81	79	83

Total number of third-party/contracted employees			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	40	41	2,750
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	36	37	46
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1,320
MIESCOR United	-	-	4
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	4
MEP	-	-	-
MServ	-	-	1,371
Shin Clark	4	4	2
Spectrum	-	-	7
Radius	-	-	-
TOTAL	40	41	2,750

Number of female board members			
	2020	2021	2022
MERALCO	1	2	2
SUBSIDIARIES	25	25	23
CIS Bayad Center	7	7	10
Bayad	3	3	6
CFS	4	4	4
Clark Electric	3	3	3
Comstech	-	-	-
eSakay	1	1	1
MGen	2	2	2
MIESCOR United	1	1	1
MIESCOR	1	1	1
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	3	3	4
Shin Clark	1	1	1
Spectrum	6	6	-
Radius	1	1	1
TOTAL	26	27	25

Total number of board members			
	2020	2021	2022
MERALCO	11	11	11
SUBSIDIARIES	96	95	97
CIS Bayad Center	21	22	24
Bayad	11	11	13
CFS	10	11	11
Clark Electric	11	11	11
Comstech	7	7	7
eSakay	5	5	5
MGen	10	10	10
MIESCOR United	13	13	13
MIESCOR	13	13	13
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	10	8	11
Shin Clark	5	5	5
Spectrum	7	7	4
Radius	7	7	7
TOTAL	107	106	108

CBA

Number of male senior managers covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	-
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	-

Number of female senior managers covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	-
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	-

Total number of senior managers covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	-
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	-

Number of female middle managers covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	98	89	95
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	98	89	95
MIESCOR	59	63	66
MBI	39	26	29
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	98	89	95

Number of male middle managers covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	207	170	177
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	207	170	177
MIESCOR	79	75	71
MBI	128	95	106
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	207	170	177

Total number of middle managers covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	305	260	272
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	305	260	272
MIESCOR	138	139	137
MBI	167	121	135
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	305	260	272

Number of male rank-and-file employees covered by CBA			
	2020	2021	2022
MERALCO	3,638	3,601	3,564
SUBSIDIARIES	618	570	626
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	611	563	620
MIESCOR	6	5	3
MBI	605	558	617
MLI	-	-	-
MEP	7	7	6
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	4,256	4,171	4,190

Total number of employees covered by CBA			
	2020	2021	2022
MERALCO	4,429	4,394	4,346
SUBSIDIARIES	658	591	650
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	647	581	641
MIESCOR	11	11	8
MBI	636	570	633
MLI	-	-	-
MEP	11	10	9
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	5,087	4,985	4,996

Number of female rank-and-file employees covered by CBA			
	2020	2021	2022
MERALCO	791	793	782
SUBSIDIARIES	40	20	24
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	36	17	21
MIESCOR	5	5	5
MBI	31	12	16
MLI	-	-	-
MEP	4	3	3
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	831	813	806

Number of project-based/fixed-term male employees covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	521	568	608
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	521	568	608
MIESCOR	521	568	608
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	521	568	608

Number of project-based/fixed-term female employees covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	128	135	131
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	128	135	131
MIESCOR	128	135	131
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	128	135	131

Number of third-party/contracted male workers covered by CBA			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	13	13	22
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	13	13	22
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	13	13	22

Total number of project-based/fixed-term employees covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	649	703	739
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	649	703	739
MIESCOR	649	703	739
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	649	703	739

Number of third-party/contracted female workers covered by CBA			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	-	-	-
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	-

Total number of third-party/contracted workers covered by CBA			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	13	13	22
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	13	13	22
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	13	13	22

Total number of female employees covered by CBA			
	2020	2021	2022
MERALCO	791	793	782
SUBSIDIARIES	266	245	250
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	262	242	247
MIESCOR	192	204	202
MBI	70	38	45
MLI	-	-	-
MEP	4	3	3
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	1,057	1,038	1,032

Total number of male employees covered by CBA			
	2020	2021	2022
MERALCO	3,638	3,601	3,564
SUBSIDIARIES	1,359	1,321	1,433
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	13	13	22
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	1,339	1,301	1,405
MIESCOR	606	648	682
MBI	733	653	723
MLI	-	-	-
MEP	7	7	6
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	4,997	4,922	4,997

Total number of employees covered by CBA			
	2020	2021	2022
MERALCO	4,429	4,394	4,346
SUBSIDIARIES	1,625	1,566	1,683
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	13	13	22
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	1,601	1,543	1,652
MIESCOR	798	852	884
MBI	803	691	768
MLI	-	-	-
MEP	11	10	9
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	6,054	5,960	6,029

Training and Education

Number of performance and career development training hours received by male senior managers			
	2020	2021	2022
MERALCO	12,441	28,062	22,496
SUBSIDIARIES	2,293	2,799	1,428
CIS Bayad Center	56	270	218
Bayad	56	270	72
CFS	-	-	146
Clark Electric	20	128	57
Comstech	-	-	-
eSakay	-	-	-
MGen	819	1,637	187
MIESCOR United	32	140	503
MIESCOR	8	124	503
MBI	8	-	-
MLI	16	16	-
MServ	1,336	590	453
Shin Clark	-	-	-
Spectrum	-	16	12
Radius	30	18	-
TOTAL	14,734	30,861	23,924

Total number of performance and career development training hours received by senior managers			
	2020	2021	2022
MERALCO	15,778	34,662	28,800
SUBSIDIARIES	3,851	3,713	1,763
CIS Bayad Center	150	337	394
Bayad	150	337	239
CFS	-	-	155
Clark Electric	52	192	81
Comstech	-	-	-
eSakay	-	-	-
MGen	1,838	2,255	228
MIESCOR United	40	186	552
MIESCOR	16	170	552
MBI	8	-	-
MLI	16	16	-
MServ	1,711	663	496
Shin Clark	-	-	-
Spectrum	-	62	12
Radius	60	18	-
TOTAL	19,629	38,375	30,563

Number of performance and career development training hours received by female senior managers			
	2020	2021	2022
MERALCO	3,337	6,600	6,304
SUBSIDIARIES	1,558	914	335
CIS Bayad Center	94	67	177
Bayad	94	67	168
CFS	-	-	9
Clark Electric	32	64	24
Comstech	-	-	-
eSakay	-	-	-
MGen	1,019	618	41
MIESCOR United	8	46	50
MIESCOR	8	46	50
MBI	-	-	-
MLI	-	-	-
MServ	375	73	44
Shin Clark	-	-	-
Spectrum	-	46	-
Radius	30	-	-
TOTAL	4,895	7,514	6,639

Average number of performance and career development training hours received by male senior managers			
	2020	2021	2022
MERALCO	23	50	38
SUBSIDIARIES	2	2	11
CIS Bayad Center	14	68	31
Bayad	14	68	10
CFS	N/A	N/A	N/A
Clark Electric	5	32	19
Comstech	-	-	-
eSakay	N/A	-	-
MGen	74	71	10
MIESCOR United	0	0	12
MIESCOR	0	4	16
MBI	0	-	-
MLI	5	3	-
MServ	30	14	12
Shin Clark	-	-	-
Spectrum	-	3	4
Radius	30	4	-
TOTAL	8	17	33

Average number of performance and career development training hours received by female senior managers			
	2020	2021	2022
MERALCO	21	36	31
SUBSIDIARIES	9	7	5
CIS Bayad Center	13	67	16
Bayad	13	67	15
CFS	N/A	N/A	N/A
Clark Electric	16	32	12
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	127	52	3
MIESCOR United	0	0	2
MIESCOR	0	2	3
MBI	-	-	-
MLI	N/A	-	-
MServ	23	4	3
Shin Clark	N/A	N/A	-
Spectrum	-	46	N/A
Radius	N/A	N/A	N/A
TOTAL	15	23	24

Average number of performance and career development training hours received by senior managers			
	2020	2021	2022
MERALCO	23	46	37
SUBSIDIARIES	2	3	9
CIS Bayad Center	14	67	22
Bayad	14	67	13
CFS	N/A	N/A	N/A
Clark Electric	9	32	16
Comstech	-	-	-
eSakay	N/A	-	-
MGen	97	64	7
MIESCOR United	0	0	7
MIESCOR	0	3	11
MBI	0	-	-
MLI	5	3	-
MServ	29	11	10
Shin Clark	-	-	-
Spectrum	-	9	4
Radius	60	4	-
TOTAL	9	18	31

Number of performance and career development training hours received by male middle managers			
	2020	2021	2022
MERALCO	9,637	20,202	18,585
SUBSIDIARIES	8,177	9,498	2,462
CIS Bayad Center	109	1,035	781
Bayad	108	1,034	102
CFS	1	1	679
Clark Electric	60	224	65
Comstech	-	-	-
eSakay	-	-	-
MGen	5,896	6,740	16
MIESCOR United	160	737	1,153
MIESCOR	128	217	889
MBI	-	488	264
MLI	32	32	-
MServ	1,922	736	368
Shin Clark	-	-	-
Spectrum	-	4	80
Radius	30	22	-
TOTAL	17,814	29,700	21,047

Number of performance and career development training hours received by female middle managers			
	2020	2021	2022
MERALCO	5,313	12,538	12,151
SUBSIDIARIES	3,353	5,270	3,689
CIS Bayad Center	81	1,325	1,352
Bayad	80	1,325	130
CFS	1	-	1,222
Clark Electric	15	96	3
Comstech	-	-	-
eSakay	-	10	32
MGen	2,673	2,988	1,601
MIESCOR United	96	292	532
MIESCOR	96	262	362
MBI	-	30	170
MLI	-	-	-
MServ	458	528	169
Shin Clark	-	-	-
Spectrum	-	8	-
Radius	30	23	-
TOTAL	8,666	17,808	15,839

Total number of performance and career development training hours received by middle managers			
	2020	2021	2022
MERALCO	14,950	32,741	30,736
SUBSIDIARIES	11,531	14,768	6,150
CIS Bayad Center	190	2,360	2,133
Bayad	188	2,359	232
CFS	2	1	1,901
Clark Electric	75	320	68
Comstech	-	-	-
eSakay	-	10	32
MGen	8,570	9,728	1,617
MIESCOR United	256	1,029	1,684
MIESCOR	224	479	1,250
MBI	-	518	434
MLI	32	32	-
MServ	2,380	1,264	537
Shin Clark	-	-	-
Spectrum	-	12	80
Radius	60	45	-
TOTAL	26,481	47,508	36,886

Average number of performance and career development training hours received by female middle managers			
	2020	2021	2022
MERALCO	21	42	39
SUBSIDIARIES	10	13	8
CIS Bayad Center	5	47	80
Bayad	5	49	8
CFS	1	-	1,222
Clark Electric	4	19	1
Comstech	N/A	N/A	N/A
eSakay	-	3	16
MGen	22	20	10
MIESCOR United	1	2	3
MIESCOR	1	2	3
MBI	-	1	6
MLI	-	-	-
MServ	31	28	13
Shin Clark	N/A	N/A	N/A
Spectrum	-	4	N/A
Radius	1	1	-
TOTAL	15	26	21

Average number of performance and career development training hours received by male middle managers			
	2020	2021	2022
MERALCO	22	44	39
SUBSIDIARIES	11	12	3
CIS Bayad Center	7	45	52
Bayad	8	49	9
CFS	1	1	170
Clark Electric	6	20	7
Comstech	N/A	N/A	N/A
eSakay	-	-	-
MGen	17	18	0
MIESCOR United	1	3	3
MIESCOR	1	1	5
MBI	-	5	3
MLI	6	11	-
MServ	43	11	6
Shin Clark	-	-	-
Spectrum	-	1	80
Radius	1	0	-
TOTAL	15	24	15

Average number of performance and career development training hours received by middle managers			
	2020	2021	2022
MERALCO	21	43	N/A
SUBSIDIARIES	11	12	N/A
CIS Bayad Center	6	46	N/A
Bayad	6	49	N/A
CFS	1	0	N/A
Clark Electric	5	20	N/A
Comstech	N/A	N/A	N/A
eSakay	-	3	N/A
MGen	19	19	N/A
MIESCOR United	1	2	N/A
MIESCOR	1	2	N/A
MBI	-	3	N/A
MLI	5	4	N/A
MServ	40	15	N/A
Shin Clark	-	-	N/A
Spectrum	-	2	N/A
Radius	1	0	N/A
TOTAL	15	24	N/A

Number of performance and career development training hours received by male rank-and-file employees			
	2020	2021	2022
MERALCO	58,415	121,752	176,216
SUBSIDIARIES	17,961	26,252	29,986
CIS Bayad Center	1,172	1,801	1,506
Bayad	561	1,340	1,213
CFS	611	461	293
Clark Electric	346	400	389
Comstech	5	25	10
eSakay	-	-	-
MGen	5,371	4,134	6,885
MIESCOR United	6,644	18,655	20,120
MIESCOR	5,636	15,855	19,304
MBI	8	240	816
MLI	1,000	2,560	-
MServ	4,393	761	938
Shin Clark	-	-	-
Spectrum	-	342	139
Radius	30	134	-
TOTAL	76,376	148,004	206,202

Total number of performance and career development training hours received by rank-and-file employees			
	2020	2021	2022
MERALCO	81,519	147,482	203,743
SUBSIDIARIES	24,906	40,163	39,673
CIS Bayad Center	3,244	4,320	3,307
Bayad	1,082	2,503	1,952
CFS	2,162	1,817	1,355
Clark Electric	512	596	501
Comstech	5	25	10
eSakay	-	-	-
MGen	6,432	5,370	7,878
MIESCOR United	8,032	27,670	26,119
MIESCOR	7,024	24,870	25,143
MBI	8	240	976
MLI	1,000	2,560	-
MServ	6,621	1,457	1,515
Shin Clark	-	-	-
Spectrum	-	468	345
Radius	60	257	-
TOTAL	106,425	187,645	243,416

Number of performance and career development training hours received by female rank-and-file employees			
	2020	2021	2022
MERALCO	23,104	25,731	27,527
SUBSIDIARIES	6,946	13,911	9,688
CIS Bayad Center	2,072	2,519	1,801
Bayad	521	1,163	739
CFS	1,551	1,356	1,062
Clark Electric	166	196	112
Comstech	-	-	-
eSakay	-	-	-
MGen	1,062	1,236	993
MIESCOR United	1,388	9,015	5,999
MIESCOR	1,388	9,015	5,839
MBI	-	-	160
MLI	-	-	-
MServ	2,228	696	577
Shin Clark	-	-	-
Spectrum	-	126	206
Radius	30	123	-
TOTAL	30,049	39,641	37,214

Average number of performance and career development training hours received by male rank-and-file employees			
	2020	2021	2022
MERALCO	16	34	49
SUBSIDIARIES	3	5	8
CIS Bayad Center	2	3	3
Bayad	6	14	11
CFS	1	1	1
Clark Electric	10	12	11
Comstech	5	25	10
eSakay	N/A	N/A	N/A
MGen	13	12	19
MIESCOR United	2	6	8
MIESCOR	939	3,964	6,435
MBI	0	0	1
MLI	1	1	-
MServ	3	1	5
Shin Clark	N/A	N/A	N/A
Spectrum	-	9	N/A
Radius	0	1	-
TOTAL	8	16	28

Average number of performance and career development training hours received by female rank-and-file employees			
	2020	2021	2022
MERALCO	29	32	35
SUBSIDIARIES	3	5	5
CIS Bayad Center	1	2	2
Bayad	5	10	6
CFS	1	1	1
Clark Electric	14	18	9
Comstech	-	-	-
eSakay	N/A	N/A	N/A
MGen	17	21	16
MIESCOR United	2	12	8
MIESCOR	231	1,803	1,168
MBI	-	-	16
MLI	-	-	-
MServ	15	6	8
Shin Clark	N/A	N/A	N/A
Spectrum	-	7	21
Radius	0	1	-
TOTAL	8	12	14

Number of performance and career development training hours received by project-based/fixed-term male employees			
	2020	2021	2022
MERALCO	-	-	3,707
SUBSIDIARIES	310	457	3,557
CIS Bayad Center	-	-	2,646
Bayad	-	-	-
CFS	-	-	2,646
Clark Electric	288	288	288
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MServ	22	117	623
Shin Clark	-	-	-
Spectrum	-	52	-
Radius	-	-	-
TOTAL	310	457	7,264

Average number of performance and career development training hours received by rank-and-file employees			
	2020	2021	2022
MERALCO	18	34	47
SUBSIDIARIES	3	5	7
CIS Bayad Center	1	2	2
Bayad	6	12	9
CFS	1	1	1
Clark Electric	11	13	11
Comstech	3	13	5
eSakay	N/A	N/A	N/A
MGen	14	13	19
MIESCOR United	2	7	8
MIESCOR	585	2,763	3,143
MBI	0	0	2
MLI	0	1	-
MServ	4	1	6
Shin Clark	N/A	N/A	N/A
Spectrum	-	8	34
Radius	0	1	-
TOTAL	8	15	24

Number of performance and career development training hours received by project-based/fixed-term female employees			
	2020	2021	2022
MERALCO	-	-	1,178
SUBSIDIARIES	76	26	5,431
CIS Bayad Center	-	-	5,306
Bayad	-	-	-
CFS	-	-	5,306
Clark Electric	4	4	4
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	5	5	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	5	5	-
MServ	67	17	121
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	76	26	6,609

Total number of performance and career development training hours received by project-based/fixed-term employees			
	2020	2021	2022
MERALCO	-	-	4,885
SUBSIDIARIES	386	483	8,988
CIS Bayad Center	-	-	7,952
Bayad	-	-	-
CFS	-	-	7,952
Clark Electric	292	292	292
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	5	5	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	5	5	-
MServ	89	134	744
Shin Clark	-	-	-
Spectrum	-	52	-
Radius	-	-	-
TOTAL	386	483	13,873

Average number of performance and career development training hours received by female project-based/fixed-term employees			
	2020	2021	2022
MERALCO	-	-	13
SUBSIDIARIES	0	0	5
CIS Bayad Center	N/A	N/A	29
Bayad	N/A	N/A	-
CFS	N/A	N/A	30
Clark Electric	N/A	N/A	N/A
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	-
MIESCOR United	0	0	-
MIESCOR	-	-	-
MBI	N/A	N/A	-
MLI	N/A	N/A	-
MServ	N/A	N/A	N/A
Shin Clark	N/A	N/A	-
Spectrum	N/A	N/A	-
Radius	N/A	N/A	N/A
TOTAL	N/A	N/A	254

Average number of performance and career development training hours received by male project-based/fixed-term employees			
	2020	2021	2022
MERALCO	-	-	16
SUBSIDIARIES	0	0	1
CIS Bayad Center	N/A	N/A	22
Bayad	N/A	N/A	-
CFS	N/A	N/A	23
Clark Electric	N/A	N/A	N/A
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	N/A	N/A	-
MLI	N/A	N/A	-
MServ	3	15	78
Shin Clark	N/A	N/A	-
Spectrum	N/A	N/A	-
Radius	N/A	N/A	N/A
TOTAL	N/A	N/A	196

Average number of performance and career development training hours received by project-based/fixed-term employees			
	2020	2021	2022
MERALCO	-	-	15
SUBSIDIARIES	0	0	1
CIS Bayad Center	N/A	N/A	27
Bayad	N/A	N/A	-
CFS	N/A	N/A	27
Clark Electric	N/A	N/A	N/A
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	-
MIESCOR United	0	0	-
MIESCOR	-	-	-
MBI	N/A	N/A	-
MLI	N/A	N/A	-
MServ	11	17	93
Shin Clark	N/A	N/A	-
Spectrum	N/A	N/A	-
Radius	N/A	N/A	N/A
TOTAL	N/A	N/A	220

Number of performance and career development training hours received by third-party male workers			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	2,646
CIS Bayad Center	-	-	2,646
Bayad	-	-	-
CFS	-	-	2,646
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	--
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	2,646

Total number of performance and career development training hours received by third-party workers			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	7,952
CIS Bayad Center	-	-	7,952
Bayad	-	-	-
CFS	-	-	7,952
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	7,952

Number of performance and career development training hours received by third-party female workers			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	5,306
CIS Bayad Center	-	-	5,306
Bayad	-	-	-
CFS	-	-	5,306
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	-
TOTAL	-	-	5,306

Number of performance and career development training hours received by third-party workers			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	-	-	1
CIS Bayad Center	N/A	N/A	N/A
Bayad	N/A	N/A	N/A
CFS	N/A	N/A	N/A
Clark Electric	-	-	-
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	-
MIESCOR United	N/A	N/A	-
MIESCOR	N/A	N/A	N/A
MBI	N/A	N/A	N/A
MLI	N/A	N/A	-
MServ	N/A	N/A	N/A
Shin Clark	N/A	N/A	-
Spectrum	-	-	-
Radius	N/A	N/A	-
TOTAL	N/A	N/A	N/A

Number of performance and career development training hours received by third-party workers			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	-	-	1,327
CIS Bayad Center	N/A	N/A	N/A
Bayad	N/A	N/A	N/A
CFS	N/A	N/A	N/A
Clark Electric	-	-	-
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	N/A
MIESCOR United	N/A	N/A	N/A
MIESCOR	N/A	N/A	N/A
MBI	N/A	N/A	N/A
MLI	N/A	N/A	N/A
MServ	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	N/A	N/A	-
Radius	N/A	N/A	-
TOTAL	N/A	N/A	N/A

Number of performance and career development training hours received by third-party workers			
	2020	2021	2022
MERALCO	N/A	N/A	N/A
SUBSIDIARIES	-	-	3
CIS Bayad Center	N/A	N/A	N/A
Bayad	N/A	N/A	N/A
CFS	N/A	N/A	N/A
Clark Electric	-	-	-
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	-
MIESCOR United	N/A	N/A	-
MIESCOR	N/A	N/A	N/A
MBI	N/A	N/A	N/A
MLI	N/A	N/A	-
MServ	N/A	N/A	N/A
Shin Clark	N/A	N/A	-
Spectrum	-	-	-
Radius	N/A	N/A	-
TOTAL	N/A	N/A	N/A

Total number of performance and career development training hours received by male employees			
	2020	2021	2022
MERALCO	80,493	170,016	221,004
SUBSIDIARIES	28,741	39,006	40,078
CIS Bayad Center	1,337	3,106	7,796
Bayad	725	2,644	1,386
CFS	612	462	6,410
Clark Electric	714	1,040	799
Comstech	5	25	10
eSakay	-	-	-
MGen	12,086	12,512	7,088
MIESCOR United	6,836	19,532	21,775
MIESCOR	5,772	16,196	20,695
MBI	16	728	1,080
MLI	1,048	2,608	-
MServ	7,673	2,204	2,381
Shin Clark	-	-	-
Spectrum	-	414	231
Radius	90	174	-
TOTAL	109,234	209,022	261,082

Total number of performance and career development training hours received by female employees			
	2020	2021	2022
MERALCO	31,754	44,869	47,159
SUBSIDIARIES	11,932	20,120	24,447
CIS Bayad Center	2,247	3,911	13,942
Bayad	695	2,555	1,037
CFS	1,552	1,356	12,905
Clark Electric	217	360	143
Comstech	-	-	-
eSakay	-	10	32
MGen	4,753	4,841	2,635
MIESCOR United	1,497	9,358	6,580
MIESCOR	1,492	9,323	6,250
MBI	-	30	330
MLI	5	5	-
MServ	3,128	1,314	910
Shin Clark	-	-	-
Spectrum	-	180	206
Radius	90	146	-
TOTAL	43,686	64,989	71,606

Total number of performance and career development training hours received by all employees			
	2020	2021	2022
MERALCO	112,247	214,885	268,163
SUBSIDIARIES	40,674	59,126	64,525
CIS Bayad Center	3,584	7,017	21,737
Bayad	1,420	5,199	2,423
CFS	2,164	1,818	19,315
Clark Electric	931	1,400	942
Comstech	5	25	10
eSakay	-	10	32
MGen	16,840	17,353	9,723
MIESCOR United	8,333	28,890	28,355
MIESCOR	7,264	25,519	26,945
MBI	16	758	1,410
MLI	1,053	2,613	-
MServ	10,801	3,518	3,291
Shin Clark	-	-	-
Spectrum	-	594	437
Radius	180	320	-
TOTAL	152,920	274,012	332,688

Average number of performance and career development training hours received by male employees			
	2020	2021	2022
MERALCO	52,606	79,247	88,972
SUBSIDIARIES	248,171	413,899	491,547
CIS Bayad Center	4,864	4,934	33,305
Bayad	3,716	3,174	32,220
CFS	1,148	1,760	1,085
Clark Electric	5	25	10
Comstech	-	20	64
eSakay	21,593	22,194	12,358
MGen	9,830	38,248	34,934
MIESCOR United	15,003	8,238	5,941
MIESCOR	16	788	1,740
MBI	1,058	2,618	-
MLI	13,929	4,832	4,201
MServ	-	-	-
Shin Clark	-	774	643
Spectrum	270	466	-
Radius	196,606	339,001	404,294
TOTAL	300,777	493,146	580,519

Average number of performance and career development training hours received by female employees			
	2020	2021	2022
MERALCO	288,845	473,025	556,072
SUBSIDIARIES	753,462	1,242,631	1,440,248
CIS Bayad Center	4,248	5,003	21,352
Bayad	3,312	3,578	20,400
CFS	936	1,425	952
Clark Electric	5	45	74
Comstech	21,593	22,204	12,390
eSakay	26,670	55,601	44,657
MGen	23,336	37,128	34,295
MIESCOR United	26,857	14,339	8,901
MIESCOR	1,074	3,376	1,410
MBI	14,982	7,445	4,201
MLI	10,801	3,518	3,291
MServ	-	774	643
Shin Clark	270	1,060	437
Spectrum	196,786	339,320	404,294
Radius	453,697	767,157	913,207
TOTAL	1,042,307	1,715,656	1,996,320

Average number of performance and career development training hours received by employees			
	2020	2021	2022
MERALCO	1,001,634	1,656,530	1,931,795
SUBSIDIARIES	2,378,460	3,876,993	4,467,706
CIS Bayad Center	2,094	3,255	2,121
Bayad	2,084	3,185	2,037
CFS	10	70	84
Clark Electric	21,593	22,224	12,454
Comstech	48,263	77,795	57,014
eSakay	33,166	75,376	69,229
MGen	41,860	22,577	14,842
MIESCOR United	40,770	19,187	12,334
MIESCOR	16,040	10,063	4,201
MBI	24,730	8,350	7,491
MLI	-	774	643
MServ	270	1,834	1,079
Shin Clark	197,056	339,786	404,294
Spectrum	650,304	1,106,158	1,317,501
Radius	1,343,084	2,208,802	2,576,839
TOTAL	3,380,093	5,533,523	6,399,500

Average performance and career development training hours received by male employees			
	2020	2021	2022
MERALCO	17.03	35.33	45.46
SUBSIDIARIES	2.99	3.77	3.56
CIS Bayad Center	1.86	5.29	10.37
Bayad	6.78	21.32	10.19
CFS	1.00	1.00	10.41
Clark Electric	14.88	21.22	17.00
Comstech	2.50	12.50	5.00
eSakay	-	-	-
MGen	15.22	16.02	9.25
MIESCOR United	1.09	2.71	2.87
MIESCOR	1.90	3.91	4.69
MBI	0.01	0.65	0.94
MLI	0.54	1.34	-
MServ	403.84	116.00	132.25
Shin Clark	-	-	-
Spectrum	-	103.50	57.63
Radius	6.43	6.20	-
AVERAGE	674.29	708.55	692.53

Average performance and career development training hours received by female employees			
	2020	2021	2022
MERALCO	24.90	32.00	33.95
SUBSIDIARIES	3.27	5.43	6.95
CIS Bayad Center	1.33	2.61	13.38
Bayad	5.19	18.12	7.40
CFS	1.00	1.00	14.31
Clark Electric	12.06	20.00	7.53
Comstech	-	-	-
eSakay	-	3.33	16.00
MGen	20.58	22.01	11.26
MIESCOR United	1.04	5.76	3.58
MIESCOR	2.47	11.30	6.25
MBI	-	0.36	3.84
MLI	0.01	0.01	-
MServ	625.60	262.80	151.67
Shin Clark	-	-	-
Spectrum	-	N/A	103.00
Radius	18.00	12.17	-
AVERAGE	490.85	393.87	325.48

Average performance and career development training hours received by all employees			
	2020	2021	2022
MERALCO	18.70	34.38	42.91
SUBSIDIARIES	3.12	4.17	4.56
CIS Bayad Center	1.49	3.91	12.12
Bayad	5.89	18.84	8.78
CFS	1.00	1.20	12.72
Clark Electric	14.11	21.21	14.27
Comstech	1.67	8.33	3.33
eSakay	-	2.00	6.40
MGen	16.43	17.35	9.72
MIESCOR United	1.08	3.06	3.01
MIESCOR	2.00	4.71	4.97
MBI	0.01	0.62	1.15
MLI	0.40	0.94	-
MServ	450.04	146.58	137.10
Shin Clark	-	-	-
Spectrum	-	99.00	72.75
Radius	9.47	6.03	-
AVERAGE	8.04	13.42	16.30

Percentage of male senior managers receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	100%	100%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	NAI	NAI	N/A
MLI	100%	100%	N/A
MServ	100%	100%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	100%	100%	100%

Percentage of female senior managers receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	100%	100%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	NAI	NAI	N/A
MLI	100%	100%	N/A
MServ	100%	100%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	100%	100%	100%

Percentage of male middle managers receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	100%	100%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	NAI	NAI	N/A
MLI	100%	100%	N/A
MServ	100%	100%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	100%	100%	100%

Percentage senior managers receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	100%	100%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	N/A	N/A	N/A
MLI	100%	100%	N/A
MServ	100%	100%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	100%	100%	100%

Percentage of female middle managers receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	100%	100%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	NAI	NAI	N/A
MLI	100%	100%	N/A
MServ	100%	100%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	100%	100%	100%

Percentage of middle managers receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	100%	100%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	N/A	N/A	N/A
MLI	100%	100%	N/A
MServ	100%	100%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	100%	100%	100%

Percentage of male rank-and-file employees receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	92%	92%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	NAI	NAI	N/A
MLI	100%	100%	N/A
MServ	11%	11%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	93%	93%	100%

Percentage of female rank-and-file employees receiving regular performance and career development reviews			
in %	2020	2021	2022
MERALCO	100%	100%	100%
SUBSIDIARIES	97%	97%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	NAI	NAI	N/A
MLI	100%	100%	N/A
MServ	63%	66%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	97%	97%	100%

Percentage of rank and file employees receiving regular performance and career development reviews			
in %	2020	2021	2021
MERALCO	100%	100%	100%
SUBSIDIARIES	94%	94%	100%
CIS Bayad Center	100%	100%	100%
Bayad	100%	100%	100%
CFS	100%	100%	100%
Clark Electric	100%	100%	100%
Comstech	100%	100%	100%
eSakay	100%	100%	N/A
MGen	100%	100%	100%
MIESCOR United	100%	100%	N/A
MIESCOR	100%	100%	N/A
MBI	N/A	N/A	N/A
MLI	100%	100%	N/A
MServ	37%	39%	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	100%	100%	100%
Radius	100%	100%	N/A
AVERAGE	95%	95%	100%

Average monetary value spent per full-time employee on training and development (Total amount spent on training and development/ headcount)			
in PHP	2020	2021	2022
MERALCO	3,869	11,036	
SUBSIDIARIES	2,232	16,824	83,488
CIS Bayad Center	23,117	167,033	490,112
Bayad	2,442	6,905	6,329
CFS	20,675	160,128	483,783
Clark Electric	-	-	-
Comstech	-	8,000	5,000
eSakay	-	5,227	5,380
MGen	1,544	1,864	438
MIESCOR United	2,071	4,143	-
MIESCOR	71	82	N/A
MBI	2,000	4,061	N/A
MLI	-	-	N/A
MServ	58	126	N/A
Shin Clark	-	-	N/A
Spectrum	-	10,000	N/A
Radius	NAI	22,317	N/A
TOTAL	2,358	16,410	83,488

Parental Leaves

Number of employees entitled to maternity leave			
	2020	2021	2022
MERALCO	1,208	1,277	1,299
SUBSIDIARIES	3,147	3,491	3,065
CIS Bayad Center	1,684	1,498	893
Bayad	132	140	143
CFS	1,552	1,358	750
Clark Electric	13	13	19
Comstech	-	-	1
eSakay	3	3	2
MGen	185	182	157
MIESCOR United	975	1,447	1,628
MIESCOR	535	717	873
MBI	74	45	
MLI	366	685	755
MEP	4	4	5
MServ	176	158	133
Shin Clark	-	-	-
Spectrum	18	24	7
Radius	89	162	220
TOTAL	4,355	4,768	4,364

Number of employees who took maternity leave			
	2020	2021	2022
MERALCO	122	73	87
SUBSIDIARIES	181	164	176
CIS Bayad Center	104	75	55
Bayad	2	6	7
CFS	102	69	48
Clark Electric	1	3	2
Comstech	-	-	1
eSakay	-	-	-
MGen	9	8	8
MIESCOR United	55	71	96
MIESCOR	19	28	46
MBI	6	4	
MLI	30	39	50
MEP	-	-	-
MServ	10	4	7
Shin Clark	-	-	-
Spectrum	-	1	-
Radius	2	2	7
TOTAL	303	237	263

Number of employees who returned to work after maternity leave			
	2020	2021	2022
MERALCO	121	73	86
SUBSIDIARIES	178	141	137
CIS Bayad Center	104	61	32
Bayad	2	6	7
CFS	102	55	25
Clark Electric	1	1	2
Comstech	-	-	1
eSakay	-	-	-
MGen	9	8	8
MIESCOR United	54	66	81
MIESCOR	18	27	31
MBI	6	4	-
MLI	30	35	50
MEP	-	-	-
MServ	8	3	6
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	2	2	7
TOTAL	299	214	223

Retention rate for employees that availed of Maternity Leave			
	2020	2021	2022
MERALCO	100.0%	98.6%	93.0%
SUBSIDIARIES	93.3%	99.3%	92.0%
CIS Bayad Center	90.4%	100.0%	78.1%
Bayad	100.0%	100.0%	85.7%
CFS	90.2%	100.0%	76.0%
Clark Electric	100.0%	100.0%	100.0%
Comstech	N/A	N/A	100.0%
eSakay	N/A	N/A	N/A
MGen	100.0%	100.0%	75.0%
MIESCOR United	96.3%	98.5%	97.5%
MIESCOR	88.9%	96.3%	93.5%
MBI	100.0%	100.0%	N/A
MLI	100.0%	100.0%	100.0%
MEP	N/A	N/A	N/A
MServ	100.0%	100.0%	100.0%
Shin Clark	N/A	N/A	N/A
Spectrum	N/A	N/A	N/A
Radius	100.0%	100.0%	100.0%
TOTAL	96.0%	99.1%	92.4%

Number of employees who returned after maternity leave and were still employed 12 months after			
	2020	2021	2022
MERALCO	121	72	80
SUBSIDIARIES	166	140	126
CIS Bayad Center	94	61	25
Bayad	2	6	6
CFS	92	55	19
Clark Electric	1	1	2
Comstech	-	-	1
eSakay	-	-	-
MGen	9	8	6
MIESCOR United	52	65	79
MIESCOR	16	26	29
MBI	6	4	-
MLI	30	35	50
MEP	-	-	-
MServ	8	3	6
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	2	2	7
TOTAL	287	212	206

Number of employees entitled to paternity leave			
	2020	2021	2022
MERALCO	4,607	4,628	4,631
SUBSIDIARIES	5,885	6,318	5,741
CIS Bayad Center	182	208	269
Bayad	110	120	127
CFS	72	88	142
Clark Electric	32	32	40
Comstech	-	-	-
eSakay	2	2	3
MGen	690	694	603
MIESCOR United	3,309	3,835	2,776
MIESCOR	1,218	1,295	1,517
MBI	773	661	
MLI	1,318	1,879	1,259
MEP	11	11	10
MServ	1,571	1,376	1,646
Shin Clark	-	-	-
Spectrum	25	41	11
Radius	63	119	383
TOTAL	10,492	10,946	10,372

Number of employees who took paternity leave			
	2020	2021	2022
MERALCO	250	218	200
SUBSIDIARIES	279	211	197
CIS Bayad Center	6	5	10
Bayad	4	-	7
CFS	2	5	3
Clark Electric	-	1	5
Comstech	-	-	-
eSakay	-	-	-
MGen	32	36	22
MIESCOR United	212	136	126
MIESCOR	100	94	44
MBI	32	22	-
MLI	80	20	82
MEP	-	-	-
MServ	27	28	-
Shin Clark	-	-	27
Spectrum	1	-	-
Radius	1	5	7
TOTAL	529	429	397

Number of employees who returned after paternity leave and were still employed 12 months after			
	2020	2021	2022
MERALCO	249	215	198
SUBSIDIARIES	257	186	183
CIS Bayad Center	6	5	10
Bayad	4	-	7
CFS	2	5	3
Clark Electric	-	1	5
Comstech	-	-	-
eSakay	-	-	-
MGen	32	36	22
MIESCOR United	191	111	112
MIESCOR	79	69	30
MBI	32	22	-
MLI	80	20	82
MEP	-	-	-
MServ	27	28	27
Shin Clark	-	-	
Spectrum	-	-	-
Radius	1	5	7
TOTAL	506	401	381

Number of employees who returned to work after paternity leave			
	2020	2021	2022
MERALCO	250	218	200
SUBSIDIARIES	279	210	190
CIS Bayad Center	6	5	10
Bayad	4	-	7
CFS	2	5	3
Clark Electric	-	1	5
Comstech	-	-	-
eSakay	-	-	-
MGen	32	36	22
MIESCOR United	212	135	119
MIESCOR	100	93	37
MBI	32	22	-
MLI	80	20	82
MEP	-	-	-
MServ	27	28	27
Shin Clark	-	-	-
Spectrum	1	-	-
Radius	1	5	7
TOTAL	529	428	390

Retention rate for employees that availed of Paternity Leave			
	2020	2021	2022
MERALCO	99.6%	98.6%	99.0%
SUBSIDIARIES	92.1%	88.6%	96.3%
CIS Bayad Center	100.0%	100.0%	100.0%
Bayad	100.0%	N/A	100.0%
CFS	100.0%	100.0%	100.0%
Clark Electric	N/A	100.0%	100.0%
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	100.0%	100.0%	100.0%
MIESCOR United	90.1%	82.2%	94.1%
MIESCOR	79.0%	74.2%	81.1%
MBI	100.0%	100.0%	N/A
MLI	100.0%	100.0%	100.0%
MEP	N/A	N/A	N/A
MServ	100.0%	100.0%	100.0%
Shin Clark	N/A	N/A	N/A
Spectrum	0.0%	N/A	N/A
Radius	100.0%	100.0%	100.0%
TOTAL	95.7%	93.7%	97.7%

Number of male employees entitled to solo parent leave			
	2020	2021	2022
MERALCO	7	10	11
SUBSIDIARIES	84	910	1,063
CIS Bayad Center	1	1	1
Bayad	1	1	1
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	1	1	1
MIESCOR United	82	907	1,060
MIESCOR	-	-	-
MBI	1	1	
MLI	81	906	1,060
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	1	1
TOTAL	91	920	1,074

Number of male employees who returned to work after solo parent leave			
	2020	2021	2022
MERALCO	7	10	11
SUBSIDIARIES	8	9	9
CIS Bayad Center	1	1	1
Bayad	1	1	1
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	1	1	1
MIESCOR United	6	6	7
MIESCOR	-	-	-
MBI	1	1	
MLI	5	5	7
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	1	-
TOTAL	15	19	20

Number of male employees who took solo parent leave			
	2020	2021	2022
MERALCO	7	10	11
SUBSIDIARIES	8	9	9
CIS Bayad Center	1	1	1
Bayad	1	1	1
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	1	1	1
MIESCOR United	6	6	7
MIESCOR	-	-	-
MBI	1	1	
MLI	5	5	7
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	1	-
TOTAL	15	19	20

Number of male employees who returned after solo parent leave and were still employed 12 months after			
	2020	2021	2022
MERALCO	6	10	9
SUBSIDIARIES	7	8	9
CIS Bayad Center	1	1	1
Bayad	1	1	1
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	NAI	NAI	1
MIESCOR United	6	6	7
MIESCOR	-	-	-
MBI	1	1	
MLI	5	5	7
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	1	-
TOTAL	13	18	18

Retention rate for employees that availed of male Solo Parent Leave			
	2020	2021	2022
MERALCO	85.7%	100.0%	81.8%
SUBSIDIARIES	87.5%	88.9%	100.0%
CIS Bayad Center	100.0%	100.0%	100.0%
Bayad	100.0%	100.0%	100.0%
CFS	N/A	N/A	N/A
Clark Electric	N/A	N/A	N/A
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	100.0%
MIESCOR United	100.0%	100.0%	100.0%
MIESCOR	N/A	N/A	N/A
MBI	100.0%	100.0%	N/A
MLI	100.0%	100.0%	100.0%
MEP	N/A	N/A	N/A
MServ	N/A	N/A	N/A
Shin Clark	N/A	N/A	N/A
Spectrum	N/A	N/A	N/A
Radius	N/A	100.0%	N/A
TOTAL	86.7%	94.7%	90.0%

Number of female employees who took solo parent leave			
	2020	2021	2022
MERALCO	19	22	23
SUBSIDIARIES	35	32	79
CIS Bayad Center	13	10	11
Bayad	-	1	1
CFS	13	9	10
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	8	7	7
MIESCOR United	10	10	59
MIESCOR	-	-	8
MBI	-	-	-
MLI	10	10	51
MEP	-	-	-
MServ	2	2	1
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	2	3	1
TOTAL	54	54	102

Number of female employees entitled to solo parent leave			
	2020	2021	2022
MERALCO	20	24	24
SUBSIDIARIES	125	996	491
CIS Bayad Center	13	10	2
Bayad	-	1	1
CFS	13	9	1
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	8	8	7
MIESCOR United	100	973	480
MIESCOR	-	-	8
MBI	-	-	-
MLI	100	973	472
MEP	-	-	-
MServ	2	2	1
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	2	3	1
TOTAL	145	1,020	515

Number of female employees who returned to work after solo parent leave			
	2020	2021	2022
MERALCO	19	22	23
SUBSIDIARIES	35	32	79
CIS Bayad Center	13	10	11
Bayad	-	1	1
CFS	13	9	10
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	8	7	7
MIESCOR United	10	10	59
MIESCOR	-	-	8
MBI	-	-	-
MLI	10	10	51
MEP	-	-	-
MServ	2	2	1
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	2	3	1
TOTAL	54	54	102

Number of female employees who returned after solo parent leave and were still employed 12 months after			
	2020	2021	2022
MERALCO	17	22	23
SUBSIDIARIES	27	26	74
CIS Bayad Center	13	10	10
Bayad	-	1	1
CFS	13	9	9
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	NAI	NAI	3
MIESCOR United	10	10	59
MIESCOR	-	-	8
MBI	-	-	-
MLI	10	10	51
MEP	-	-	-
MServ	2	2	1
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	2	4	1
TOTAL	44	48	97

Retention rate for employees that availed of female Solo Parent Leave			
	2020	2021	2022
MERALCO	89.5%	100.0%	100.0%
SUBSIDIARIES	77.1%	81.3%	93.7%
CIS Bayad Center	100.0%	100.0%	90.9%
Bayad	N/A	100.0%	100.0%
CFS	100.0%	100.0%	90.0%
Clark Electric	N/A	N/A	N/A
Comstech	N/A	N/A	N/A
eSakay	N/A	N/A	N/A
MGen	N/A	N/A	42.9%
MIESCOR United	100.0%	100.0%	100.0%
MIESCOR	N/A	N/A	100.0%
MBI	N/A	N/A	N/A
MLI	100.0%	100.0%	100.0%
MEP	N/A	N/A	N/A
MServ	100.0%	100.0%	100.0%
Shin Clark	N/A	N/A	N/A
Spectrum	N/A	N/A	N/A
Radius	100.0%	133.3%	100.0%
TOTAL	81.5%	88.9%	95.1%

Total number of employees entitled to parental leave			
	2020	2021	2022
MERALCO	5,842	5,939	5,965
SUBSIDIARIES	9,241	11,715	10,360
CIS Bayad Center	1,880	1,717	1,165
Bayad	243	262	272
CFS	1,637	1,455	893
Clark Electric	45	45	59
Comstech	-	-	1
eSakay	5	5	5
MGen	884	885	768
MIESCOR United	4,466	7,162	5,944
MIESCOR	1,753	2,012	2,398
MBI	848	707	-
MLI	1,865	4,443	3,546
MEP	15	15	15
MServ	1,749	1,536	1,780
Shin Clark	-	-	-
Spectrum	43	65	18
Radius	154	285	605
TOTAL	15,083	17,654	16,325

Total number of employees who took parental leave			
	2020	2021	2022
MERALCO	398	323	321
SUBSIDIARIES	503	416	461
CIS Bayad Center	124	91	77
Bayad	7	8	16
CFS	117	83	61
Clark Electric	1	4	7
Comstech	-	-	1
eSakay	-	-	-
MGen	50	52	38
MIESCOR United	283	223	288
MIESCOR	119	122	98
MBI	39	27	-
MLI	125	74	190
MEP	-	-	-
MServ	39	34	8
Shin Clark	-	-	27
Spectrum	1	1	-
Radius	5	11	15
TOTAL	901	739	782

Total number of employees who returned to work after parental leave			
	2020	2021	2022
MERALCO	397	323	320
SUBSIDIARIES	500	392	415
CIS Bayad Center	124	77	54
Bayad	7	8	16
CFS	117	69	38
Clark Electric	1	2	7
Comstech	-	-	1
eSakay	-	-	-
MGen	50	52	38
MIESCOR United	282	217	266
MIESCOR	118	120	76
MBI	39	27	-
MLI	125	70	190
MEP	-	-	-
MServ	37	33	34
Shin Clark	-	-	-
Spectrum	1	-	-
Radius	5	11	15
TOTAL	897	715	735

Retention rate for employees that availed of Parental Leave			
	2020	2021	2022
MERALCO	99.0%	98.8%	96.9%
SUBSIDIARIES	91.4%	91.8%	94.5%
CIS Bayad Center	91.9%	100.0%	85.2%
Bayad	100.0%	100.0%	93.8%
CFS	91.5%	100.0%	81.6%
Clark Electric	100.0%	100.0%	100.0%
Comstech	N/A	N/A	100.0%
eSakay	N/A	N/A	N/A
MGen	82.0%	84.6%	84.2%
MIESCOR United	91.8%	88.5%	96.6%
MIESCOR	80.5%	79.2%	88.2%
MBI	100.0%	100.0%	N/A
MLI	100.0%	100.0%	100.0%
MEP	N/A	N/A	N/A
MServ	100.0%	100.0%	100.0%
Shin Clark	N/A	N/A	N/A
Spectrum	0.0%	N/A	N/A
Radius	100.0%	109.1%	100.0%
TOTAL	94.8%	95.0%	95.5%

Total number of employees who returned after parental leave and were still employed 12 months after			
	2020	2021	2022
MERALCO	393	319	310
SUBSIDIARIES	457	360	392
CIS Bayad Center	114	77	46
Bayad	7	8	15
CFS	107	69	31
Clark Electric	1	2	7
Comstech	-	-	1
eSakay	-	-	-
MGen	41	44	32
MIESCOR United	259	192	257
MIESCOR	95	95	67
MBI	39	27	-
MLI	125	70	190
MEP	-	-	-
MServ	37	33	34
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	5	12	15
TOTAL	850	679	702

OSH

Number of permanent employees covered by an OSH management system			
	2020	2021	2022
MERALCO	5,815	5,905	5,930
SUBSIDIARIES	6,496	6,476	4,734
CIS Bayad Center	1,540	1,642	215
Bayad	240	261	215
CFS	1,300	1,381	-
Clark Electric	65	66	68
Comstech	-	-	-
eSakay	5	5	-
MGen	1,020	967	922
MIESCOR United	3,335	2,861	2,683
MIESCOR	246	259	293
MBI	1,405	1,196	-
MLI	1,684	1,406	2,390
MEP	16	16	-
MServ	504	460	379
Shin Clark	-	-	-
Spectrum	11	27	-
Radius	-	432	467
TOTAL	12,311	12,381	10,664

Number of project-based/fixed-term employees covered by an OSH management system			
	2020	2021	2022
MERALCO	186	309	310
SUBSIDIARIES	7,274	7,747	7,555
CIS Bayad Center	866	444	298
Bayad	1	4	6
CFS	865	440	292
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	5	34	41
MIESCOR United	5,117	6,122	5,763
MIESCOR	3,602	4,872	5,102
MBI	553	489	269
MLI	962	761	392
MEP	8	8	8
MServ	1,270	1,074	1,382
Shin Clark	-	-	-
Spectrum	8	13	-
Radius	NAI	52	63
TOTAL	7,460	8,056	7,865

Number of probationary employees covered by an OSH management system			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	7	205
CIS Bayad Center	-	-	55
Bayad	-	-	55
CFS	-	-	-
Clark Electric	-	-	3
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	42
MIESCOR United	-	7	20
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	7	20
MEP	-	-	-
MServ	-	-	18
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	67
TOTAL	-	7	205

Number of third-party workers covered by an OSH management system			
	2020	2021	2022
MERALCO	2,238	9,583	9,846
SUBSIDIARIES	46	43	1,855
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	24	24	24
Comstech	-	-	-
eSakay	22	19	17
MGen	NAI	NAI	1,560
MIESCOR United	-	-	254
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	254
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	2,284	9,626	11,701

Total number of employees covered by an OSH management system			
	2020	2021	2022
MERALCO	8,239	15,797	16,086
SUBSIDIARIES	13,816	14,266	14,144
CIS Bayad Center	2,406	2,086	513
Bayad	241	265	221
CFS	2,165	1,821	292
Clark Electric	89	90	92
Comstech	-	-	-
eSakay	27	24	17
MGen	1,025	1,001	2,523
MIESCOR United	8,452	8,983	8,700
MIESCOR	3,848	5,131	5,395
MBI	1,958	1,685	269
MLI	2,646	2,167	3,036
MEP	24	24	8
MServ	1,774	1,534	1,761
Shin Clark	-	-	-
Spectrum	19	40	-
Radius	-	484	530
TOTAL	22,055	30,063	30,230

Number of probationary employees covered by an OSH management system that have been internally audited			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	7	143
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	3
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	35
MIESCOR United	-	7	20
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	7	20
MEP	-	-	-
MServ	-	-	18
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	67
TOTAL	-	7	143

Number of permanent employees covered by an OSH management system that have been internally audited			
	2020	2021	2022
MERALCO	5,815	5,905	-
SUBSIDIARIES	4,230	3,791	4,337
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	65	66	64
Comstech	-	-	-
eSakay	-	-	-
MGen	1,020	967	903
MIESCOR United	3,145	2,758	2,524
MIESCOR	56	156	134
MBI	1,405	1,196	-
MLI	1,684	1,406	2,390
MEP	-	-	-
MServ	-	-	379
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	467
TOTAL	10,045	9,696	4,337

Number of project-based/fixed-term employees covered by an OSH management system that have been internally audited			
	2020	2021	2022
MERALCO	186	309	310
SUBSIDIARIES	1,255	1,370	943
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	5	34	28
MIESCOR United	1,250	1,336	852
MIESCOR	148	86	190
MBI	553	489	270
MLI	549	761	392
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	63
TOTAL	1,441	1,679	1,253

Number of third-party workers covered by an OSH management system that have been internally audited			
	2020	2021	2022
MERALCO	2,238	9,583	9,846
SUBSIDIARIES	159	207	974
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	24	24	24
Comstech	-	-	-
eSakay	-	-	16
MGen	NAI	NAI	680
MIESCOR United	135	183	254
MIESCOR	-	-	-
MBI	-	-	-
MLI	135	183	254
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	2,397	9,790	10,820

Total number of employees covered by an OSH management system that have been internally audited			
	2020	2021	2022
MERALCO	8,239	15,797	10,156
SUBSIDIARIES	5,644	5,368	6,254
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	89	90	88
Comstech	-	-	-
eSakay	-	-	16
MGen	1,025	1,001	1,611
MIESCOR United	4,530	4,277	3,630
MIESCOR	204	242	324
MBI	1,958	1,685	270
MLI	2,368	2,350	3,036
MEP	-	-	-
MServ	-	-	379
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	530
TOTAL	13,883	21,165	16,410

Number of permanent employees covered by an OSH management system that have been externally audited			
	2020	2021	2022
MERALCO	5,815	5,905	-
SUBSIDIARIES	1,020	1,002	1,779
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	1,020	967	903
MIESCOR United	-	35	30
MIESCOR	-	35	30
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	379
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	467
TOTAL	6,835	6,907	1,779

Number of probationary employees covered by an OSH management system that have been externally audited			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	1,020	967	120
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	1,020	967	35
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	18
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	67
TOTAL	1,020	967	120

Number of project-based/fixed-term employees covered by an OSH management system that have been externally audited			
	2020	2021	2022
MERALCO	186	309	310
SUBSIDIARIES	5	110	93
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	5	34	27
MIESCOR United	-	76	3
MIESCOR	-	76	3
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	63
TOTAL	191	419	403

Total number of employees covered by an OSH management system that have been externally audited			
	2020	2021	2022
MERALCO	8,239	15,797	10,156
SUBSIDIARIES	1,025	1,112	2,552
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	1,025	1,001	1,610
MIESCOR United	-	111	33
MIESCOR	-	111	33
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	379
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	530
TOTAL	9,264	16,909	12,708

Number of third-party workers covered by an OSH management system that have been externally audited			
	2020	2021	2022
MERALCO	2,238	9,583	9,846
SUBSIDIARIES	-	-	680
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	NAI	NAI	680
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	2,238	9,583	10,526

Number of occupational safety & health training hours			
	2020	2021	2022
MERALCO	11,908	35,280	154,952
SUBSIDIARIES	16,411	22,927	36,735
CIS Bayad Center	176	9,654	9,784
Bayad	8	60	-
CFS	168	9,594	9,784
Clark Electric	459	779	1,136
Comstech	-	-	-
eSakay	-	-	-
MGen	1,582	1,894	10,467
MIESCOR United	11,552	9,900	13,378
MIESCOR	168	180	3,164
MBI	11,240	9,568	10,016
MLI	144	152	198
MEP	-	120	-
MServ	2,642	500	226
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	80	1,744
TOTAL	28,319	58,207	191,687

Number of safe person-hours			
	2020	2021	2022
MERALCO	12,624,538	13,026,160	13,152,203
SUBSIDIARIES	29,113,630	26,475,134	28,836,133
CIS Bayad Center	4,910,288	4,343,040	3,522,240
Bayad	389,768	542,880	-
CFS	4,520,520	3,800,160	3,522,240
Clark Electric	136,315	137,200	186,704
Comstech	-	-	-
eSakay	NAI	NAI	-
MGen	2,327,868	2,241,006	5,323,824
MIESCOR United	18,709,558	16,794,902	15,823,462
MIESCOR	8,491,012	11,168,887	5,759,021
MBI	4,428,684	3,001,796	7,306,106
MLI	5,789,862	2,624,219	2,758,334
MEP	31,680	31,680	-
MServ	2,942,852	2,826,995	3,964,853
Shin Clark	14,942	15,831	15,051
Spectrum	40,128	84,480	-
Radius	NAI	NAI	-
TOTAL	41,738,168	39,501,294	41,988,336

Number of safety drills conducted			
	2020	2021	2022
MERALCO	4	4	7
SUBSIDIARIES	53	49	200
CIS Bayad Center	2	2	1
Bayad	1	1	-
CFS	1	1	1
Clark Electric	1	2	3
Comstech	-	-	-
eSakay	NAI	NAI	-
MGen	36	27	38
MIESCOR United	10	12	154
MIESCOR	3	4	145
MBI	4	5	5
MLI	3	3	4
MEP	1	1	
MServ	1	3	3
Shin Clark	-	-	-
Spectrum	2	2	-
Radius	NAI	NAI	1
TOTAL	57	53	207

Number of recordable work-related injuries (including fatalities)			
	2020	2021	2022
MERALCO	44	37	34
SUBSIDIARIES	100	86	102
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	1
MIESCOR United	76	70	65
MIESCOR	48	60	53
MBI	11	1	1
MLI	17	9	11
MEP	-	-	-
MServ	24	16	34
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	2
TOTAL	144	123	136

Number of high-consequence work-related injuries (excluding fatalities)			
	2020	2021	2022
MERALCO	11	13	10
SUBSIDIARIES	14	12	6
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	2	4
MIESCOR	-	-	2
MBI	-	1	-
MLI	-	1	2
MEP	-	-	-
MServ	14	10	1
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	1
TOTAL	25	25	16

Number of fatalities as a result of work-related injury			
	2020	2021	2022
MERALCO	1	-	-
SUBSIDIARIES	-	1	1
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	1	1
MIESCOR	-	1	1
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	1	1	1

Number of injuries due to public action			
	2020	2021	2022
MERALCO	247	238	157
SUBSIDIARIES	1	-	-
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	1	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	248	238	157

Number of fatalities as a result of ill health			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	2	11	-
CIS Bayad Center	1	6	-
Bayad	-	-	-
CFS	1	6	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	5	-
MIESCOR	-	5	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	1	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	2	11	-

Number of public accidents caused by the company			
	2020	2021	2022
MERALCO	149	105	89
SUBSIDIARIES	1	2	-
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	1	2	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	150	107	89

Number of public accidents due to company-owned equipment and facilities			
	2020	2021	2022
MERALCO	14	9	-
SUBSIDIARIES	32	25	30
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	2
MIESCOR United	32	25	24
MIESCOR	-	-	-
MBI	2	1	1
MLI	30	24	23
MEP	-	-	-
MServ	-	-	4
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	-
TOTAL	46	34	30

Total lost working days due to injuries (male employees)			
	2020	2021	2022
MERALCO	271	10	356
SUBSIDIARIES	184	6,235	386
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	39	6,235	315
MIESCOR	39	6,012	182
MBI	-	163	-
MLI	-	60	133
MEP	-	-	-
MServ	145	-	11
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	60
TOTAL	455	6,245	742

Total lost working days due to injuries (female employees)			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	7
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	7
TOTAL	-	-	7

Total lost working days due to injuries			
	2020	2021	2022
MERALCO	271	10	356
SUBSIDIARIES	184	6,235	393
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	39	6,235	315
MIESCOR	39	6,012	182
MBI	-	163	-
MLI	-	60	133
MEP	-	-	-
MServ	145	-	11
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	67
TOTAL	455	6,245	749

Number of lost working hours due to injuries (including fatalities) for male employees			
	2020	2021	2022
MERALCO	6,506	539	8,544
SUBSIDIARIES	3,792	48,811	820
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	312	48,811	480
MIESCOR	312	48,096	-
MBI	-	235	-
MLI	-	480	480
MEP	-	-	-
MServ	3,480	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	NAI	NAI	340
TOTAL	10,298	49,350	9,364

Number of lost working hours due to injuries (including fatalities) for female employees			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	-	-	56
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
Comstech	-	-	-
eSakay	-	-	-
MGen	-	-	-
MIESCOR United	-	-	-
MIESCOR	-	-	-
MBI	-	-	-
MLI	-	-	-
MEP	-	-	-
MServ	-	-	-
Shin Clark	-	-	-
Spectrum	-	-	-
Radius	-	-	56
TOTAL	-	-	56

Number of total employee hours worked			
	2020	2021	2022
MERALCO	12,631,044	13,026,699	13,235,096
SUBSIDIARIES	29,739,646	31,725,516	37,411,073
CIS Bayad Center	4,910,288	4,343,040	3,522,240
Bayad	389,768	542,880	
CFS	4,520,520	3,800,160	3,522,240
Clark Electric	136,315	137,200	186,704
Comstech	5,768	5,724	5,544
eSakay	9,600	9,600	-
MGen	2,327,868	2,241,006	1,805,968
MIESCOR United	18,709,558	21,031,528	26,707,884
MIESCOR	8,491,012	11,168,887	11,506,069
MBI	4,428,684	3,001,796	7,306,104
MLI	5,789,862	6,860,845	7,895,711
MEP	-	-	-
MServ	2,942,852	2,826,995	3,964,853
Shin Clark	14,942	15,831	-
Spectrum	83,200	104,000	-
Radius	599,256	1,010,592	1,217,880
TOTAL	42,370,690	44,752,215	50,646,169

Lost time injury frequency rate			
	2020	2021	2021
MERALCO	0.9	1.0	0.8
SUBSIDIARIES	0.5	0.4	0.2
CIS Bayad Center	0.0	0.0	0.0
Bayad	0.0	0.0	N/A
CFS	0.0	0.0	0.0
Clark Electric	0.0	0.0	0.0
Comstech	0.0	0.0	0.0
eSakay	0.0	0.0	N/A
MGen	0.0	0.0	0.0
MIESCOR United	0.0	0.1	0.1
MIESCOR	0.0	0.0	0.2
MBI	0.0	0.3	0.0
MLI	0.0	0.1	0.3
MEP	N/A	N/A	N/A
MServ	4.8	3.5	0.3
Shin Clark	0.0	0.0	N/A
Spectrum	0.0	0.0	N/A
Radius	N/A	N/A	0.8
TOTAL	0.6	0.6	0.3

ESG Data: Prosperity and Governance

Economic Performance

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (in PHP million)			
	2020	2021	2022
Direct economic value generated (revenues)	277,929	322,317	432,292
Economic value distributed	255,103	293,692	412,958
Operating costs (including pay-ment to suppliers)	216,692	248,279	366,284
Employee wages and benefits	12,301	15,892	15,836
Payments to providers of capital (investors and shareholders)	18,605	18,246	21,824
Payments to government (taxes)	7,335	10,851	8,780
Community investments (expenses for CSR projects)	170	424	234
Economic value retained	22,826	28,625	19,334

FINANCIAL ASSISTANCE FROM THE GOVERNMENT (in PHP million)			
	2020	2021*	2022
Total monetary value of financial assistance (tax relief, tax credits, subsidies, investment grants, finan-cial incentives, etc.) received by the company from the government	96	-	-

*Meralco refunded the government in 2021 for its previous deposits

Customer Service

MERALCO'S CUSTOMER SERVICE METRICS			
	2020	2021	2022
Annual customer satisfaction rat-ing based on conducted survey	7.54	8.10	8.07
Home and MicroBiz*	7.26	7.72	7.80
Biz Partners**	7.39	8.14	7.93
Corporate Business***	7.87	8.45	8.29
Complaints per 1000 customers	-	36.00	38.00
Number of substantiated complaints concerning breaches of customer data privacy and losses of customer data	-	7.00	3.00

Notes:
* Residential customers, Local government units (LGUs), and micro businesses whose contracted capacity is less than 5 kW
** Businesses whose contracted capacity ranges from 5 to 499 kW
*** Large public and private sector customers with a contracted capacity of at least 500 kW

Procurement Practices

NUMBER OF TIER 1 SUPPLIERS			
	2020	2021	2022
MERALCO	2,762	2,861	2,228
SUBSIDIARIES	2,878	3,222	2,549
CIS Bayad Center	149	164	70
Bayad	62	60	70
CFS	87	104	-
Clark Electric	159	175	172
eSakay	9	40	71
MGen	1,604	1,600	918
MIESCOR United	906	1,157	1,201
MIESCOR	601	680	802
MBI	189	343	256
MLI	116	134	143
MServ	-	-	-
Spectrum	10	14	37
Radius	41	72	80
TOTAL	5,640	6,083	4,777

NUMBER OF LOCAL SUPPLIERS			
	2020	2021	2022
MERALCO	2,226	2,303	1,834
SUBSIDIARIES	2,995	3,437	2,513
CIS Bayad Center	148	162	68
Bayad	61	58	68
CFS	87	104	-
Clark Electric	154	169	166
eSakay	10	45	75
MGen	1,429	1,414	749
MIESCOR United	906	1,133	1,185
MIESCOR	601	656	787
MBI	189	343	255
MLI	116	134	143
MServ	294	320	125
Spectrum	10	122	65
Radius	44	72	80
TOTAL	5,221	5,740	4,347

NUMBER OF NON-TIER 1 SUPPLIERS			
	2020	2021	2022
MERALCO	-	-	-
SUBSIDIARIES	316	466	215
CIS Bayad Center	-	-	-
Bayad	-	-	-
CFS	-	-	-
Clark Electric	-	-	-
eSakay	1	9	6
MGen	-	-	-
MIESCOR United	2	2	17
MIESCOR	2	2	17
MBI	-	-	-
MLI	-	-	-
MServ	297	325	135
Spectrum	10	124	51
Radius	6	6	6
TOTAL	316	466	215

NUMBER OF FOREIGN SUPPLIERS			
	2020	2021	2022
MERALCO	536	558	394
SUBSIDIARIES	210	251	251
CIS Bayad Center	1	2	2
Bayad	1	2	2
CFS	-	-	-
Clark Electric	5	6	6
eSakay	-	4	2
MGen	175	186	169
MIESCOR United	13	26	33
MIESCOR	13	26	32
MBI	-	-	1
MLI	-	-	-
MServ	3	5	10
Spectrum	10	16	23
Radius	3	6	6
TOTAL	746	809	645

PROCUREMENT SPEND ON LOCAL SUPPLIERS (in PHP)			
	2020	2021	2022
MERALCO	19,200,000,000	27,800,000,000	28,550,000,000
SUBSIDIARIES	7,055,005,101	10,157,147,706	25,142,426,606
CIS Bayad Center	113,234,703	142,507,660	81,098,295
Bayad	94,234,537	132,784,304	74,578,716
CFS	19,000,166	9,723,356	6,519,579
Clark Electric	91,465,144	155,494,094	416,803,618
eSakay	54,651,526	274,046,016	146,178,613
MGen	3,652,140,846	3,759,918,213	3,996,681,336
MIESCOR United	1,594,842,181	2,191,984,390	3,287,495,530
MIESCOR	1,138,140,911	1,637,084,498	2,578,784,537
MBI	283,029,984	316,374,133	459,039,183
MLI	173,671,286	238,525,759	249,671,810
MServ	650,194,216	1,409,511,184	14,875,876,523
Spectrum	224,756,395	304,851,892	323,516,722
Radius	673,720,091	1,918,834,257	2,014,775,970
TOTAL	26,255,005,101	37,957,147,706	53,692,426,606

PROCUREMENT SPEND ON FOREIGN SUPPLIERS (in PHP)			
	2020	2021	2022
MERALCO	1,800,000,000	3,000,000,000	5,610,000,000
SUBSIDIARIES	4,778,818,434	8,947,062,753	17,802,727,104
CIS Bayad Center	2,766,310	8,139,286	2,018,582
Bayad	2,766,310	8,139,286	2,018,582
CFS	-	-	-
Clark Electric	5,472,049	4,424,293	34,384,801
eSakay	-	248,327	8,502,000
MGen	4,109,450,648	7,760,529,681	15,538,179,991
MIESCOR United	499,831,130	817,385,546	1,223,017,466
MIESCOR	499,831,130	817,385,546	1,221,660,566
MBI	-	-	1,356,900
MLI	-	-	-
MServ	42,550,812	46,217,843	653,327,624
Spectrum	102,702,578	289,475,220	320,589,827
Radius	16,044,907	20,642,557	22,706,813
TOTAL	6,578,818,434	11,947,062,753	23,412,727,104

TOTAL NUMBER OF SUPPLIERS			
	2020	2021	2022
MERALCO	2,762	2,861	2,228
SUBSIDIARIES	3,194	3,688	2,764
CIS Bayad Center	149	164	70
Bayad	62	60	70
CFS	87	104	-
Clark Electric	159	175	172
eSakay	10	49	77
MGen	1,604	1,600	918
MIESCOR United	908	1,159	1,218
MIESCOR	603	682	819
MBI	189	343	256
MLI	116	134	143
MServ	297	325	135
Spectrum	20	138	88
Radius	47	78	86
TOTAL	5,956	6,549	4,992

TOTAL NUMBER OF SUPPLIERS BY LOCATION IN 2022			
	LOCAL	FOREIGN	SUB-TOTAL
MERALCO	1,834	394	2,228
SUBSIDIARIES	2,513	251	2,764
CIS Bayad Center	156	2	158
Clark Electric	166	6	172
eSakay	75	2	77
MGen	749	169	918
MIESCOR United	1,185	33	1,218
MServ	125	10	135
Spectrum	65	23	88
Radius	80	6	86
TOTAL	4,347	645	4,992

TOTAL NUMBER OF SUPPLIERS BY CLASSIFICATION IN 2022			
	TIER 1	NON TIER-1	SUB-TOTAL
MERALCO	2,228	-	2,228
SUBSIDIARIES	2,549	215	2,764
CIS Bayad Center	158	-	158
Clark Electric	172	-	172
eSakay	71	6	77
MGen	918	-	918
MIESCOR United	1,201	17	1,218
MServ	-	135	135
Spectrum	37	51	88
Radius	80	6	86
TOTAL	4,777	215	4,992

TOTAL PROCUREMENT SPEND IN 2022 (in PHP million)			
	LOCAL	FOREIGN	SUB-TOTAL
MERALCO	28,550	5,610	34,160
SUBSIDIARIES	25,142	17,803	42,945
CIS Bayad Center	81	2	83
Clark Electric	417	34	451
eSakay	146	9	155
MGen	3,997	15,538	19,535
MIESCOR United	3,287	1,223	4,511
MServ	14,876	653	15,529
Spectrum	324	321	644
Radius	2,015	23	2,037
TOTAL	53,692	23,413	77,105

TOTAL PROCUREMENT SPEND (in PHP)			
in PHP	2020	2021	2022
MERALCO	21,000,000,000	30,800,000,000	34,160,000,000
SUBSIDIARIES	11,833,823,536	19,104,210,459	42,945,153,710
CIS Bayad Center	116,001,013	150,646,945	83,116,877
Bayad	97,000,847	140,923,589	76,597,298
CFS	19,000,166	9,723,356	6,519,579
Clark Electric	96,937,193	159,918,387	451,188,419
eSakay	54,651,526	274,294,343	154,680,613
MGen	7,761,591,494	11,520,447,894	19,534,861,327
MIESCOR United	2,094,673,311	3,009,369,936	4,510,512,996
MIESCOR	1,637,972,041	2,454,470,044	3,800,445,103
MBI	283,029,984	316,374,133	460,396,083
MLI	173,671,286	238,525,759	249,671,810
MServ	692,745,028	1,455,729,027	15,529,204,147
Spectrum	327,458,973	594,327,112	644,106,549
Radius	689,764,998	1,939,476,814	2,037,482,783
TOTAL	32,833,823,536	49,904,210,459	77,105,153,710

Community Engagement

METRIC	SPECIFIC DATA DISCLOSURE	UNIT	PERIOD	2020	2021	2022	REMARKS (How does your company manage this area? What are your programs and policies? Why did it increase/decrease this year?)"
CSR spend on household electrification	Expenditure on Household Electrification Program	PHP	Full year	16,286,691.00	20,202,130.77	16,848,771.72	- Increased productivity due to energy access - Savings from electricity expenses versus previous rates through sub-metering - Safe electricity connection - Lower the electricity-related accidents - Electrification led to purchase of household appliances resulting to more productive household chores. - Easier to read at night and increased TV viewing which led to increase information on current issues - Ignited entrepreneurial spirit as they established home-based businesses - Increased learning hours and sources of information (due to use of TV, radio, internet)
Households energized	Number of Beneficiaries (Household Electrification Program)	#	Full year			6,376	Households energized

METRIC	SPECIFIC DATA DISCLOSURE	UNIT	PERIOD	2020	2021	2022	REMARKS (How does your company manage this area? What are your programs and policies? Why did it increase/decrease this year?)"
CSR spend on community electrification	Expenditure on School Electrification Program	PHP	Full year	4,598,844.00	7,141,621.64	6,109,800.58	- Technology has complemented the traditional teaching methodologies and yielded learning gains - Teachers are able to offer topics they could not teach before as students can already view constellations, green house gas emissions, etc.) - Productivity increased since teachers and students are able to use various equipment. - Skills are enhanced and students become more creative and innovative in their schoolwork and assignments - Improved school safety - Opened up more opportunities for the schools as schools can easily ask for donations since donors are encouraged by the availability of electricity
Schools Energized	Number of schools energized (School Electrification Program)	#	Full year			14	Off-grid schools
CSR spend on environmental sustainability	Expenditure on One for Trees (One For Trees)	PHP	Full year	9,512,539 (disbursed in 2021)	17,494,035.69	27,400,796.63	Streghtened partnership with local governments and organizations within Meralco's franchise area.
New Trees planted	Number of trees planted (One for Trees)	#	Full year			348,000	New trees in 2022 (1.7M trees planted on site)
CSR spend on grassroots partnership	Expenditure on community relations projects	PHP	Full year	726,182.00	5,757,904.33	11,118,237.26	Streghtened partnership with local governments and organizations within Meralco's franchise area.
Community Relations projects implemented	Number of community relations projects implemented (community relations projects)	#	Full year			228	Community relations projects implemented
CSR spend on youth development	Expenditure on MVP Academic Achievement Awards	PHP	Full year	4,642,437.00	4,943,694.98	4,862,799.00	- Advocate for academic excellence - Help employees defray the amount of school fees - Increased employee morale and encourage them to excellently perform in their jobs
Dependent-awardees	Number of Beneficiaries (MVP Academic Achievement Awards)	#	Full year			305	210 awardees and 95 top-achievers
CSR spend on emergency preparedness & disaster reponse	Expenditure on relief operations and power restoration projects	PHP	Full year	7,848,893.00	5,019,476.78	8,841,230.19	Support to local electric cooperatives for speedy restoration of power resulting to better relief and rehabilitation programs delivery
Families benefitted	Number of Beneficiaries (relief operations and power restoration projects)	#	Full year			17,818	Families benefitted from relief operations; 6 electric cooperatives assisted

METRIC	SPECIFIC DATA DISCLOSURE	UNIT	PERIOD	2020	2021	2022	REMARKS (How does your company manage this area? What are your programs and policies? Why did it increase/decrease this year?)"
CSR spend on employee volunteerism	Back-to-School Program (2019: Laging Handa; 2020 and 2021: Teacher-Front-liner; 2022 Balik Eskwela)	PHP	Full year	1,258,642.50	1,014,564.00	1,573,265.00	2022 • Help marginalized families by providing the basic schools needs of their children. • Give opportunity to Meralco employees to help • Encourage employees to be more active in community programs 2020-21 • Recognize teachers' big role in implementing DepEd's blended learning in the new normal • Give opportunities to Meralco employees to support COVID19 response projects • Encourage employees to actively participate in community programs 2019 • Help students become more disaster ready • Give opportunity to Meralco employees to help • Encourage employees to be more active in community programs
Students Benefitted	Number of Beneficiaries (Laging Handa; Teacher-Front-liner Program; Balik Eskwela)	#	Full year			3,340.00	Public students; 59 public schools
CSR spend on scholarship program	Expenditure on Scholarship Program	PHP	Full year			2,669,565.40	Provide inclusive opportunities that empower women, and eventually increase the ratio of women in Meralco.
No. of scholars	Number of Beneficiaries (scholarship program)	#	Full year			33	4 scholars from Pasig City enrolled in Ateneo School of Medicine and Public Health (ASMPH) to pursue degree of Doctor of Medicine and Master in Business Administration; 15 women students who will undergo the Technical Vocational Education Training Program for the dual NC II Program on Electrical Installation and Maintenance and Mechatronics in Don Bosco College, Canlubang; 18 women electrical engineers from UP-Diliman, UP-Los Banos, Nueva Ecija University of Science and Technology (NEUST), Polytechnic University of the Philippines (PUP)
LTSS: CSR spend on electrification for water access	Expenditure on electrification for water access	PHP	Full year			1,092,582.20	Installation and energization of Solar PV system for Electrification for Water Access (EWA) projects: 1. Solar powered Water Treatment and Network Systems - Sitio Sapang Munti in Ipo Watershed, Brgy. San Mateo, Norzagaray, Bulacan 2. Solar powered water pumping station - Brgy. Sibaltan, El Nido, Palawan • The energization of the 2 EWA projects demonstrates the vital role that electrification plays in the water access, sanitation and hygiene (WASH) outcomes of sustainable development particularly SDG 6: Clean Water and Sanitation.

METRIC	SPECIFIC DATA DISCLOSURE	UNIT	PERIOD	2020	2021	2022	REMARKS (How does your company manage this area? What are your programs and policies? Why did it increase/decrease this year?)"
LTSS:Projects implemented	Number of projects implemented and no. of beneficiaries (electrification for water access)					2	Projects implemented
						300	Households benefitted
LTSS: CSR spend on rural health electrification	Expenditure on rural health electrification	PHP	Full year			900,951.00	
LTS: Projects implemented	Number of projects implemented (rural health electrification)	#	Full year			2	Energizatiuon of two off-grid health centers, there is a decrease in the energization from 60 to 2 health centers due to budget limitations: 1. Tanay Rural Health Unit 3, Tanay, Rizal 2. Brgy. Polopina Health Station, Concepcion, Iloilo • The energization of these health centers provide the families residing in these areas with additional medical services. • Tanay RHU stationed a doctor in the health center and increased the medical services schedule from 1 day to 5 days. • The health centers will now the opportunity to use more medical equipment due to electrification such as nebulizers for patients with asthma and medicine storage for vaccines using refrigerators.
CSR spend on electrification on livelihood and agriculture	Expenditure on electrification on livelihood and agriculture	PHP	Full year			1,591,746.00	
Projects implemented	Number of projects implemented (electrification on livelihood and agriculture)	#	Full year			2	2 livelihood projects energized: 1. Rice Mill facility - Laak Multipurpose Cooperative, Laak, Davao de Oro 2. Potato processing facility - Lundag Eskaya Multipurpose Cooperative, Pilar, Bohol
CSR spend on capacity building on disaster resilient and recovery	Expenditure on capacity building on disaster resilient and recovery	PHP	Full year			298,117.92	This training is conducted to support LGUs for timely, efficient, and effective disaster recovery planning using the PlanSmart Ready to Rebuild automated planning tool. This is in partnership with World Bank and Office of Civil Defense (OCD). This program aims to: a) build the capacity of local governments to better plan for disaster recovery even before disasters happen using the PlanSmart Ready to Rebuild web app, b) to enhance the capabilities of LGUs to plan ahead, work smarter, and rebuild faster by developing risk-informed and science-based Rehabilitation and Recovery Plans (RRPs).
Participants trained	No. of participants trained (capacity building on disaster resilient and recovery)	#	Full year			70	• LGU officers and technical staff working on disaster risk management, planning, and database management. • 16 LGUs in National Capital Region participated

Corporate Governance

NUMBER OF REPORTED SEXUAL HARASSMENT INCIDENTS IN MERALCO			
	2020	2021	2022
Under ongoing investigation	-	-	-
Closed with corresponding corrective action	-	1	2
Closed without corresponding corrective action	-	-	-
TOTAL	-	1	2

NUMBER OF REPORTED CORRUPTION INCIDENTS IN MERALCO			
	2020	2021	2022
Under ongoing investigation	-	-	-
Closed with corresponding corrective action	-	-	-
Closed without corresponding corrective action	-	-	-
TOTAL	-	-	-

COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES IN MERALCO			
	2020	2021	2022
Board of directors	11	11	11
Senior management	690	750	749
Middle management	696	761	754
Rank-and-file	4,429	4,394	4,639
Project-based/ Fixed-term hires	-	-	323
Third-party workers	-	-	-
Business partners	2,762	2,861	707

NUMBER OF REPORTED DISCRIMINATION INCIDENTS IN MERALCO			
	2020	2021	2022
Under ongoing investigation	-	-	-
Closed with corresponding corrective action	-	-	-
Closed without corresponding corrective action	-	-	-
TOTAL	-	-	-

HUMAN RIGHTS VIOLATIONS INCIDENTS IN MERALCO			
	2020	2021	2022
Number of incidents	-	-	-

CLAIMS OR INCIDENTS OF NON-COMPLIANCE IN MERALCO			
	2020	2021	2022
Number of claims or incidents of non-compliance	10	3	9

TRAINING ON ANTI-CORRUPTION IN MERALCO			
	2020	2021	2022
Board of directors	11	11	11
Senior management	690	750	749
Middle management	696	761	754
Rank-and-file	4,429	4,394	4,639
Project-based/ Fixed-term hires	-	-	323
Third-party workers	-	-	-
Business partners	-	-	707

GRI Content Index

STATEMENT OF USE	The Manila Electric Company (Meralco) has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 2, 14, 426, 565
	2-2 Entities included in the organization's sustainability reporting	p. 2, 14-23
	2-3 Reporting period, frequency and contact point	p. 2, 564
	2-4 Restatements of information	p. 120, 126, 139, 142, 143, 152, 162, 164, 170, 173, 175
	2-5 External assurance	p. 4, 394-399
	2-6 Activities, value chain and other business relationships	p. 12-23, 50-55, 189-192
	2-7 Employees	p. 162-164, 310-335
	2-8 Workers who are not employees	p. 310-335
	2-9 Governance structure and composition	Governance Structure in Meralco website: https://company.meralco.com.ph/corporate-governance/corporate-governance-in-meralco
	2-10 Nomination and selection of the highest governance body	Nomination and Governance Committee Charter in Meralco website: https://meralcomain.s3.ap-southeast-1.amazonaws.com/documents/pdf_listing/2020-01/nom_and_gov_charter_rev_code_4_series_of_2019.pdf
	2-11 Chair of the highest governance body	Manuel V. Pangilinan is the chair and is a non-executive officer
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 195-233
	2-13 Delegation of responsibility for managing impacts	p. 195-233
	2-14 Role of the highest governance body in sustainability reporting	p. 195-233
	2-15 Conflicts of interest	Conflict of Interest Policy in Meralco website: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507537560.fea8c510112d9a9c74e8b-490b5e46cde.pdf?null
	2-16 Communication of critical concerns	p. 195-233
	2-17 Collective knowledge of the highest governance body	Manila Electric Company (“MERALCO”) directors have a collective working knowledge, experience and expertise relevant to power, energy and electric distribution industry/sector. Also, the Board represents an appropriate mix of competence and expertise in the area of business, finance, operations, regulatory and legal disciplines relevant to the Company's industry, with each director capable of adding value and exercising independent judgment, ensuring that the directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. The profiles of the directors are disclosed in MERALCO Website, in the Definitive Information Statement and in the Annual Report while the required qualifications of a director are provided in Article II, Section 5 of the Company's By-Laws, page 4 of the Board Charter, and Article I, Section 6.1 of the Revised Manual of Corporate Governance.

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	*Profile of Directors: Meralco Website: https://company.meralco.com.ph/corporate-governance/board-directors Definitive Information Statement 2021, pages 6-17: https://meralcomain.s3.ap-southeast-1.amazonaws.com/2021-04/meralco_amended_definitive_information_statement_april_27_2021.pdf?null *Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance are found in page 5 of the By-Laws: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/by-laws.pdf Board Charter, page 4 for general qualifications; and pages 2 to 3 for independent directors: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null *Qualifications of independent directors are found in pages 6 and 7; qualifications of directors in general in page 15, of the Revised Manual of Corporate Governance: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507250421.8dd4083abcd328358189a0b0f-85bc682.pdf?null The Board, through the Nomination and Governance Committee, reviews, on an annual basis, the appropriate skills and characteristics required on the Board in the context of the strategic direction of the Company (Revised Organizational Charter of the Nom&Gov Committee, B.5). https://meralcomain.s3.ap-southeast-1.amazonaws.com/documents/pdf_listing/2020-01/nom_and_gov_charter_rev_code_4_series_of_2019.pdf?null
		The Company has a policy that encourages directors to attend annual continuing training programs to ensure that they remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. The Company believes that its Directors must keep abreast with the latest developments in business, corporate governance best practices, laws and regulations, and other relevant matters that help them function effectively in the Board and in their respective committees in order to direct the Company to achieve its mission, vision and goals (Article I, Section 4.5, Revised Manual of Corporate Governance). *Policy on annual continuing training program of directors is found in page 9 of the Revised Manual of Corporate Governance and page 14 of the Board Charter: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null First time directors shall undergo an orientation program covering SEC mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. The orientation and continuing education program should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	The trainings attended by the Company Directors are disclosed in the Annual Report and in the Company Website. Each newly elected director is provided with a director's kit which contains policies and other information pertaining to his duties and obligations as a director provided under existing laws and regulations. An in-house orientation program, incorporating briefings from the corporate and regulatory units, is arranged for any new director to better familiarize himself with the Company's businesses, stakeholders, regulatory environment, and governance practices. Link: Meralco Website: https://company.meralco.com.ph/corporate-governance/board-matters *Policy on annual continuing training program of directors is found in page 9 of the Revised Manual of Corporate Governance: https://meralcomain.s3-ap-southeast-1.amazonaws.com/inline-files/1507250421.8dd4083abcd328358189a0b0f-85bc682.pdf?null *Same provision appears in page 14 of the Board Charter: https://meralcomain.s3.ap-southeast-1.amazonaws.com/images/ckeditor-documents/Board_Charter.pdf?null Contents of the Orientation Program for New Directors can be downloaded from the Company website. Link: Orientation Program Kit: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-11/b8fe9d50f21d0f-6778dad90976778826_0.pdf?null
	2-18 Evaluation of the performance of the highest governance body	p. 195-233
	2-19 Remuneration policies	The Remuneration and Leadership Development Committee recommends to the Board, for the approval of the shareholders, a framework of remuneration for directors and Management, including the President and CEO. For the President and CEO, and Management, the framework takes into account all aspects of executive remuneration including salaries, allowances, bonuses, and benefits in kind. The framework is benchmarked against pay and employment conditions within the industry and it links rewards to corporate and individual performance. The Board ensures that the remuneration of its members and key officers is aligned with the long-term interest of the Company. The Company adopts a remuneration policy comprised of fixed and variable components in the form of base salary and variable bonus linked to the Company's and the individual's performance. Compensation packages and revisions of key Management's remuneration are subject to the review and approval of the Remuneration and Leadership Development Committee. The Board ensures that the remuneration of directors and officers is consistent with the Company's culture, strategy, and the business environment in which it operates and aligned with the long-term interest of the Company. Directors do not participate in discussions or deliberations involving their own remuneration. The framework of remuneration for Directors and Management, including the President and CEO is subject to the recommendation of the Board's Remuneration and Leadership Development Committee (RLDC) and to the approval of the shareholders.

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Specifically, the Company's By-Laws provides for the remuneration of directors in the form of per diems for their attendance at each regular or special meeting and additional compensation, whether in the form of a fixed retainer, bonus or stock grant, or a combination thereof, as may be approved by the Board of Directors and majority vote of the outstanding capital stock. The total value of such additional compensation, in whatever form so given, shall not exceed one percent (1%) of the net income before tax of MERALCO during the preceding year. By-laws, Article II, Section 7, page 6: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/by-laws.pdf No fees or other remuneration shall be payable to the members of RLDC in respect to their services provided in connection with the Committee, save and except fees or remunerations authorized by the Board. Remuneration and Leadership Development Committee Charter: https://meralcomain.s3-ap-southeast-1.amazonaws.com/documents/pdf_listing/2017-09/1433818863.9928e1d01e76f50e57dc0740a76b3eec_0.pdf
	2-20 Process to determine remuneration	The Company adopts a remuneration policy comprised of fixed and variable components in the form of base salary and variable bonus linked to the Company's and the individual's performance. Compensation packages and revisions of key Management's remuneration are subject to the review and approval of the RLDC.
	2-21 Annual total compensation ratio	Meralco treats individual employee salaries as highly confidential in nature. Therefore, such information and/or any related information cannot be disclosed in this report.
	2-22 Statement on sustainable development strategy	p. 27-34, 112-117, 145-151
	2-23 Policy commitments	p. 27-34
	2-24 Embedding policy commitments	p. 165, 168
	2-25 Processes to remediate negative impacts	p. 195-233
	2-26 Mechanisms for seeking advice and raising concerns	p. 195-233
	2-27 Compliance with laws and regulations	p. 195-233
	2-28 Membership associations	Philippine Chamber of Commerce & Industry Management Association of the Philippines Federation of Philippine Industries Makati Business Club Employers Confederation of the Philippines American Chamber of Commerce of the Philippines Electric Vehicle Association of the Philippines Philippine Energy Efficiency Alliance Inc. Philippine Solar and Storage Energy Alliance IT and Business Process Association of the Philippines Contact Centers Association of the Philippines Association of the Electricity Supply Industry of East Asia and Western Pacific Philippine Solar Power Alliance Inc. Philippine Management Association of the Philippines Toastmasters International Information Systems Audit and Control Association Institute of Corporate Directors Inc. UN Women Philippine Business Coalition for Women Empowerment United Nations Global Compact
	2-29 Approach to stakeholder engagement	p. 238
	2-30 Collective bargaining agreements	p. 167

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 237
	3-2 List of material topics	p. 237
	3-3 Management of material topics	p. 237
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p.184-185
	201-2 Financial implications and other risks and opportunities due to climate change	p. 112-117, 145
	201-3 Defined benefit plan obligations and other retirement plans	p. 456-457
	201-4 Financial assistance received from government	p. 368
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed due to confidentiality constraints in relation to remuneration and pay.
	202-2 Proportion of senior management hired from the local community	Not applicable due to the Group only operating within one country (the Philippines)
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	p. 72-105
	203-2 Significant indirect economic impacts	p. 72-105
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	p. 189
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 218-221
	205-2 Communication and training about anti-corruption policies and procedures	p. 218-221
	205-3 Confirmed incidents of corruption and actions taken	p. 218-221
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable to Meralco as the company is a regulated entity with a franchise allowing it to be the sole operator in its franchise area.
GRI 207: Tax 2019	207-1 Approach to tax	p. 207-208, 527-530
	207-2 Tax governance, control, and risk management	p. 207-208, 527-530
	207-3 Stakeholder engagement and management of concerns related to tax	p. 207-208, 527-530
	207-4 Country-by-country reporting	Not applicable as the scope of the report covers only the Group's operations within the Philippines
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 54
	301-2 Recycled input materials used	p. 155-158, 189-191
	301-3 Reclaimed products and their packaging materials	p. 155-158
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 142-143, 262-305
	302-2 Energy consumption outside of the organization	p. 306-307
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	p. 142.
	302-5 Reductions in energy requirements of products and services	p. 121-125, 139-141

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	p. 153-154
	303-2 Management of water discharge-related impacts	p. 153-154
	303-3 Water withdrawal	p. 153, 256-257
	303-4 Water discharge	p. 153, 256-257
	303-5 Water consumption	p. 153, 256-257
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable, all of the Group's operational sites are outside protected areas and has been approved by the Philippine Department of Environment and Natural Resources
	304-2 Significant impacts of activities, products and services on biodiversity	Not Applicable, all of the Group's operational sites are outside protected areas and has been approved by the Philippine Department of Environment and Natural Resources
	304-3 Habitats protected or restored	p. 145
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Applicable, all of the Group's operational sites are outside protected areas and has been approved by the Philippine Department of Environment and Natural Resources
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 139-141
	305-2 Energy indirect (Scope 2) GHG emissions	p. 142, 262-308
	305-3 Other indirect (Scope 3) GHG emissions	p. 142, 262-308
	305-4 GHG emissions intensity	p. 144, 308
	305-5 Reduction of GHG emissions	p. 139-145
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable, the group does not have operations that involve the use of ozone depleting substances
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p. 152, 309
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 155-158
	306-2 Management of significant waste-related impacts	p. 155-158
	306-3 Waste generated	p. 155-158, 257-263
	306-4 Waste diverted from disposal	p. 155-158, 257-263
	306-5 Waste directed to disposal	p. 155-158, 257-263
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 190-191
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 190-191
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 163, 310-313
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 172-173
	401-3 Parental leave	p. 173, 353-359
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 169-171, 360-367
	403-2 Hazard identification, risk assessment, and incident investigation	p. 169-171, 360-367
	403-3 Occupational health services	p. 169-171, 360-367
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 169-171, 360-367
	403-5 Worker training on occupational health and safety	p. 169-171, 360-367
	403-6 Promotion of worker health	p. 169-171, 360-367
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	p. 169-171, 360-367
	403-9 Work-related injuries	p. 169-171, 360-367
	403-10 Work-related ill health	p. 169-171, 360-367
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 174-176, 341-353
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 216-217
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 174-176
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 162-163
	405-2 Ratio of basic salary and remuneration of women to men	p. 172
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 376
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p.167
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	No incidents reported and no evaluations for risk done yet.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No incidents reported and no evaluations for risk done yet.
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No reported violations
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	p. 186-187
	413-2 Operations with significant actual and potential negative impacts on local communities	No operations with significant actual and potential negative impacts on local communities
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 189-191
	414-2 Negative social impacts in the supply chain and actions taken	No reported negative social impacts
GRI 415: Public Policy 2016	415-1 Political contributions	Not applicable to Meralco as the company is a heavily regulated entity.
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not applicable, as a utility, there are no health and safety impacts with the products/services of the company.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents reported

GRI STANDARD	DISCLOSURE	LOCATION AND DIRECT ANSWER
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not applicable, as a utility with a specific franchise, there is no requirement for specific products/services of the company.
	417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents reported
	417-3 Incidents of non-compliance concerning marketing communications	No incidents reported
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints.

SASB Content Index

Sustainability Disclosure

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER / REMARKS
Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions, (2) percentage covered under emissions-limiting regulations, and (3) emissions-reporting regulations	Quantitative	tCO ₂ e, Percentage (%)	IF-EU-110a.1	p. 139-141, 267-307
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	tCO ₂ e	IF-EU-110a.2	p. 139-141, 143, 267-307
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	IF-EU-110a.3	p. 139-141
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Quantitative	Number, Percentage (%)	IF-EU-110a.4	p. 250
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Quantitative	Metric tons (t), Percentage (%)	IF-EU-120a.1	p. 152, 309
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	Quantitative	Thousand cubic meters (m³), Percentage (%)	IF-EU-140a.1	p. 153-154, 256-257
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	IF-EU-140a.2	p. 257
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	IF-EU-140a.3	p. 153-154
Coal Ash Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	IF-EU-150a.1	p. 259
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Quantitative	Number	IF-EU-150a.2	p. 259
Energy Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Quantitative	Rate	IF-EU-240a.1	p. 120
	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Quantitative	Reporting currency	IF-EU-240a.2	p. 252
	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Quantitative	Number, Percentage (%)	IF-EU-240a.3	p. 252
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Discussion and Analysis	N/A	IF-EU-240a.4	p. 120-121
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	Rate	IF-EU-320a.1	p. 25, 169-171, 364-367

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER / REMARKS
End-Use Efficiency & Demand	Percentage of electric utility revenues from rate structures that (1) are de-coupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Quantitative	Percentage (%)	IF-EU-420a.1	p. 252
	Percentage of electric load served by smart grid technology	Quantitative	Percentage (%), by megawatt hours (MWh)	IF-EU-420a.2	p. 252
	Customer electricity savings from efficiency measures, by market	Quantitative	Megawatt hours (MWh)	IF-EU-420a.3	p. 252
Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Number	IF-EU-540a.1	Not applicable to the Philippines
	Description of efforts to manage nuclear safety and emergency preparedness	Discussion and Analysis	N/A	IF-EU-540a.2	Not applicable to the Philippines
Grid Resiliency	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Quantitative	Number	IF-EU-550a.1	No reported incidents
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	Minutes, Number	IF-EU-550a.2	p. 126
Activity Metrics	Number of: (1) residential, (2) commercial, and (3) industrial customers served	Quantitative	Number	IF-EU-420a.1	p. 123, 249
	Total electricity delivered to (1) residential, (2) commercial, (3) industrial, (4) all other customers, and (5) wholesale customers	Quantitative	Gigawatt hours (GWh)	IF-EU-420a.2	p. 123, 245-249
	Length of transmission and distribution lines	Quantitative	Spans	IF-EU-420a.3	p. 251
	Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	Gigawatt hours (GWh), percentage (%)	IF-EU-540a.1	p. 132, 254
	Total wholesale electricity purchased	Quantitative	Gigawatt hours (GWh)	IF-EU-540a.2	p. 131, 253

Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NUMBER / REMARKS
Number of: (1) residential, (2) commercial, and (3) industrial customers served	Quantitative	Number	IF-EU-000.A	
Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	Quantitative	Gigawatt hours (GWh)	IF-EU-000.B	
Length of transmission and distribution lines	Quantitative	Kilometers (km)	IF-EU-000.C	
Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	kilowatt hours (kWh), Percentage (%)	IF-EU-000.D	
Total wholesale electricity purchased	Quantitative	Gigawatt hours (MWh)	IF-EU-000.E	

Climate Risk Assessment

To best understand climate change impacts on our businesses, we have analyzed these scenarios on our:

1. Power generation business (Meralco Power Gen Corporation (MGen) and Global Business Power Corporation (GBP)), and
2. Transmission and distribution business (Distribution Utility and Retail Electricity Supplier).

We have only assessed climate risk on our assets and operations in the Philippines. PacificLight, one of our subsidiaries, is located in Singapore and is not included in the scope of our analysis.

As inputs to this scenario analysis, for each side of the business, we integrated the following information:

- Our business strategy and milestones (i.e., Long Term Sustainability Strategy)
- Our financial statements and projections for the next five years
- Our operational footprint, including asset locations of our key facilities in both businesses
- Our carbon footprint across our operations

For our analysis, we modelled scenarios under different climate emission pathways (as stated above) for the short and long-term time horizons, or 0-5 years and beyond five years, respectively.

AVERAGE TEMPERATURE RISE COMPARED TO PRE-INDUSTRIAL LEVELS BY 2100	SCENARIO NAME	DESCRIPTION	SCENARIO IMPACT ON THE ELECTRICITY SUPPLY INDUSTRY	SCENARIO IMPACT ON THE PHILIPPINES
1.5°C	Paris Ambition	The world takes immediate and substantial action in line with the Paris Agreement’s ambition in achieving global net zero emissions by 2050		
2°C	Paris Agreement	The world takes immediate and substantial action in line with the binding Paris Agreement treaty in achieving net zero emissions by 2070	RCP 2.6: 0.9 – 2.3°C In a Net Zero Emissions by 2050 Scenario (Paris Ambition or warming within 1.5°C) and Sustainable Development Scenario (Paris Agreement or warming within 2°C), all announced net zero pledges and Nationally Determined Contributions are met through aggressive emissions reductions in the energy and electricity supply industries. Though fossil-fuels may continue to be a player in the energy market, its role would become more diminished post-2050, while renewable energy sources may become more prominent. Demand for coal reduces with renewable energy gains market share. Carbon prices could increase to \$80, making it difficult for electricity companies to generate revenue with the current global energy mix. Major decarbonization is needed to meet the rapid growing demand.	To achieve the Philippines’ nationally determined contribution (75% reduction in greenhouse gas emissions from 2020 to 2030, compared with a business-as-usual scenario) and the 2040 Clean Energy Scenario, the Philippines would need to continue to place a moratorium on new greenfield coal-powered plants and increase renewable energy in the country’s generation mix to 35% by 2030 and 50% by 2040. An additional 73,868 MW of renewable energy (RE) capacity will be needed over the next two decades, as well as pre-development investments (infrastructure, resource assessment, etc.) of more than USD 485 million (Php 25.3 billion) to achieve these targets.¹ Regional development banks, such as the Asian Development Bank, has stopped funding new coal power productions and is incentivizing the early retirement of coal plants. In addition, since November 2022, the Philippines has allowed full foreign ownership of RE resources which may cut greatly into our share in the energy market in this scenario to tap into an estimated 246,000 MW of untapped renewable energy.² Meralco currently holds 80% of the market share. The current energy mix is composed of coal (30.2%), natural gas (6%), RE (35.5%), and oil-based (28.3%).³ As such, Meralco will need to accelerate its plans to get renewable energy plants in operation – perhaps sooner than 2030 as stated in our LTSS. Our customers are willing to pay for the expansion of renewable energy. In a study conducted by Lloyd and Nakamura, 86.2% of Filipinos supported the expansion of RE and 80.8% expressed willingness to install RE on their property if it was affordable.⁴ According to a study by Magnata at Ateneo de Manila University, Filipino consumers are willing to pay a premium if the electricity they use comes from solar energy. The premium is estimated to be at US\$5.71 (PHP268.42) to US\$9.26 (PHP435.37) per month which is approximately 0.80% - 1.29% of their monthly household income.⁵

AVERAGE TEMPERATURE RISE COMPARED TO PRE-INDUSTRIAL LEVELS BY 2100	SCENARIO NAME	DESCRIPTION	SCENARIO IMPACT ON THE ELECTRICITY SUPPLY INDUSTRY	SCENARIO IMPACT ON THE PHILIPPINES
2.5°C	Stated Policy	The world implements stated government policies to lower emissions with no further actions taken, with a global emissions target of - 75% by 2100		
3°C	Current Policy	The world partially implements policies to lower emissions with no further actions taken, with a global emissions reduction target of -50% by 2100		
>4°C	No Policy	The world takes limited or no actions to limit emissions with reduction targets slowed-down, with a global emissions increase of 200% by 2100	RCP 2.6: 0.9 – 2.3°C The industry will not need to innovate, as research and development would continue to be dependent on fossil fuels. Though there not be as much government push to lower emissions, public outrage at our industry will be major and we expect widespread boycotts and litigation against electricity supply companies.	Meralco’s current hold of the market share will continue, as the need to change the energy mix slows or comes to a halt. Renewables will see less growth. Meralco’s existing upstream assets may be extended beyond the normal end of producing life and our high-return, fossil-fuel energy investments will be continued to be funded and insured by capital providers. We foresee more opposition and outrage from climate activists in this scenario.

¹ IRENA 2022 *Scaling Up Renewable Energy Investment in the Philippines*. https://coalition.irena.org/-/media/Files/IRENA/Coalition-for-Action/Coalition-for-Action_-_Scaling-up-RE-Investment-Philippines.pdf

² *Senate of the Philippines. Keynote Speech of Senator Loren Legarda, “Realignment of the Power Industry Towards Renewables,” Power & Electricity World Philippines. 2016 18 May 2016* ISMX Convention Center http://legacy.senate.gov.ph/press_release/2016/0518_legarda1.asp

³ *Philippines International Trade Administration. Philippines - Country Commercial Guide – Energy. 2022-07-25*. <https://www.trade.gov/country-commercial-guides/philippines-energy-0>

⁴ Lloyd, S.; Nakamura, T. *Public Perceptions of Renewable Energy in the Philippines*. *Sustainability* 2022, 14, 9906. <https://doi.org/10.3390/su14169906>

⁵ Magnata, Paolo. (2016). *Choosing the Green Energy Option: Willingness to Pay of Metro Manila Residents for Solar Energy*.

Our climate scenario analysis assesses both physical and transition risk impacts. These impacts could potentially hit Meralco across our value chain – upstream (on our suppliers and our power supply), to our operations (e.g., generating, transmitting and

distributing electricity), downstream (e.g., on our customers), and on the whole Meralco group (e.g., on our financial health). The table below describes the risks we have assessed and their potential impacts.

RISK			UPSTREAM SUPPLY	OPERATIONAL	DOWNSTREAM MARKET	GROUP FINANCIAL
Physical Risks	Acute	Increased severity of extreme weather	Possibility of experiencing disruption of raw materials from the sourcing country due to impacts from physical risks	Climate physical risks could threaten the plants’ energy production capacity.	Increase in demand, especially during heat wave periods and summer	Value chain risks driving group financial risks
	Chronic	Changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures and rising sea levels				
Transition Risks	Policy	Legislation enacted by governments (national or regional) to price and penalize greenhouse gas emissions (e.g., carbon taxation)	Increased costs of upstream emissions (emissions from processing coal into usable fuel)	The increased cost of power generation and vehicle fleets (fossil fuelbased activities)	A portion of the pricing on carbon may be passed on to our customers.	
	Technology	Transition to low-carbon emissions technology and products drive increased capital investment, total operating costs, impairment of existing assets and delivery risk	Upstream decarbonization passthrough costs	Deployment of less carbon-intensive technologies (e.g., solar, wind, hydro, shortduration storage, offshore wind, and long-duration storage)	Competitors may challenge our market share with renewable energy alternative offerings.	
	Consumer Markets	Changes in consumer purchasing and preference for climate-friendly companies could result in market suppression due to consumer preference for low-carbon or renewable energy sources			Consumer shift from fossil fuels to renewable energy sources reduces demand for coal-and dieselgenerated electricity.	
	Reputation	Climate activism towards companies and industries seen as being slow to transition towards a low-carbon economy			Increased stakeholder concern or negative stakeholder feedback; stigmatization of coal-fired power sector	Investor sentiment towards a company's robust climate strategy and ESG performance (e.g., avoidance of greenwashing)
	Investor Markets	Market disruption, cost of capital and valuation changes as investors prioritize returns from low-carbon companies and divest from highemitting sectors				Fundraising risks due to divestments of carbonintensive assets which drive market stock
	Liability	Litigation brought by plaintiffs against companies for their liabilities in contributing to climate change impacts and causing environmental harm.				Litigation against the company for contributing to climate change

Physical Risk Results

Being one of the most prone countries to tropical cyclone, our climate risk analysis confirms that our facilities are exposed to some form of tropical cyclone activity. Among our 12 power generation plants, four plants (PPC 3, GBHPRI, Bulcansol and PPC 4) are currently exposed to moderate likelihood of being impacted by tropical cyclone. With climate change, these four plants and additional four more plants among the total 12 facilities are expected to see significant increase in the probability of being impacted by tropical storms. Furthermore, among these eight power plants, GBHPRI and Bulcansol facilities constitutes the facilities which are highly exposed tropical storms in the future. These two facilities are also going to be impacted by heatwaves whose likelihood of happening in the future is project to increase slightly.

Similar to power generation facilities, tropical cyclones constitutes the major physical hazard event impact the facilities followed by water stress and heatwaves.

CLIMATE RISK	IMPACTS ON MERALCO	OPPORTUNITIES FOR MERALCO
Physical Risk: Facility Disruption	Acute: Increased costs in maintaining the normal operation by risk proofing of facilities	Implementation of climate resilience adaptation measures and strategic planning for building new generation and transmission and distribution sites
	Chronic: May impact Meralco's revenue if regulators restrict the usage of water during heat waves and extreme summer conditions. Meralco may need to implement additional facilities to cater for extra demand (provided grid allows) adding to extra cost	

Climate Change Impact Threat Assessment Guide

DESCRIPTION	DECREASE IN HAZARD FROM CLIMATE CHANGE			THREAT ASSESSMENT GRADE	INCREASE IN HAZARD FROM CLIMATE CHANGE		
	LARGE DECREASE	MEDIUM DECREASE	SMALL DECREASE	PRESENT-DAY HAZARD	SMALL INCREASE	MEDIUM INCREASE	LARGE INCREASE
High likelihood	A---	A--	A-	A	A+	A++	A+++
Moderate high likelihood	B---	B--	B-	B	B+	B++	B+++
Moderate likelihood	C---	C--	C-	C	C+	C++	C+++
Some likelihood	D---	D--	D-	D	D+	D++	D+++
Potential likelihood	E---	E--	E-	E	E+	E++	E+++
Minimal/ no likelihood	F---	F--	F-	F	F+	F++	F+++

Climate Change Impacts on Meralco’s Power Generation Facilities

FACILITY	HEATWAVE		FREEZE		WATER STRESS		RIVERINE FLOOD		COASTAL FLOOD		TROPICAL STORM		TEMPERATE STORM	
	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE
TPC Sangi	E	E	F	F	E	E	F	F	F	F	E	E+	E	E
PPC 3	E	E	F	F	E	E	F	F	F	F	D	D+	E	E
CEDC	E	E	F	F	E	E	F	F	E	E	E	E+	E	E
GBHPRI	E	E+	F	F	E	E	F	F	F	F	C	C+	E	E
PEDC 3	E	E	F	F	D	D	F	F	D	D	E	E	D	D
PPC 2	E	E	F	F	D	D	F	F	D	D	E	E	D	D
PPC 1	E	E	F	F	D	D	F	F	D	D	E	E	D	D
TPC 1a	E	E	F	F	E	E	F	F	F	F	E	E+	E	E
Bulcansol	E	E+	F	F	D	D	F	F	F	F	C	C+	E	E
PPC 4	E	E	F	F	E	E	F	F	F	F	D	D+	E	E
PEDC 1&2	E	E	F	F	D	D	F	F	D	D	E	E	D	D
TPC Carmen	E	E	F	F	E	E	F	F	F	F	E	E+	E	E

Climate Change Impacts on Meralco’s Transmission and Distribution Facilities

OPERATING REGION	HEATWAVE		FREEZE		WATER STRESS		RIVERINE FLOOD		COASTAL FLOOD		TROPICAL STORM		TEMPERATE STORM	
	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE	PRESENT	FUTURE
Balintawak Sector	E	E+	F	F	D	D	F	F	F	F	C	C+	E	E
Dasmarinas Sector	E	E+	F	F	C	C	F	F	F	F	C	C+	C	C-
Manila Sector	E	E+	F	F	C	C	F	F	F	F	C	C+	D	D-
Paranaque Sector	E	E+	F	F	D	D	F	F	F	F	C	C+	D	D
Pasig Sector	E	E+	F	F	D	D	F	F	F	F	C	C+	E	E
Plaridel Sector	E	E+	F	F	D	D	F	F	F	F	C	C+	D	D-
Rizal Sector	E	E+	F	F	D	D	F	F	F	F	C	C+	E	E
San Pablo Sector	E	E+	F	F	E	E	F	F	F	F	C	C+	E	E
Sta. Rosa Sector	E	E+	F	F	D	D	F	F	F	F	D	D+	E	E
Valenzuela Sector	E	E+	F	F	C	C	F	F	F	F	C	C+	D	D-

Transition Risk Results

Our modelling helps translate the five scenarios or “stress tests” into a quantified or financial view. Each scenario stress test is translated to shock each of the attributes of our model and estimate the lost value that would result if the scenario were to occur.

TRANSITION RISK	IMPACT ON MERALCO	OPPORTUNITIES FOR MERALCO
Policy	Regulations could increase the relative cost of electricity generated by fossil fuels, and such increases could reduce demand for fossil-fired electricity Meralco generates and distributes. Adverse economic may, in turn, impact the decision to own, operate, or sell such fossil-fired power generating assets.	Consideration of accelerating our renewable energy buildout plan quicker than 2030 (as stated in LTSS)
Consumer Market	May impact revenue to the extent that Meralco is unable to provide products and services that meet customer demand for sustainable energy and related energy services. Meralco’s largest business is its distribution utility and retail energy service, with residential customers being the largest contribution to sales, so the impact could be material.	Increased contracting of more alternative/renewable energy from suppliers
Investor Market	Amidst a trend of investor divestment from assets that are exposed to climate-related risk factors, Meralco, a carbon-intensive businesses face, will face increasing scrutiny and challenges to attract investment. This sentiment will drive a higher cost of capital.	Transparency about progress of climate goals and carbon emissions reductions to boost stakeholder confidence (e.g. TCFD)
Liability	Meralco could experience a variable number of climate-related legal cases dependent on the emissions pathway and could add legal, marketing and PR costs.	Set science based GHG emissions targets to future-proof growth and brand reputation
Reputation	Negative stakeholder views on Meralco’s sustainability strategy and performance may adversely impact revenue.	Collaborate with partners, suppliers and other organizations to achieve emissions reductions and coal phase out in the region
Technology	Emerging technologies may affect the financial viability of power companies (e.g., substitution of fossil fuels by renewable energy alternatives and lower-cost distribution service technology) and could ultimately have a materially adverse effect on Meralco’s financial condition, results of operations and cash flows.	Deployment of less carbon-intensive technologies and shift to cleantech and energy storage



INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV Business Assurance Pte Ltd has been commissioned by the management of Manila Electric Company ('Meralco', or 'the Company', Securities and Exchange Commission Identification Number: PW-102) to undertake an independent assurance of the sustainability / non-financial disclosures in Meralco's 2022 Sustainability Report ('the Report') in its printed format for the year ended 31 December 2022. The intended users of this Assurance Statement are the management of the Company.

We performed a Type 1 assurance using Accountability's AA 1000 Assurance Standard v3 (August 2020, AA1000AS v3 and limited level of assurance using DNV's assurance methodology Verisustain^{TM1}, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised*, along with the Global Reporting Initiative's ('GRI's) Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ('SASB's') industry specific standards. Our assurance engagement was planned and carried out from December 2022 to May 2023.

Scope and Boundary of Assurance

The scope of assurance included a review of sustainability related disclosures and performance data from Meralco's operations in the Philippines, including the Head Office at Pasig City, Bulacansol in San Miguel and PEDC in Iloilo city.

Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics and topic-specific disclosures is as set out in the section "About the Report" in the Report. Our verification applies a $\pm 5\%$ uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Responsibilities of the Management of Meralco and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. Meralco has stated that this Report has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) Standards and TCFD for climate-related financial disclosures.

In performing our assurance work, DNV's responsibility is solely towards the Management of Meralco in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a Type 1 assurance based on AA1000AS v3 and limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to Meralco and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the Head Office at Pasig City and selected operating companies of Meralco (Bulacansol in San Miguel and PEDC in Iloilo city) in the Philippines and consolidated annual numbers, based on DNV's sampling plan.

- Review of the non-financial sustainability-related disclosures in this Report;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;

¹ The VeriSustain protocol is available on request from www.dnv.com.



- Conducted interviews with data owners from Meralco and its subsidiaries to understand the key processes and controls for reporting business units' performance data;
- Reviewed the approach towards materiality determination and stakeholder engagement through interviews with selected members of Meralco's senior management team and representatives responsible for management of Meralco's material topics. We were free to choose interviewees and interviewed those with overall responsibility for management of these topics and the findings were discussed and resolved with the Corporate Sustainability Team;
- Carried out onsite assessment at their head office as well as BulacanSol and PEDC to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites for remote assessment or verification;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

On the basis of the assurance work undertaken, nothing has come to our attention that causes us to believe that that Meralco's 2022 Sustainability Report and referenced information does not properly describe the non-financial performance of identified material topics based on the GRI Standards and SASB Standards. Without affecting our assurance opinion, we also provide the following observations against the principles of VerisustainTM and AA1000 Accountability Principles Standard (2018):

Inclusivity

People should have a say in the decisions that impact them.

The Report has brought out key stakeholders (e.g. Customers, Communities, Employees, Investors & Shareholders, Government and Regulators, Suppliers & Contractors, etc.) whom Meralco has engaged with, to enhance their sustainability performance. The Report also describes the engagement modes such as high-level dialogues, town hall meetings, and various feedback channels to enrich Board and management-level decisions with stakeholder feedback to identify the key concerns that are pertinent to them and subsequently address it through relevant disclosures in the report. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Inclusivity.

Materiality

Decision makers should identify and be clear about the sustainability topics that matter.

The Report brings out Meralco's process for identification of the Company's material matters through stakeholder engagement. Meralco conducts a yearly evaluation of Environment, Social and Governance (ESG) issues involving key stakeholders from the group's business units, to review, discuss, and validate (1) global, national, and industry sustainability contexts affecting Meralco, (2) ESG reporting standards and local reporting requirements, and (3) key sustainability risks and opportunities. The revised set of material ESG issues were integrated into the group's sustainability agenda, under the pillars of Power, Planet, People and Prosperity. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness

Organisations should act transparently on material sustainability topics and their related impacts.

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues which have arisen during the reporting period through disclosures on Governance, Business Review, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices. The report also describes the initiatives taken in 2022 to improve its customer service, including Customer 360, Meralco's Call Center Hotline and a revamp of the Meralco Bill. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.



Impact

Organisations should monitor, measure, and be accountable for how their actions affect their broader ecosystems.

The Report brings out how Meralco identifies the direct and indirect impacts related to its identified material topics and action plans to mitigate adverse impacts on stakeholders. Further, Meralco's measures, evaluates and monitors impacts through appropriate performance metrics demonstrating outcomes and outputs of its value creation processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the methodology and approach related to qualitative and quantitative disclosures considering the principle of Reliability. The majority of data and information verified through assessments with the Company's Headquarters and sampled sites were found to be accurate. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors were communicated and subsequently corrections made in the reported disclosures. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

The Report brings out the Company's sustainability or nonfinancial disclosures during the reporting year related to its material ESG topics using appropriate GRI topic-specific Standards including the management approach, details of monitoring systems and performance indicators, and chosen SASB disclosures, for its identified boundary of operations in the Philippines. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the various sustainability issues, challenges, stakeholder concerns, and performance in a fairly neutral tone, in terms of content and presentation, applying adequate consideration to not unduly influence stakeholders' opinions made based on the reported disclosures. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by Meralco to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of Meralco's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[#], which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

The procedures performed in a Type 1 assurance engagement as per AA1000AS v3 vary in nature and timing and are shorter in extent than for a Type 2 assurance engagement. Consequently, the level of assurance obtained in a Type 1 assurance engagement is substantially lower than the assurance that would have been obtained if a Type 2 assurance

[#] Audited Financial Statement Dated 27 February 2023.



engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct² during the assurance engagement and maintain independence where required by relevant ethical requirements including the AA1000AS v3 Code of Practice.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

DNV has provided assurance to Metro Pacific Investment Corporation (the Parent of Meralco). In our opinion, this does not create a conflict of interest in the assurance engagement of Meralco. DNV did not provide any services to Meralco in 2022 that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

For and on behalf of DNV

Nagarajan, Sathishkumar Digitally signed by Nagarajan, Sathishkumar Date: 2023.05.10 00:09:22 +08'00' N Sathishkumar Lead Verifier Head, Sustainability Services DNV Business Assurance Singapore Pte. Ltd.	Percy Lakdawalla Digitally signed by Percy Lakdawalla Date: 2023.05.10 16:44:09 +08'00' Percy Lakdawalla Regional Manager - Asia Pacific Supply Chain and Product Assurance DNV Business Assurance Singapore Pte. Ltd.	Astone, Antonio Digitally signed by Astone, Antonio Date: 2023.05.09 18:52:20 +02'00' Antonio Astone Assurance Reviewer Global Service Manager DNV Business Assurance Italia S.r.l.
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10 May 2023, Singapore



DNV Business Assurance Singapore Pte Ltd is part of DNV, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

² The DNV Code of Conduct is available on request from www.dnv.com

Certifications

CERTIFICATION STANDARD	LINE ORGANIZATION/ SUBSIDIARY	OFFICE	VALIDITY
ISO 14001:2018 - Environmental Management System	Facilities, Safety, and Security Management	Meralco Operating Center	2022–2024 (Subject to annual surveillance audits)
	Networks	Sub-transmission Services - San Joaquin	
		Balintawak Sector	
		Dasmarinas Sector	
		Manila Sector	
		Paranaque Sector	
		Pasig Sector	
		Plaridel Sector	
		Rizal Sector	
		San Pablo Sector	
		Sta. Rosa Sector	
		Valenzuela Sector	
	MIESCOR		2022–2025 (Subject to annual surveillance audits)
ISO 45001:2018 - Occupational Health and Safety Management System	Facilities, Safety, and Security Management	Meralco Operating Center	2022–2024 (Subject to annual surveillance audits)
	Networks	Sub-transmission Services - San Joaquin	
		Balintawak Sector	
		Dasmarinas Sector	
		Manila Sector	
		Paranaque Sector	
		Pasig Sector	
		Plaridel Sector	
		Rizal Sector	
		San Pablo Sector	
		Sta. Rosa Sector	
		Valenzuela Sector	
	MIESCOR		2022–2025 (Subject to annual surveillance audits)

CERTIFICATION STANDARD	LINE ORGANIZATION/ SUBSIDIARY	OFFICE	VALIDITY
ISO 9001:2015 - Quality Management System	Networks	Sub-transmission Services - San Joaquin	2021–2024 (Subject to annual surveillance audits)
		Balintawak Sector	
		Dasmarinas Sector	
		Manila Sector	
		Paranaque Sector	
		Pasig Sector	
		Plaridel Sector	
		Rizal Sector	
		San Pablo Sector	
		Sta. Rosa Sector	
		Valenzuela Sector	
		Kamuning Substation Support	
		Technical Services Building	
		Transportation Building	
	Supply Chain Management		2022–2024 (Subject to annual surveillance audits)
	MIESCOR		2022–2024 (Subject to annual surveillance audits)
DOLE/DOH/DTI Safety Seal	Customer Retail Services	Angono Business Center	2022–2023
		Antipolo Auxilliary Business Center	
		Cainta Business Center	
		Calamba Business Center	
		España Business Center	
		Los Baños Customer Center	
		Mandaluyong Business Center	
		Marikina Business Center	
		Masinag Auxilliary Business Center	
		Pasig Business Center	
		Sta. Cruz Business Center	

Awards & Recognitions Received by Meralco in 2022

ASEAN CORPORATE GOVERNANCE SCORECARD REGIONAL ASSESSMENT		
Entry	Category / Division	Award
Meralco Corporate Governance 2021 Regional Assessment	ASEAN Asset Class	ASEAN Asset Class for PLCs (Philippines)

ASEAN CORPORATE GOVERNANCE SCORECARD DOMESTIC ASSESSMENT		
Entry	Category / Division	Award
Meralco Corporate Governance 2021 Domestic Assessment	Golden Arrow Award	Three Golden Arrow Awardee

ASIAN LEGAL BUSINESS		
Entry	Category / Division	Award
Meralco Data Privacy Office	Data Protection Officer (DPO) of the Year	Finalist

INFO-TECH CIO AWARDS 2022		
Entry	Category / Division	Award
Rocky D. Bacani, Head of Information, Communication, Technology and Transformation, Meralco	Large & Enterprise Business Division, Global	Winner

TALEND 2022 DATA MASTERS AWARDS		
Entry	Category / Division	Award
Transforming data into an exceptional customer experience	Data-driven customer centricity	Data Master Award Winner

CLOUDERA 2022 DATA IMPACT AWARDS		
Entry	Category / Division	Award
Transforming data into an exceptional customer experience	Digital Transformation	Finalist

19TH PHILIPPINE QUILL AWARDS		
Entry	Category / Division	Award
Meralco	Company of the Year	1st Runner-Up
#AyokoMagViral: A Meralco internal campaign against COVID-19	Category 1: Internal Communication	Excellence
Electric Motorcycle Deployment for Meralco Business Center Field Representatives	Category 4: Change Communication	Excellence
Safety First: Empowering Enterprises to Fight an Invisible Enemy	Category 5: Safety Communication	Excellence
Fitting the Bill: Meralco makes paying bills easier with the Customer Account Number	Category 8: Customver Relations	Excellence
Safeguard the Economy at All Costs by Waiving Energy Demand Charge	Category 8: Customer Relations	vExcellence
Meralco Power Up Live: Empowering Business Customers Amidst the Pandemic	Category 8: Customer Relations	Excellence
Kaisa sa Kabuhayan: Aplaya Sardines Enterprise with Atimonan Fisherfolks	Category 15: Corporate Social Responsibility	Excellence
Kaisa sa Kalusugan radio health program	Category 15: Corporate Social Responsibility	Excellence
BIYAHENG MERALCO: A Virtual Townhall with our CEO	Category 1: Internal Communication	Merit
Ensuring our Stakeholders are Informed Despite Social Distancing: The Quarterly Meralco Operating and Financial Media Briefings	Category 9: Media Relations	Merit
Putting Things in Perspective: Meralco Communicates the Upward Trend of Power Rates in 2021	Category 9: Media Relations	Merit
Household Electrification Program: Powering-Up Communities Amidst the Pandemic	Category 10 Community relations	Merit
Unwavering Service and 'Malasakit': Crisis Communication amidst the May-June 2021 Power Shortage and Pandemic	Category 14: Issues Management and Crisis Communication	Merit
MERALCO: Providing consumers the power during summer	Category 14: Issues Management and Crisis Communication	Merit
Meralco One for Trees: Helping Farmers Survive the Pandemic through Sustainable Reforestation	Category 15: Corporate Social Responsibility	Merit
COVIDCOMMS 2021: Farmers to Frontliners and Marginalized (F2FM) Project: Invigorating the Livelihood of Farmers	Category 15: Corporate Social Responsibility	Merit
Customer Experience Index (CXI): The Case of Meralco Business Centers	Category 18 Communication Research	Merit
Meralco Corporate Partners Viber Community — Engagement When Connectivity Is a Must	Category 23: Social Media	Merit
Stronger Together – The 2020 MVP Academic Achievement Awards Virtual Ceremony	Category 20: Special and Experiential Events	Merit
Meralco's 2020 Corporate Reports (Power On, Live Life, and Give Hope)	Category 24: Publications	Merit
MVP: The Man and His Art – A Visual Inventory of Filipino Artistry Gracing the Halls of Philippines' Major Companies	Category 25: Writing	Merit

2022 STEVIE INTERNATIONAL BUSINESS AWARDS		
Entry	Category / Division	Award
Power On: Meralco's 2021 Annual Report	Annual Report & Other Publication Categories	Gold Stevie Award
MVP: The Man and His Art – A Visual Inventory of Filipino Artistry Gracing the Halls of Philippines' Major Companies	Annual Report & Other Publication Categories	Gold Stevie Award
One for Trees: Helping Farmers Survive the Pandemic Through Sustainable Reforestation	Corporate Communications, Investor Relations, & Public Relations Categories	Gold Stevie Award
Live Life: Meralco 2021 Sustainability Report	Annual Report & Other Publication Categories	Silver Stevie Award
Energizing off-grid Island and Mountain Schools from Far-Flung Communities in the Philippines	Corporate Communications, Investor Relations, & Public Relations Categories	Silver Stevie Award
Meralco's Facebook Page #KeepingTheLightsOn in the #NewNormal	COVID-19 Response Categories	Bronze Stevie Award
The Evolution of Meralco Advisory: Informing and Educating Customers via Optimized Content	Marketing Campaign Categories - Specialty Content	Bronze Stevie Award
Teacher Frontliner: A Back-to-School Program to support Filipino Teachers as frontliners during the Pandemic	Corporate Communications, Investor Relations, & Public Relations Categories	Bronze Stevie Award

THE OPEN GROUP INDIA AWARDS 2022		
Entry	Category / Division	Award
Customer Centricity Transformation powered by Technology and Tradition	Category: TOGAF® Standard / Enterprise Architecture	Award of Merit in Digital Innovation

2022 GOLD QUILL AWARDS		
Entry	Category / Division	Award
Meralco 2020 Corporate Reports	Publications	Excellence Award for Communication Skills
Meralco Corporate Partners Viber Community: Engagement when connectivity is a must	Social Media	Merit Award for Communication Skills

12TH INSTITUTIONAL INVESTOR CORPORATE AWARDS		
Entry	Category / Division	Award
Meralco's Corporate Governance	Adherence to Corporate Governance	Philippines Top 2 Strongest

57TH ANVIL AWARDS		
Entry	Category / Division	Award
Meralco	Company of the Year	Nomination
Power On: 2020 Meralco Annual Report	Public Relations Tool	Gold
Give Hope: 2020 One Meralco Foundation Annual Report	Public Relations Tool	Silver
Live Life: 2020 Meralco Sustainability Report	Public Relations Tool	Silver
#AyokoMagViral: A Meralco internal campaign against COVID-19	Public Relations Program Directed at Specified Stakeholders – Employees	Silver
Meralco: Providing Consumers the Power During Summer	Specialized Public Relations Programs - Issue Management	Silver

2022 ASIA-PACIFIC STEVIE AWARDS		
Entry	Category / Division	Award
Meralco's 2020 Corporate Reports (Annual Report: Power On, Sustainability Report: Live Life, and One Meralco Foundation Annual Report: Give Hope)	Innovation in Annual Reports	Gold Stevie
2020 Meralco Sustainability Report	Innovation in Annual Reports	Gold Stevie
A Back-to School Program to support Filipino Teachers as frontliners during the Pandemic	Most Valuable Non-Profit Response	Gold Stevie
Pay it Forward: Online Payment Options for Meralco Customers	Innovation in the Use of Social Media	Bronze Stevie
Meralco Advisory: Evolving for the Digital Audience	Innovation in Brand Renovation / Re-Branding	Bronze Stevie
Meralco's Bayad Center to Bayad: How a traditional bills payment brand authority in the Philippines adapted to the digital age	Innovation in Brand Renovation / Re-Branding	Bronze Stevie

NATIONAL PRIVACY COMMISSION (NPC) AWARDS 2022		
Entry	Category / Division	Award
Meralco Data Privacy Office	Privacy Management Program	Winner
Meralco Data Privacy Office	Privacy Initiative	Finalist

AIBP ASEAN ENTERPRISE INNOVATION AWARD 2021		
Entry	Category / Division	Award
Meralco	Customer Centricity Transformation powered by Technology and Tradition	Winner

List of Abbreviations

ABBREVIATION	DEFINITION
AtE	Atimonan One Energy, Inc.
AMI	Advanced Metering Infrastructure
ASRRAT	Asia Sustainability Reporting Rating
Bayad	CIS Bayad Center, Inc.
BC	Business Center
BCDA	Bases Conversion and Development Authority
BCM	Business continuity management
CBA	Collective Bargaining Agreement
CCC	Philippine Climate Change Comission
CEO	Chief Executive Officer
CFZ	Clark Freeport Zone
CGCO	Corporate Governance and Compliance Office
Clark Electric	Clark Electric Distribution Corporation
Comstech	Comstech Integration Alliance, Inc.
COREC	Code of Right Employee Conduct
CREATE	Corporate Recovery and Tax Incentives for Enterprises
CREM	Competitive Retail Electricity Market
CSA	Climate Scenario Analysis
CSEZ	Clark Special Economic Zone
CSI	Customer Satisfaction Index
CSO	Chief Sustainability Officer
CSP	Competitive Selection Process
CSR	Corporate Social Responsibility
CXi	Customer Experience Index
D&I	Diversity and Inclusion
DENR	Philippine Department of Environment and Natural Resources
DOE	Philippine Department of Energy
DOLE	Philippine Department of Labor and Employment
DTs	Distribution Transformers
DU	Distribution Utility
EPC	Engineering, procurement, and construction
ERC	Philippine Energy Regulatory Commission
eSakay	eSakay, Inc.
ESG	Environmental, social, and governance
ESH	Environment, safety, and health
EV	Electric vehicle
EWRMO	Enterprise-Wide Risk Management Office
FAITH	Fairness, Accountability, Integrity, Transparency, and Honesty
FLISR	Fault Location, Isolation, and Service Restoration
GBP	Global Business Power Corporation

ABBREVIATION	DEFINITION
GCNP	Global Compact Network Philippines
GDP	Gross Domestic Product
GEM	Green EDSA Movement
GEOP	Green Energy Option Program
GHG	Greenhouse gas
GMBD	Guaranteed Minimum Billing Demand
GPON	Gigabit Passive Optical Network
GRI	Global Reporting Initiative
GTN	Greening the Network Program
HELE	High-efficiency, low-emissions
HEP	Household Electrification Program
Hg	Mercury (element)
IBA	International Business Awards
IMCS	Integrated Mobile Computing System
IRMS	Incident Report Management System
L&D	Learning and Deveopment
LPIP	Lightning Protection Development Program
LRES	Local Retail Electricity Supplier
LTSS	Long-term Sustainability Strategy
MAIFI	Momentary Average Interruption Frequency Index
MDT	Mobile Distribution Transformer
MEFCI	Meralco Employees Fund for Charity, Inc.
MEP	Meralco Electrification Program
Meralco	Manila Electric Company
MGen	Meralco PowerGen Corporation
MGreen	MGen Renewable Energy, Inc.
MIDC	MIESCOR Infrastructure Development Corporation
MIESCOR	Meralco Industrial Engineering Services Corporation
MRFs	Materials Recovery Facilities
MS ³	Meralco Supplier Sustainability Scorecard
Mserv	Meralco Energy, Inc.
MSMEs	Micro, small, and medium enterprises
NEO	Natural ester oil
NOx	Nitrogen Oxides
OFT	One for Trees
OHDTs	Overhead Distribution Transformers
OMF	One Meralco Foundation
One Meralco	Meralco and its subsidiaries
OPI	Orange Plug-in
OSH	Occupational safety and health
Pb	Lead (element)
PCAB	Philippine Contractor Accreditation Board

ABBREVIATION	DEFINITION
PELCO II	Pampanga II Electric Cooperative
PEZA	Philippine Economic Zone Authority
PGL	Powering the Good Life
PHP	Philippine Peso
PM ₁₀	Patriculate matter with a diameter of 10 micrometers or smaller
POPs	Persitent Organic Pollutants
PSA	Power Supply Agreement
Radius	Radius Telecoms, Inc.
RCE	Resource Conservation and Efficiency Program
RCOA	Retail Competition and Open Access
RE	Renewable energy
RES	Retail Electricity Supplier
RPA	Robotic Process Automation
RPS	Renewable Portfolio Standards
RTV	Real-Time Valdation Before Disconnection
RZW	Race to Zero Waste Program
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SASB	Statistical Accounting Standards Board
SBPL	San Buenaventura Power Ltd. Co.
SCADA	Supervisory Control and Data Acquisition
SDG	Sustainable Development Goal
SEC	Philippine Securities and Exchange Commission
SECaaS	Security as a Service
SF ₆	Sulfur hexafluoride
Shin Clark	Shin Clark Power Holdings, Inc.
SO	Meralco Sustainability Office
Solar PV Systems	Solar Photovoltaic systems
SOx	Sulfur Oxides
Spectrum	MSpectrum, Inc.
SR	2021 Sustainability Report
STPs	Sewage Treatment Plants
SUP	Single-use plastic
TCFD	Task Force for Climate-related Financial Disclosures
TRACI	Talent Resourcing Automated Communication and Information
UN	United Nations
UNGC	United Nations Global Compact
Vantage Energy	Vantage Energy Solutions and Management, Inc.
VOCs	Volatile Organic Compounds
WBCSD	World Business Council for Sustainable Development
WESM	Wholesale Electricity Spot Market
WRI	World Resources Institute

Units of Measurement

ABBREVIATION	DEFINITION
GWh	Gigawatt-hour
kg	kilogram
kgCO ₂ e	Kilograms of carbon dioxide equivalent
kWp	Kilowatt peak
mg	milligram
MtCO ₂ e	Megatonnes of carbon dioxide equivalent
MVA	Megavolt-Ampere
MW	Megawatt
MWac	Megawatt (alternating current)
MWh	Megawatt-hours
Nm	Normal cubic meter (the volume of gas that occupies a cubic meter when the gas as at 15 degrees Celsius and a pressure of 1013.25 millibar
tCO ₂	Tonnes of carbon dioxide
tCO ₂ e	Tonnes of carbon dioxide equivalent

Manila Electric Company and Subsidiaries

Consolidated Financial Statements
as at December 31, 2022 and 2021
And Years Ended December 31, 2022, 2021 and 2020

and

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Manila Electric Company and Subsidiaries

Opinion

We have audited the consolidated financial statements of Manila Electric Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including those in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Revenue from sale of electricity

The Group's revenue from its electricity distribution business represents 93% of its consolidated revenues and arise from its service contracts with a large number of customers that are classified as either commercial, industrial or residential, located within the Group's franchise area. This matter is significant to our audit because the revenue recognized depends on (a) the complete capture of electric consumption based on the meter readings over the franchise area taken on various dates; (b) the propriety of rates computed and applied across customer classes including the application of adjustments promulgated by the Energy Regulatory Commission (ERC); and (c) the reliability of the information technology (IT) systems involved in processing the billing transactions.

Notes 2, 23, 24, 30 and 32 provide the relevant disclosures related to the rate-making regulations and regulatory policies of the ERC.

Audit response

We obtained an understanding and evaluated the design of, as well as tested the controls over, the customer master file maintenance, accumulation and processing of meter data, and interface of data from the billing system to the financial reporting system. In addition, we performed a test recalculation of the bill amounts using the ERC-approved rates, adjustments and formulae, as well as actual pass-through costs incurred, and compared them with the amounts reflected in the billing statements. We involved our internal specialist in understanding the IT processes and in understanding and testing the IT general controls over the IT systems supporting the revenue process.

Adequacy of allowance for expected credit losses for receivables

Under PFRS 9, *Financial Instruments*, the Group is required to estimate the expected credit loss (ECL) for its financial assets, particularly its trade receivables, which represent 10% of the consolidated assets of the Group as of December 31, 2022. The allowance for ECL and the provision for ECL as at and for the year ended December 31, 2022 amounted to ₱7,115 million and ₱2,311 million, respectively.

The Group's use of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model; and incorporating forward-looking information (called overlays), including the impact of the coronavirus pandemic, in calculating ECL.

The disclosures in relation to allowance and provisions for ECL using the ECL model are included in Notes 5, 13 and 27 to the consolidated financial statements.

Audit response

We obtained an understanding of the methodologies and models used for the Group's varying credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk

management policies and practices in place, (c) tested historical loss rates by inspecting historical collections, recoveries and write-offs (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry practices, including the impact of the coronavirus pandemic.

Further, we checked the data used in the ECL models, such as the historical aging analysis and default and recovery data, by reconciling data from the billing system to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced the disaggregation from source systems to the loss allowance analysis.

We reviewed the completeness of the disclosures made in the consolidated financial statements.

Retirement and other long-term post-employment benefits

The Group has defined retirement and other long-term post-employment benefits plans covering all regular employees. The valuation of the retirement benefits obligation involves significant management judgment in the use of assumptions. The valuation also requires the assistance of an external actuary whose calculations depend on certain assumptions, such as discount rates and future salary increases, which could have a material impact on the results. Thus, we considered this as a key audit matter.

Note 26 to the consolidated financial statements provides the relevant disclosures related to this matter.

Audit response

We involved our internal specialist in the review of the scope, bases, methodology and results of the work by the external actuary, whose professional qualifications, capabilities and objectivity were also taken into consideration. We evaluated the key assumptions used by comparing the employee demographics and attrition rates against the Group's human resource data, and the discount rate and mortality rate against external data. We inquired from management about the basis of salary increase rate and compared it against the Group's historical data and future plans. Moreover, we reviewed the required disclosures in the consolidated financial statements.

Provisions and contingencies

The Group is involved in certain proceedings and claims for which it has recognized provisions for probable costs and/or expenses and/or has disclosed relevant information about such contingencies. This matter is significant to our audit because the determination of whether any provision should be recognized and the estimation of the potential liability resulting from these assessments require significant judgment by management. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of the relevant laws and regulations.

Notes 2, 19, 22 and 29 to the consolidated financial statements provide the relevant disclosures related to this matter.

Audit response

We examined the bases of management's assessment of the possible outcomes and the related estimates of the probable costs and/or expenses that are recognized and/or disclosed in the Group's consolidated financial statements and involved our internal specialists when necessary. We discussed with management the status of the claims and/or assessments and obtained correspondences with the relevant authorities and opinions from the internal and external legal counsels. We evaluated the position of the Group by considering the relevant laws, rulings and jurisprudence. We also reviewed the disclosures on provisions and contingencies in the Group's consolidated financial statements.

Accounting for business combination

As disclosed in Note 3 to the consolidated financial statements, in 2021, MERALCO PowerGen Corporation, a wholly owned subsidiary of the Company, acquired an additional 86% interest in Global Business Power Corporation (GBPC) for a total consideration of ₱32,575 million. The acquisition was accounted for as a business combination under PFRS 3, *Business Combinations* and reported in the 2021 consolidated financial statements based on provisional purchase price allocation. In 2022, the fair values of the net assets acquired were remeasured and the purchase price allocation was thus finalized. Apart from the significance of the amounts involved, we consider the accounting for this acquisition as a key audit matter because the determination of the fair values of the assets acquired and liabilities assumed from GBPC requires significant management judgment and estimation based on the available information, specifically about the acquired property and equipment and intangible assets, as at the acquisition date.

Audit response

We reviewed the share purchase agreements covering the acquisition and assessed whether the acquisition has been appropriately accounted for. We reviewed the final purchase price allocation and evaluated management's basis in determining the fair values of the assets acquired and liabilities assumed from GBPC using the available information as of the acquisition date. We assessed the competence, capabilities and objectivity of the external appraiser who was engaged to prepare the appraisal report used in the final purchase price allocation, by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in evaluating the methodologies and assumptions used in arriving at the fair values of the property and equipment and intangible assets. We also assessed the adequacy of the related disclosures in Note 3 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

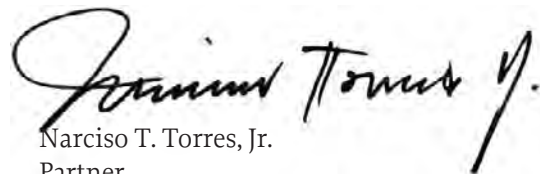
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Narciso T. Torres, Jr.

SYCIP GORRES VELAYO & CO.



Narciso T. Torres, Jr.
Partner

CPA Certificate No. 84208

Tax Identification No. 102-099-147

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 84208-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-111-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9566006, January 3, 2023, Makati City

February 27, 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31	
		2022	2021 (As restated - Note 3)
(Amounts in millions)			
ASSETS			
Noncurrent Assets			
Utility plant, generation plant and others	7 and 10	₱243,323	₱225,326
Investments in associates and interests in joint ventures	8 and 23	31,888	23,317
Investment properties	9	1,495	1,496
Intangible assets	7 and 10	21,691	15,054
Deferred tax assets – net	28	22,657	27,143
Financial and other noncurrent assets	2, 11, 15, 26, 27 and 30	43,920	53,125
Total Noncurrent Assets		364,974	345,461
Current Assets			
Cash and cash equivalents	12 and 27	55,832	55,007
Trade and other receivables	13, 24 and 27	54,683	45,013
Inventories	14	10,629	9,817
Financial and other current assets	11, 15, 23 and 27	33,143	28,317
Total Current Assets		154,287	138,154
Total Assets		₱519,261	₱483,615
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Common stock	16	₱11,273	₱11,273
Additional paid-in capital		4,111	4,111
Equity reserve		(111)	(116)
Employee stock purchase plan	16	1,049	1,049
Unrealized fair value gains on financial assets at fair value through other comprehensive income ("FVOCI")	11	311	502
Remeasurement adjustments on retirement and other post-employment liabilities	26	7,282	2,681
Share in remeasurement adjustments on associates' retirement liabilities	8	(16)	(25)
Cumulative translation adjustments of associates	8	(30)	306
Cumulative translation adjustments of subsidiaries		51	40
Treasury shares	16	(11)	(11)
Retained earnings	16	85,755	75,394
Equity Attributable to Equity Holders of the Parent		109,664	95,204
Non-controlling Interests	3 and 16	14,445	10,124
Total Equity		124,109	105,328

(Forward)

	Note	December 31	
		2022	2021 (As restated - Note 3)
(Amounts in millions)			
Noncurrent Liabilities			
Interest-bearing long-term financial liabilities - net of current portion	17 and 27	₱68,757	₱52,720
Customers' deposits - net of current portion	18, 22 and 27	31,590	30,901
Long-term employee benefits	26	2,893	10,257
Provisions	19, 22 and 29	12,657	13,554
Refundable service extension costs - net of current portion	22 and 27	4,653	5,334
Deferred tax liabilities - net	28	5,427	5,959
Other noncurrent liabilities	2, 5, 7, 24 and 29	63,450	97,981
Total Noncurrent Liabilities		189,427	216,706
Current Liabilities			
Notes payable	21 and 27	29,491	28,834
Trade payables and other current liabilities	16, 22, 23, 27 and 29	163,902	119,067
Customers' refund	2, 20 and 27	2,905	2,929
Income tax payable		92	1,637
Current portion of long-term employee benefits	26	3,750	–
Current portion of interest-bearing long-term financial liabilities	17 and 27	5,585	9,114
Total Current Liabilities		205,725	161,581
Total Liabilities		395,152	378,287
Total Liabilities and Equity		₱519,261	₱483,615

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31				
	Note	2022	2021	2020
(Amounts in millions, except per share data)				
REVENUES				
	6, 23, 24, 30			
Sale of electricity	and 32	₱413,950	₱309,238	₱267,946
Sale of other services	23	12,579	9,309	7,358
		426,529	318,547	275,304
COSTS AND EXPENSES				
Purchased power	24 and 30	322,645	224,915	204,420
Coal and fuel		22,577	8,793	–
Depreciation and amortization	7, 9, 10 and 25	16,031	12,499	8,555
Salaries, wages and employee benefits	25 and 26	15,836	15,892	12,301
Contracted services		8,440	7,074	6,348
Provision for probable losses and expenses from claims	2, 19 and 29	5,831	10,175	15,526
Taxes, fees and permits		2,132	1,939	1,069
Power plant operations and maintenance cost		1,906	1,103	–
Provision for expected credit losses (“ECL”)	13	2,498	506	1,827
Other expenses	23 and 25	8,452	6,312	4,267
		406,348	289,208	254,313
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates and joint ventures	8	12,035	3,127	1,233
Interest and other financial charges	17, 18 and 21	(3,754)	(3,728)	(1,594)
Interest and other financial income	11 and 12	2,063	2,197	2,323
Foreign exchange gains (losses)		1,011	487	(839)
	2, 5, 7, 8, 23, 30			
Others	and 32	3,700	1,573	301
		15,055	3,656	1,424
INCOME BEFORE INCOME TAX		35,236	32,995	22,415
PROVISION FOR (BENEFIT FROM)				
INCOME TAX		28		
Current		4,122	8,728	10,295
Deferred		2,526	184	(4,029)
		6,648	8,912	6,266
NET INCOME		₱28,588	₱24,083	₱16,149
Attributable To				
Equity holders of the Parent	31	₱28,431	₱23,498	₱16,316
Non-controlling interests		157	585	(167)
		₱28,588	₱24,083	₱16,149
Earnings Per Share Attributable to Equity Holders of the Parent				
	31			
Basic		₱25.23	₱20.85	₱14.48
Diluted		25.23	20.85	14.48

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	Note	2022	2021	2020
(Amounts in millions)				
NET INCOME		₱28,588	₱24,083	₱16,149
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified to profit or loss in subsequent years:				
Unrealized fair value gains (losses) on fair value through other comprehensive (“FVOCI”) financial assets	11	(280)	139	100
Cumulative translation gains (losses) of subsidiaries		11	18	(10)
Cumulative translation gains (losses) of associates		(336)	300	(756)
Net other comprehensive income (loss) that will be reclassified to profit or loss in subsequent years		(605)	457	(666)
Items that will not be reclassified to profit or loss in subsequent years:				
Remeasurement gains (losses) on retirement and other post-employment liabilities	26	6,135	8,671	(5,186)
Income tax effect		(1,534)	(2,168)	1,557
		4,601	6,503	(3,629)
Unrealized fair value gains (losses) on equity securities at FVOCI		99	43	(3)
Income tax effect		(10)	(4)	–
		89	39	(3)
Share in remeasurement gains (losses) on associates’ retirement liabilities	8	9	(12)	(1)
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent years		4,699	6,530	(3,633)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX		4,094	6,987	(4,299)
TOTAL COMPREHENSIVE INCOME, NET OF INCOME TAX		₱32,682	₱31,070	₱11,850
Total Comprehensive Income Attributable To				
Equity holders of the Parent		₱32,525	₱30,485	₱12,017
Non-controlling interests		157	585	(167)
		₱32,682	₱31,070	₱11,850

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2022, 2021 And 2020

	Equity Attributable to Equity Holders of the Parent													
	Common Stock	Additional Paid-in Capital	Equity Reserve	Employee Stock Purchase Plan	Financial Assets at FVOCI	Retirement and Other Post-Employment Liabilities	Share in Remeasurement Adjustments on Retirement Liabilities	Cumulative Translation Adjustments of Associates	Cumulative Translation Adjustments of Subsidiaries	Treasury Shares	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total Equity
	(Note 16)		(Note 16)	(Note 16)	(Note 11)	(Note 26)	(Note 8)	(Note 8)	(Note 8)	(Note 16)	(Note 16)		(Note 3 and 6)	
(Amounts in millions)														
At January 1, 2022	₱11,273	₱4,111	(₱116)	₱1,049	₱502	₱2,681	(₱25)	₱306	₱40	(₱11)	₱75,394	₱95,204	₱10,124	₱105,328
Net income	–	–	–	–	–	–	–	–	–	–	28,431	28,431	157	28,588
Other comprehensive income (loss)	–	–	–	–	(191)	4,601	9	(336)	11	–	–	4,094	–	4,094
Total comprehensive income (loss)	–	–	–	–	(191)	4,601	9	(336)	11	–	28,431	32,525	157	32,682
Dividends	–	–	–	–	–	–	–	–	–	–	(18,070)	(18,070)	(95)	(18,165)
Others	–	–	5	–	–	–	–	–	–	–	–	5	4,259	4,264
	–	–	5	–	–	–	–	–	–	–	(18,070)	(18,065)	4,164	(13,901)
At December 31, 2022	₱11,273	₱4,111	(₱111)	₱1,049	₱311	₱7,282	(₱16)	(₱30)	₱51	(₱11)	₱85,755	₱109,664	₱14,445	₱124,109
At January 1, 2021	₱11,273	₱4,111	(₱116)	₱1,049	₱324	(₱3,822)	(₱13)	₱6	₱22	(₱11)	₱66,414	₱79,237	₱1,494	₱80,731
Net income	–	–	–	–	–	–	–	–	–	–	23,498	23,498	585	24,083
Other comprehensive income (loss)	–	–	–	–	178	6,503	(12)	300	18	–	–	6,987	–	6,987
Total comprehensive income (loss)	–	–	–	–	178	6,503	(12)	300	18	–	23,498	30,485	585	31,070
Dividends	–	–	–	–	–	–	–	–	–	–	(14,518)	(14,518)	(1,358)	(15,876)
Effect of consolidation of Global Business Power Corporation (“GBPC”)	–	–	–	–	–	–	–	–	–	–	–	–	9,359	9,359
Others	–	–	–	–	–	–	–	–	–	–	–	–	44	44
	–	–	–	–	–	–	–	–	–	–	(14,518)	(14,518)	8,045	(6,473)
At December 31, 2021	₱11,273	₱4,111	(₱116)	₱1,049	₱502	₱2,681	(₱25)	₱306	₱40	(₱11)	₱75,394	₱95,204	₱10,124	₱105,328

(Forward)

Equity Attributable to Equity Holders of the Parent														
					Unrealized Fair Value Gains (Losses) on Financial Assets at FVOCI (Note 11)	Remeasure- ment Adjustments on Retirement and Other Post- Employment Liabilities (Note 26)	Share in Remeasure- ment Adjustments on Associates' Retirement Liabilities (Note 8)	Cumulative Translation Adjustments of Associates (Note 8)	Cumulative Translation Adjustments of Subsidiaries (Note 8)	Treasury Shares (Note 16)	Retained Earnings (Note 16)	Equity Attributable to Equity Holders of the Parent	Non- controlling Interests (Note 6)	Total Equity
	Common Stock (Note 16)	Additional Paid-in Capital	Equity Reserve	Employee Stock Purchase Plan (Note 16)										
At January 1, 2020	₱11,273	₱4,111	(₱116)	₱1,049	₱227	(₱193)	(₱12)	₱762	₱32	(₱11)	₱67,108	₱84,230	₱1,011	₱85,241
Net income	—	—	—	—	—	—	—	—	—	—	16,316	16,316	(167)	16,149
Other comprehensive income (loss)	—	—	—	—	97	(3,629)	(1)	(756)	(10)	—	—	(4,299)	—	(4,299)
Total comprehensive income (loss)	—	—	—	—	97	(3,629)	(1)	(756)	(10)	—	16,316	12,017	(167)	11,850
Dividends	—	—	—	—	—	—	—	—	—	—	(17,010)	(17,010)	644	(16,366)
Others	—	—	—	—	—	—	—	—	—	—	—	—	6	6
	—	—	—	—	—	—	—	—	—	—	(17,010)	(17,010)	650	(16,360)
At December 31, 2020	₱11,273	₱4,111	(₱116)	₱1,049	₱324	(₱3,822)	(₱13)	₱6	₱22	(₱11)	₱66,414	₱79,237	₱1,494	₱80,731

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31				
Note	2022	2021	2020	
(Amounts in millions)				
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱35,236	₱32,995	₱22,415	
Adjustments for:				
Provision for probable losses and expenses from claims – net	2 and 29	(15,022)	7,951	14,473
Depreciation and amortization	7, 9 and 10	16,031	12,499	8,555
Interest and other financial charges	17, 18 and 21	3,754	3,728	1,594
Interest and other financial income	11 and 12	(2,063)	(2,197)	(2,323)
Equity in net earnings of associates and joint ventures	8	(12,035)	(3,127)	(1,233)
Impairment losses		2,601	—	—
Provision for expected credit losses (“ECL”)		2,548	557	1,827
Others		(592)	12	(151)
Operating income before working capital changes		30,458	52,418	45,157
Decrease (increase) in:				
Trade and other receivables		(15,083)	11,127	(27,922)
Inventories		(812)	(2,136)	(926)
Financial and other current assets		(4,100)	(2,573)	184
Increase (decrease) in:				
Trade payables and other current liabilities		18,253	(12,832)	18,215
Customers’ deposits		1,143	1,244	1,282
Customers’ refund		(24)	(20)	(83)
Long-term employee benefits		(1,336)	2,855	1,573
Cash generated from operations		28,499	50,083	37,480
Income tax paid		(3,317)	(6,902)	(7,608)
Net cash flows provided by operating activities		25,182	43,181	29,872
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Global Business Power Corporation (“GBPC”) – net of GBPC’s cash upon acquisition	3	—	(16,476)	—
Additions to:				
Debt securities at amortized cost	11	(18,587)	(23,115)	(15,949)
Financial assets at FVOCI	11	(26,267)	(42,458)	(92,057)
Utility plant, generation plant and others	7	(33,663)	(26,260)	(19,662)
Intangible assets	10	(8,533)	(976)	(896)
Investments in associates and interests in joint ventures	8	(504)	(992)	(466)
Short-term investments		(2,784)	(435)	(5,472)
Investment properties	9	(3)	(1)	—
Proceeds from maturity of:				
Financial assets at FVOCI		30,396	43,070	85,268
Debt securities at amortized cost		22,707	14,059	23,999
Short-term investments		3,025	—	23,680
Interest and other financial income received		2,033	2,184	2,657
Proceeds from disposal of utility plant, generation plant and others		914	161	353
Dividends received from associates and joint ventures		4,039	1,778	475
Increase (decrease) in minority interests		4,164	(1,364)	651
Decrease in financial and other noncurrent assets		982	1,358	195
Net cash provided by (used in) investing activities		(22,081)	(49,467)	2,776

(Forward)

Years Ended December 31				
	Note	2022	2021	2020
(Amounts in millions)				
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of:				
Interest-bearing long-term financial liabilities	17	₱32,507	₱24,513	₱2,578
Notes payable	21	2,920	22,880	179
Payments of:				
Notes payable		(2,263)	(17,419)	(199)
Dividends	16	(16,890)	(13,748)	(16,796)
Interest-bearing long-term financial liabilities	17	(18,679)	(7,388)	(3,669)
Interest and other financial charges		(241)	(215)	(1,446)
Proceeds from disposal of non-controlling interests		6	–	–
Increase (decrease) in other noncurrent liabilities		364	2,238	(938)
Net cash provided by (used in) financing activities		(2,276)	10,861	(20,291)
NET INCREASE IN CASH AND CASH EQUIVALENTS		825	4,575	12,357
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		55,007	50,912	38,262
NET UNREALIZED FOREIGN EXCHANGE LOSSES (GAINS)		–	(480)	293
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	₱55,832	₱55,007	₱50,912

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The businesses of Manila Electric Company (“*MERALCO*”) and its subsidiaries (the “*MERALCO Group*”) consist of the unregulated and regulated segments of the energy supply chain; engineering design services; construction and consulting services; payment fulfilment and bills collection services; after-the-meter and energy management services; and telecommunication and information technology services.

The regulated and unregulated segments of the energy supply chain of the *MERALCO Group* consist of electricity distribution, power generation, retail electricity supply, and management of electric distribution facilities.

As a distribution utility (“*DU*”), *MERALCO* holds a 25-year congressional franchise under Republic Act (“*RA*”) No. 9209 valid through June 28, 2028 to construct, operate, and maintain the electric distribution system in the cities and municipalities of Bulacan, Cavite, Metro Manila, and Rizal and certain cities, municipalities and barangays in the provinces of Batangas, Laguna, Pampanga, and Quezon. The Energy Regulatory Commission (“*ERC*”) granted *MERALCO* a consolidated Certificate of Public Convenience and Necessity (“*CPCN*”) for the operation of electric service within its franchise area, which shall be valid within the franchise period.

Clark Electric Distribution Corporation (“*Clark Electric*”), a 65%-owned subsidiary of *MERALCO* is a registered private distribution utility with a franchise granted by Clark Development Corporation (“*CDC*”) to own, operate and maintain the electric distribution system within the Clark Freeport Zone and the sub-zones. The *Clark Electric* franchise is valid through October 2047.

Through a 60% owned subsidiary, Shin Clark Power Holdings, Inc. (“*Shin Clark*”), *MERALCO* together with a consortium, composed of Axia Power Holdings Philippines Corporation (a wholly-owned subsidiary of Marubeni Corporation), KPIC Netherlands BV [a wholly-owned subsidiary of the Kansai Electric Power, Inc. (“*Kansai*”)], and Chubu Electric Power Co., Inc. (“*Chubu*”), hold a 90% interest in Shin Clark Power Corporation (“*Shin Clark Power*”). *Shin Clark Power* is a company formed with Bases Conversion and Development Authority (“*BCDA*”) through a 25-year joint venture agreement to provide electricity distribution services within the New Clark City (“*NCC*”). *NCC* consists of a 9,450 hectare development within the Clark Special Economic Zone located in Capas and Bamban towns in the Tarlac province.

MERALCO also manages the electric distribution facilities of Pampanga Electric Cooperative II (“*PELCO II*”) through Comstech Integration Alliance, Inc. (“*Comstech*”) under a 25-year Investment Management Contract (“*IMC*”) and that of the Cavite Economic Zone (“*CEZ*”) under a 25-year concession agreement with Philippine Economic Zone Authority (“*PEZA*”).

MERALCO Group’s participation in retail electricity supply (“*RES*”) is directly through the local *RES* units, *MPower* and *Cogent Energy*, and indirectly through affiliate *RES* entities, Vantage Energy Solutions and Management, Inc. (“*Vantage*”), MeridianX Inc. (“*MeridianX*”), Phoenix Power Solutions, Inc. (“*Phoenix Power*”) and Global Energy Supply Corporation (“*GESC*”). Clarion Energy Management Inc. (“*Clarion*”), a wholly owned subsidiary of *Clark Electric*, is awaiting issuance of license by the *ERC*.

MERALCO PowerGen Corporation (“*MGen*”) is *MERALCO*’s power generation investment vehicle. Global Business Power Corporation (“*GBPC*”), which has 970 MW of coal and diesel capacities, is a wholly owned

subsidiary of *MGen*. Through MGen Renewable Energy, Inc. (“*MGreen*”), *MGen* has 80 MWdc/50 MWac utility scale solar facility in San Miguel, Bulacan and is in the process of developing 143 MWac of renewable power plants. *MGen* also holds a 58% interest in PacificLight Power Pte Ltd. (“*PacificLight Power*”), which owns and operates a 2 x 400 MW liquefied natural gas plant in Jurong Island, Singapore.

MERALCO’s related businesses include engineering, design, construction and consulting services, bill collection services, distribution and energy management services, development, leasing and management of communication towers and infrastructure, and communication, information system and technology services.

MERALCO is owned directly by two (2) major shareholder groups, Metro Pacific Investments Corporation (“*Metro Pacific*”) and JG Summit Holdings, Inc. (“*JG Summit*”). As at December 31, 2022, *Metro Pacific* has combined direct equity interests in *MERALCO* and indirect ownership through its wholly owned subsidiary, Beacon Electric Asset Holdings, Inc. *Metro Pacific*’s combined direct and indirect ownership interests in *MERALCO* totaled 47.46% while *JG Summit* has 26.37% direct ownership interest in *MERALCO*. First Philippine Holdings Corporation (“*First Holdings*”) and First Philippine Utilities Corporation have a combined direct equity ownership of 3.95% in *MERALCO*. The balance of *MERALCO*’s common shares is held by institutional investors and the public.

The shares of *MERALCO* are listed and traded in the Philippine Stock Exchange (“*PSE*”) with ticker symbol, *MER*.

The registered office address of *MERALCO* is Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City, Metro Manila, Philippines.

The consolidated financial statements were approved and authorized for issue by the *BOD* on February 27, 2023.

2. Rate Regulations

As distribution utilities (“*DUs*”), *MERALCO* and *Clark Electric* are subject to the rate-making regulations and regulatory policies of the *ERC*. Billings of *MERALCO* and *Clark Electric* to customers are itemized or “unbundled” into a number of bill components that reflect the various activities and costs incurred in providing electricity distribution services. The adjustment to each bill component is governed by mechanisms promulgated and enforced by the *ERC*, mainly: [i] the “Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities”, which govern the recovery of pass-through costs, including over- or under-recoveries of the bill components, namely, (a) generation charge, (b) transmission charge, (c) system loss (“*SL*”) charge, (d) lifeline and inter-class rate subsidies, and (e) local franchise and business taxes as modified by Rules on Recovery of Pass-Through Taxes (Real Property, Local Franchise, and Business Taxes) of Distribution Utilities; and [ii] the “Rules for the Setting of Distribution Wheeling Rates” (“*RDWR*”), as modified, which govern the determination of *MERALCO*’s distribution, supply, and metering charges.

The following is a discussion of matters related to rate-setting of *MERALCO* and *Clark Electric*:

Performance-Based Regulations (“*PBR*”)

MERALCO

MERALCO is among the Group A entrants to the *PBR*, together with two (2) other private *DUs*.

Rate-setting under *PBR* is governed by the *RDWR*. Under *PBR*, tariffs are set once every Regulatory Period (“*RP*”) based on a rate setting framework which includes the regulatory asset base (“*RAB*”) of each *DU*, and the required operating and capital expenditures to meet operational performance and service level requirements responsive to the need for adequate, reliable and quality power, efficient service, and growth of all customer classes in the franchise area as approved by the *ERC*. *PBR* also employs a mechanism that penalizes or rewards a *DU* depending on its network and service performance.

Rate filings and settings are done on a *RP* basis. One (1) *RP* consists of four (4) Regulatory Years (“*RYs*”). A *RY* for *MERALCO* begins on July 1 and ends on June 30 of the following year.

Maximum Average Price (“*MAP*”) for the 3rd RP

After rate setting process for a *RP*, *MERALCO* goes through a rate verification process to set the *MAP* for each *RY* within the *RP*. In each of *RYs* 2012, 2013, 2014 and 2015, *MERALCO* filed for the respective *MAP* with the *ERC*. The *ERC* provisionally approved the *MAPs* for each of the *RY*.

On April 29, 2022, *MERALCO* received an Order from the *ERC* dated March 8, 2022, which resolved the true-up value of *MERALCO*’s regulatory asset base for the 3rd *RP*. On such basis, the *ERC* adjusted the *MAPs* for *RYs* 2012, 2013, 2014 and 2015. The *ERC* then granted interim relief, which among other things, directed *MERALCO* to implement the refund of ₱7.8 billion or equivalent to ₱0.2583 per *kWh*. *MERALCO* implemented the refund beginning its May 2022 billing. In a Decision dated June 10, 2022, the interim approval of the *ERC* was rendered permanent and *MERALCO* was directed to continue implementing the refund. As at December 31, 2022, the amount has been fully refunded.

Interim Average Rate beginning RY 2016

On July 10, 2015, the *ERC* provisionally approved an interim average rate (“*IAR*”) of ₱1.3810 per *kWh* (excluding efficiency adjustment) and the rate translation per customer class, which was reflected in the customer bills starting July 2015.

In a letter dated July 4, 2019, the *ERC* authorized the continued implementation of the interim average rate but directed *MERALCO*, as well as other *DUs*, to refund any remaining amount pertaining to regulatory reset costs for the previous *RPs*.

On July 13, 2022, *MERALCO* received the June 16, 2022 Decision of the *ERC* which approved a revised and final *IAR* of ₱1.3522 per *kWh* as the final distribution rate for the period from July 1, 2015 to June 30, 2022. The *ERC* likewise approved the corresponding distribution rate structure based thereon. *MERALCO* was authorized to

continue implementing the *ERC*-approved *IAR* of ₱1.3522 per *kWh* until otherwise directed. *MERALCO* implemented the Decision beginning its August 2022 billing.

MERALCO recognized provisions for any resulting over-recoveries. The movements in and the balance of the “Other noncurrent liabilities” and “provision for probable losses and expenses from claims” accounts in the consolidated statements of financial position and consolidated statements of income include these provisions, consistent with the limited disclosure as allowed in Philippine Financial Reporting Standards (“*PFRSs*”) as it may prejudice the position of *MERALCO*.

Distribution Rate True-Up (“DRTU”) Applications

On January 27, 2021, the *ERC* approved *MERALCO*’s application to refund to its customers ₱13,886 million of over-recoveries (*DRTU* 1) representing the difference between the Actual Weighted Average Tariff (“*AWAT*”) for the period July 1, 2015 to November 2020 and the then *IAR* of ₱1.3810 per *kWh*, as provisionally approved by the *ERC* on July 10, 2015.

Thereafter, there were three (3) other *DRTU* refunds ordered: (a) *DRTU* 2 totaling ₱4,837 million representing the difference between the *AWAT* for the period December 2020 to December 2021 and the then *IAR* of ₱1.3810 per *kWh*; (b) *DRTU* 3 of ₱7,755 million related to *3RP* asset true-up adjustments; and (c) *DRTU* 4 amounting to ₱21,769 million based on *ERC* approved revised and final *IAR* of ₱1.3522 per *kWh*.

MERALCO implemented the foregoing refunds. As at December 31, 2022, a total of ₱38.3 billion have been credited to the bills of customers.

As at December 31, 2022, the outstanding balance of *DRTU* for refund amounted to ₱9,581 million, presented as part of “Provisions” under “Trade payables and other current liabilities” account in the consolidated statement of financial position.

CAPEX for 4th RP, RY 2020 to RY 2022

Absent the final rules governing the 4th *RP* and 5th *RP* rate setting, *MERALCO* filed its applications for approval of authority to implement its *CAPEX* program for each of the *RYs* beginning July 1, 2015. This is consistent with the provisions of Section 20(b) of Commonwealth Act No. 146, as amended, otherwise known as the Public Service Act.

Except with respect to partial approval by the *ERC* of the *RY* 2016 *CAPEX* amounting to ₱15,466 million and provisional authority granted by the *ERC* to implement certain projects for *RY* 2017 amounting to ₱8,758 million, all other applications remain pending with the *ERC*. As at February 27, 2023, *MERALCO* is awaiting the final resolution of the *ERC*.

Pending *ERC*’s approval, *MERALCO* manifested several projects as “urgent” or “emergency in nature” and proceeded with the implementation of said *CAPEX*.

Regulatory Reset Process Application

On March 16, 2022, *MERALCO* filed its application for the approval of its annual revenue requirement and performance incentive scheme for the 5th *RP* (July 1, 2022 to June 30, 2026) based on *ERC*-promulgated *RDWR*. As at February 27, 2023, hearings on the case are ongoing.

Clark Electric

Clark Electric is among the four (4) Group D entrants to the *PBR*. Similar to *MERALCO*, it is subject to operational performance and service level requirements approved by the *ERC*. The *RY* for *Clark Electric* begins on October 1 and ends on September 30 of the following year.

3rd and 4th RP PBR Reset for Clark Electric

Pending the issuance by the *ERC* of the final rules to govern the 3rd and 4th *RP*s of Group D entrants, *Clark Electric* continued to bill its customers using the last approved *MAP* for *RY* 2015. Similarly, *Clark Electric* filed and manifested as urgent its *CAPEX* requirements with the *ERC* to be able to implement such projects immediately.

As at February 27, 2023, the applications remain pending with the *ERC*.

Clark Electric recognized provisions for any resulting over-recoveries. The movements in and the balance of the “Other noncurrent liabilities” and “provision for probable losses and expenses from claims” accounts in the consolidated statements of financial position and “consolidated statements of income” include these provisions, consistent with the limited disclosure as allowed in Philippine Financial Reporting Standards (“*PFRSs*”) as it may prejudice the position of *Clark Electric*.

Supreme Court (“SC”) Decision on Unbundling Rate Case

On May 30, 2003, the *ERC* issued an Order approving *MERALCO*’s unbundled tariffs that resulted in a total increase of ₱0.17 per *kWh* over the May 2003 tariff levels. However, on August 4, 2003, *MERALCO* received a Petition for Review of the *ERC*’s ruling filed by certain consumer and civil society groups before the Court of Appeals (“*CA*”). On July 22, 2004, the *CA* set aside the *ERC*’s ruling on *MERALCO*’s rate unbundling and remanded the case to the *ERC*. Further, the *CA* opined that the *ERC* should have asked the Commission on Audit (“*COA*”) to audit the books of *MERALCO*. The *ERC* and *MERALCO* subsequently filed separate motions asking the *CA* to reconsider its decision. As a result of the denial by the *CA* of the motions on January 24, 2005, the *ERC* and *MERALCO* elevated the case to the *SC*.

In an En Banc decision promulgated on December 6, 2006, the *SC* set aside and reversed the *CA* ruling saying that a *COA* audit was not a prerequisite in the determination of a utility’s rates. However, while the *SC* affirmed *ERC*’s authority in rate-fixing, the *SC* directed the *ERC* to request *COA*’s assistance to undertake a complete audit of the books, records and accounts of *MERALCO*. In compliance with the directive of the *SC*, the *ERC* requested *COA* to conduct an audit of the books, records and accounts of *MERALCO* using calendar years 2004 and 2007 as test years.

The COA audit, which began in September 2008, was completed with the submission to the ERC of its report on November 12, 2009.

On February 15, 2010, the ERC issued its Order directing MERALCO and all intervenors in the case to submit, within 15 days from receipt of the Order, their respective comments on the COA report.

On June 21, 2011, the ERC maintained and affirmed its findings and conclusions in its Decision dated March 20, 2003 and Order dated May 30, 2003. The ERC stated that the COA recommendation to apply disallowances under PBR to rate unbundling violates the principle against retroactive rate-making. An intervenor group filed a MR of the said Order. On September 5, 2011, MERALCO filed its comment on the intervenor’s MR. On February 4, 2013, the ERC denied the intervenor’s MR. The intervenor filed a Petition for Review before the CA and MERALCO filed its comment thereon on May 29, 2014. In compliance with the CA’s directive, MERALCO filed its Memorandum in August 2015. In a Resolution dated September 29, 2015, the CA declared the case submitted for decision. In a Decision dated February 29, 2016, the CA dismissed the Petition for Review and affirmed the orders dated June 21, 2011 and February 4, 2013 of the ERC.

On March 22, 2016, the intervenors filed a MR on the CA Decision dated February 29, 2016. The same was denied by the CA through a Resolution dated August 8, 2016.

On October 11, 2016, MERALCO received a Petition for Review on Certiorari filed by the intervenors before the SC appealing the dismissal of its Petition. MERALCO, COA and the ERC have filed their respective comments to the Petition. On June 22, 2017, MERALCO received the Motion for Leave to Intervene and Admit Comment-in-Intervention filed by other DUs that sought to intervene in the case. In a Resolution dated October 3, 2017, the SC granted the Motion for Leave to Intervene and Comment-in-Intervention. On November 13, 2019, MERALCO received a Decision dated October 8, 2019 partially granting the Petition filed by the National Association of Electric Consumers for Reforms Inc. (“NASECORE”), which among other things, (i) voided the adoption by the ERC of the current or replacement cost in the valuation of MERALCO’s RAB; and (ii) remanded the case to ERC to determine, within 90 days from finality of the Decision, (1) the valuation of the RAB of MERALCO; and (2) the parameters whether expenses that are not directly and entirely related to the operation of a DU shall be passed on wholly or partially to consumers.

MERALCO, the other DUs and the ERC filed their respective motions for reconsideration which are pending before the SC. Two (2) new DUs filed their respective motions for leave to intervene and to file their motions for reconsideration. As at February 27, 2023, the case is pending before the SC.

Applications for the Confirmation of Under- or Over-recoveries of Pass-through Charges

MERALCO

The ERC issued resolutions to govern the recovery of pass-through costs, including under- or over-recoveries with respect to the following bill components: generation charge, transmission charge, SL charge, lifeline and inter-class rate subsidies, senior citizen discounts, local franchise and business taxes, including the timelines for DUs to file their respective application and post-verification.

On various dates, the ERC provisionally approved MERALCO’s applications for net over-recoveries of generation, transmission, net lifeline subsidy, SL and net senior citizens discount totalling ₱657.4 million (February 2011 to October 2013) and ₱6,927 million (January 2014 to December 2016). As at February 27, 2023, hearings covering the provisional approval are still ongoing.

Separately, MERALCO also filed for recovery of net under-recoveries of generation charge for special programs of ₱250.7 million, excluding carrying charges, covering the period March 2007 to December 2011. As at February 27, 2023, the ERC has not acted on such application.

Further, on September 1, 2020, MERALCO filed an application with the ERC to confirm its net generation charge under-recoveries of ₱2,382 million, net transmission charge over-recoveries of ₱440 million, net lifeline subsidy over-recoveries of ₱31 million, net SL over-recoveries of ₱971 million, and net senior citizen discount over-recoveries of ₱3 million from January 2017 to December 2019. In an Order dated December 16, 2020, the ERC granted interim relief to implement the refund/collection. MERALCO started implementation of the Order in its January 2021 billing. Hearings have been completed on January 21, 2021.

Clark Electric

Clark Electric filed an application for the approval of the calculations for the Automatic Cost Adjustment and True-up Mechanism for generation, transmission and system loss rates on April 1, 2014 covering the period January 2011 to December 2013 in conformity with ERC resolutions. After a Clarificatory Meeting with the ERC, Clark Electric filed a Manifestation for the implementation of the January 2017 ERC Decision starting in its March 2022 billing. Refund is ongoing.

Clark Electric also completed ERC orders to refund/collect over- and under-recoveries related to generation, transmission, system loss charges covering the years 2014 to 2019.

Application for Approval of the Staggered Recovery and Payment of the Differential Generation Charge for February 2017 Supply

On January 31, 2017, MERALCO filed an Application seeking the ERC’s approval of the staggered recovery and payment scheme for the generation charge for the February 2017 supply month to mitigate the impact of scheduled outages and maintenance of certain generation power plants. On March 6, 2017, the ERC provisionally approved the recovery of the incremental fuel cost through a staggered scheme. The incremental fuel cost was included in the March 2017 until May 2017 billings to customers. As at February 27, 2023, the ERC has not issued its decision.

Application for the Recovery of Differential Generation Costs

On February 17, 2014, MERALCO filed for the recovery of the unbilled generation costs for December 2013 supply month amounting to ₱11,075 million. An amended application was filed on March 25, 2014 to adjust the unbilled generation costs for recovery to ₱1,310 million, following the receipt of the Wholesale Electricity Spot Market (“WESM”) billing adjustments based on regulated Luzon WESM prices. The first hearing was conducted on May 26, 2014. The ERC suspended the proceedings, pending resolution of issues of related cases at the SC

involving generation costs for the November and December 2013 supply months and the regulated *WESM* prices for the said period. As at February 27, 2023, the proceedings remain suspended and *MERALCO* is awaiting further action of the *ERC* on this matter. However, the *SC* issued a Decision dated August 3, 2021 which voided the March 3, 2014 Order of the *ERC* which imposed regulated *WESM* prices for the November and December 2013 supply months. The Decision is now final and executory with the issuance by the *SC* of its Resolution dated October 11, 2022 which denied the motions for reconsideration filed by the *ERC* and the petitioners.

Deferred Purchase Price Adjustment

On October 12, 2009, the *ERC* released its findings on *MERALCO*'s implementation of the collection of the approved pass-through cost under-recoveries for the period June 2003 to January 2007. The *ERC* directed *MERALCO* to refund to its customers ₱268 million of deferred purchased power adjustment (“*PPA*”) transmission line costs related to Quezon Power (Philippines) Limited Company (“*QPPL*”) and deferred accounting adjustments incurred along with ₱184 million in carrying charges, or an equivalent ₱0.0169 per *kWh*. *MERALCO* implemented the refund beginning November 2009 until September 2010. However, the *ERC* has yet to rule on *MERALCO*'s deferred *PPA* under-recoveries of ₱106 million, which is not a transmission line fee. On November 4, 2009, *MERALCO* filed an *MR* with the *ERC*. As at February 27, 2023, the *MR* is still pending resolution by the *ERC*.

Applications for Recovery of Local Franchise Tax (“LFT”)

MERALCO has filed distinct applications with request for provisional authority to implement new *LFT* rates based on Ordinances from the cities of Manila, Quezon, Binan, Makati, Valenzuela, Taguig and Pasig. Some hearings have been completed and are awaiting final approval. Applications for recovery of taxes paid have been filed and pending decision of the *ERC*.

SC Decision on the ₱0.167 per kWh Refund

Following the *SC*'s final ruling that directed *MERALCO* to refund affected customers ₱0.167 per *kWh* for billings made from February 1994 to April 2003, the *ERC* approved the release of the refund in four (4) phases. On December 18, 2015, *MERALCO* filed a Motion seeking the *ERC*'s approval for the continuation of the implementation of the refund to eligible accounts or customers under Phases I to IV, three (3) years from January 1, 2016 or until December 31, 2018. In said Motion, *MERALCO* likewise manifested to the *ERC* that, in order to give eligible customers, the opportunity to claim their refund, and, so as not to disrupt the *SC* Refund process, *MERALCO* shall continue implementing the refund even after the December 2015 deadline, until and unless the *ERC* directs otherwise. In its Order dated December 18, 2019, the *ERC* granted *MERALCO*'s Motion and authorized *MERALCO* to continue with the implementation of the *SC* Refund to eligible accounts or customers under Phases I to IV until June 30, 2019 and submit a proposed scheme on how the unclaimed refund will be utilized for purposes of reducing the distribution rates of customers. On February 18, 2019, *MERALCO* filed a Partial Compliance with Manifestation and Motion. On March 8, 2019, *MERALCO* filed a Compliance with Manifestation and Motion. On July 12, 2019, *MERALCO* filed its Compliance with Manifestation informing the *ERC* that on July 1, 2019, *MERALCO* deposited all the unclaimed amounts of the *SC* Refund as of June 30, 2019 in a separate bank account. *MERALCO* further manifested in said Compliance that it shall continue with the processing of the refund claims of eligible customers and should the refund claims of these customers be evaluated

to be valid, *MERALCO* shall, for the benefit of the customers, withdraw the refund amount from the bank account, release the same to the concerned customers and accordingly inform the *ERC* of the refunds paid. On September 10, 2019, *MERALCO* filed an Urgent Manifestation and Motion with respect to the Order dated December 19, 2018 of the *ERC*. The *ERC* has yet to rule on the Urgent Manifestation and Motion by *MERALCO*. In its letter dated July 23, 2020, *MERALCO* informed the *ERC* of the updated balance of the *SC* Refund. As at February 27, 2023, *MERALCO* continues to process the refund claims of eligible customers.

In a letter dated February 3, 2021, the *ERC* informed *MERALCO* that it will be undertaking an audit and verification of *MERALCO*'s refunds, which included *MERALCO*'s *SC* refund. The audit has been completed and as at February 27, 2023, *MERALCO* is awaiting further action of the *ERC* on the matter.

See Note 20 – Customers’ Refund.

Violation of the ERC’s Advisories during the Enhanced Community Quarantine (“ECQ”) and Modified ECQ

In a Decision dated August 20, 2020, the *ERC* imposed a ₱19 million fine on *MERALCO* for alleged violation of the following *ERC*'s directives: (1) failure to clearly indicate that the bills were estimated; and (2) failure to comply with the mandated installment payment arrangement.

In addition, the *ERC* also directed *MERALCO* to set to zero the distribution, supply, and metering (“*DSM*”) charges of lifeline consumers whose monthly energy consumption do not exceed 100 *kWh* for one (1) month billing cycle effective in the next billing cycle immediately upon receipt of the *ERC* Decision. The cost of the discount shall not be charged to the non-lifeline consumers.

On September 11, 2020, *MERALCO* filed its Motion for Partial Reconsideration with respect to the directive to set to zero the *DSM* charges of lifeline consumers. On the same date, *MERALCO* also paid the ₱19 million fine imposed by the *ERC*. As at February 27, 2023, the Motion for Partial Reconsideration remains pending with the *ERC*. However, *MERALCO* implemented the directive to set to zero the *DSM* charges of lifeline consumers in its October 2020 billing subject to the resolution of its Motion for Partial Reconsideration.

3. **Basis of Preparation and Statement of Compliance**

Basis of Preparation

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for *MERALCO*'s utility plant and others and investment properties acquired before January 1, 2004, which are carried at deemed cost; and fair value through other comprehensive income (“*FVOCI*”) financial assets, which are measured at fair value.

All values are rounded to the nearest million peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of *MERALCO* and its subsidiaries have been prepared in compliance with *PFRSs*.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of *MERALCO* and its directly and indirectly owned subsidiaries, collectively referred to as the *MERALCO Group*. The following table presents such subsidiaries and the respective percentage of ownership:

Subsidiaries	Place of Incorporation	Principal Business Activity	2022		2021	
			Percentage of Ownership			
			Direct	Indirect	Direct	Indirect
Corporate Information Solutions, Inc. ("CIS")	Philippines	e-Transactions	100	–	100	–
Customer Frontline Solutions, Inc. ("CFSI")	Philippines	Teller services	–	95	–	95
CIS Bayad Center, Inc. ("Bayad")	Philippines	Bills payment collection	–	95	–	95
Meralco Energy, Inc. ("MServ")	Philippines	Energy systems management	100	–	100	–
eMeralco Ventures, Inc. ("e-MVI")	Philippines	e-Business development	100	–	100	–
Paragon Vertical Corporation ("Paragon")	Philippines	Information technology ("IT") and multi-media services	–	100	–	100
Radius Telecoms, Inc. ("Radius")	Philippines	Telecommunication services	–	100	–	100
MGen	Philippines	Development of power generation plants	100	–	100	–
Calamba Aero Power Corporation ¹	Philippines	Power generation	–	100	–	100
Atimonan Land Ventures Development Corporation	Philippines	Real estate	–	100	–	100
Atimonan One Energy, Inc. ("A1E") ²	Philippines	Power generation	–	100	–	100
MPG Holdings Phils., Inc.	Philippines	Holding company	–	100	–	100
MPG Asia Limited ("MPG Asia")	British Virgin Islands	Holding company	–	100	–	100
Solvre, Inc. ¹	Philippines	Retail electricity supplier	–	100	–	100
MGen Renewable Energy, Inc. ("MGreen")	Philippines	Renewable energy	–	100	–	100
LagunaSol Corporation ("LagunaSol") ¹	Philippines	Renewable energy	–	100	–	100
Nortesol III Inc. ("NorteSol") ¹	Philippines	Renewable energy	–	70	–	70
Powersource First Bulacan Solar, Inc. ("First Bulacan")	Philippines	Renewable energy	–	60	–	60
Greentech Solar Energy, Inc. ("GSEI")	Philippines	Renewable energy	–	100	–	100
CACI Power Corporation	Philippines	Power generation	–	60	–	60
PH Renewables Inc. ("PHRI")	Philippines	Power generation	–	60	–	60
Greenenergy For Global Inc. ("Greenenergy")	Philippines	Renewable energy	–	57	–	28
GBPC	Philippines	Holding company	–	100	–	100
ARB Power Ventures, Inc.	Philippines	Holding company	–	100	–	100
Toledo Power Company ("TPC")	Philippines	Power generation	–	100	–	100
Toledo Holdings Corporation	Philippines	Real estate	–	100	–	100
Global Trade Energy Resources Corp.	Philippines	Trading of coal	–	100	–	100
Panay Power Holdings Corporation	Philippines	Holding company	–	89	–	89
Panay Energy Development Corporation ("PEDC")	Philippines	Power generation	–	89	–	89
Panay Power Corporation	Philippines	Power generation	–	89	–	89
GBH Power Resources, Inc.	Philippines	Power generation	–	100	–	100

(Forward)

Subsidiaries	Place of Incorporation	Principal Business Activity	2022	2021		
			Percentage of Ownership			
			Direct	Indirect	Direct	Indirect
Global Formosa Power Holdings, Inc.	Philippines	Holding company	–	93	–	93
Cebu Energy Development Corporation ("CEDC")	Philippines	Power generation	–	52	–	52
GESC	Philippines	Retail electricity supplier	–	100	–	100
Mindanao Energy Development Corporation	Philippines	Power generation	–	100	–	100
Global Hydro Power Corporation	Philippines	Power generation	–	100	–	100
Global Luzon Energy Development Corporation ("GLEDC")	Philippines	Power generation	–	57	–	57
Lunar Power Core, Inc.	Philippines	Holding company	–	57	–	57
Global Renewable Power Corporation	Philippines	Renewable energy	–	100	–	100
GBH Power Resources, Inc.	Philippines	Power generation	–	100	–	100
Global Formosa Power Holdings, Inc.	Philippines	Holding company	–	93	–	93
Cebu Energy Development Corporation ("CEDC")	Philippines	Power generation	–	52	–	52
GESC	Philippines	Retail electricity supplier	–	100	–	100
Mindanao Energy Development Corporation	Philippines	Power generation	–	100	–	100
Global Hydro Power Corporation	Philippines	Power generation	–	100	–	100
Global Luzon Energy Development Corporation ("GLEDC")	Philippines	Power generation	–	57	–	57
Lunar Power Core, Inc.	Philippines	Holding company	–	57	–	57
Global Renewable Power Corporation	Philippines	Renewable energy	–	100	–	100
MSpectrum, Inc. ("Spectrum")	Philippines	Renewable energy	100	–	100	–
Vantage	Philippines	Retail electricity supplier	100	–	100	–
Meralco Financial Services Corporation ("Finserve")	Philippines	Property management and leasing	100	–	100	–
Lighthouse Overseas Insurance Limited ("LOIL")	Bermuda	Insurance	100	–	100	–
MRAIL, Inc. ("MRail")	Philippines	Engineering, construction and maintenance of mass transit system	100	–	100	–
eSakay, Inc. ("eSakay")	Philippines	Maintenance and operation of transport service networks	100	–	100	–
MIESCOR ²	Philippines	Engineering, construction and consulting services	100	–	99	–
Miescor Builders Inc. ("MBI")	Philippines	Electric transmission and distribution operation and maintenance services	–	100	–	99
Miescor Logistics Inc. ("MLI")	Philippines	General services, manpower/maintenance	–	100	–	99
Miescor Infrastructure Development Corporation ("MIDC") ³	Philippines	Construction and leasing of communication towers and other infrastructure	–	51	–	99
Clark Electric	Philippines	Power distribution	65	–	65	–
Clarion Energy Management Inc. ("Clarion") ¹	Philippines	Retail electricity supplier	–	65	–	65
Comstech	Philippines	Management of power distribution	60	–	60	–
MeridianX Inc.	Philippines	Retail electricity supplier	–	60	–	60
Meridian Power Ventures Limited ("MPV Limited") ¹	Hongkong	Investment holdings	100	–	100	–
Shin Clark	Philippines	Holding company	60	–	60	–
Shin Clark Power	Philippines	Power distribution	–	54	–	–
Phoenix Power ¹	Philippines	Retail electricity supplier	100	–	100	–

¹ Has not started commercial operations.

² MIESCOR Retirement Fund has less than 1% equity interest in MIESCOR.

³ On April 8, 2022, MIESCOR signed a 51%-49% joint venture agreement with Connect Infrastructure (Philippines) Pte. Limited, to develop a common tower business and use MIDC as the vehicle.

The *MERALCO Group* controls an investee if and only if it has (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect its returns.

When the *MERALCO Group* has less than majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and (c) the *MERALCO Group*’s voting rights and potential voting rights.

The *MERALCO Group* re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control. Consolidation of a subsidiary begins when the *MERALCO Group* obtains control over the subsidiary and ceases when it loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date it gains control until the date it ceases to control the subsidiary.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events with similar circumstances. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not attributed, directly or indirectly, to *MERALCO*.

Non-controlling interests is presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if such results in a deficit.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. In transactions where the non-controlling interest is acquired or sold without loss of control, any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized as part of “Equity reserve” account in the equity attributable to the equity holders of the parent.

If the *MERALCO Group* loses control over a subsidiary, it: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interest; (c) derecognizes the cumulative translation adjustments deferred in equity; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies *MERALCO*’s share of components previously recognized in the consolidated statement of comprehensive income to the consolidated statement of income.

Business Combination

Effective March 31, 2021, *MGen* has a 100% interest in *GBPC* upon the acquisition of the combined 86% interests of Beacon Powergen Holdings Inc. (“*BPHI*”), a wholly owned subsidiary of *Metro Pacific* and *JG Summit* in *GBPC* to *MGen* for consideration of ₱21,212 million and ₱11,363 million, respectively, net of adjustments in accordance with the terms of the respective Share Purchase Agreements (“*SPA*”).

In 2022, *MGen* settled 100% of the total purchase price consideration in accordance with the terms of *SPA*.

The details of the purchase consideration are as follows:

	Amounts In millions
Cash paid	₱19,545
Liability	13,030
Total purchase consideration	₱32,575

The net assets recognized in the December 31, 2021 financial statements were based on a provisional assessment of their fair values while *MERALCO* sought an independent valuation for the land and buildings owned by *GBPC*. The valuation had not been completed on the date the 2021 consolidated financial statements were approved for issue by the *BOD*.

In March 2022, the valuation was completed and the 2021 comparative information was restated to reflect the adjustments to the provisional amounts. The fair values of the assets and liabilities of *GBPC* as at the date of acquisition are as follow (amounts in millions):

	As previously reported	As restated
Generation plant and others	₱47,218	₱46,765
Investment in associates	10,447	10,314
Intangible assets	13,833	13,500
Deferred tax assets	765	682
Cash and cash equivalents	9,584	9,584
Trade and other receivables	5,247	5,247
Inventories	2,197	2,197
Other assets	2,153	3,288
Interest-bearing long-term financial liabilities	(28,323)	(28,323)
Deferred tax liabilities	(5,265)	(5,502)
Retirement benefits liability	(1,055)	(1,055)
Trade and other payables	(7,518)	(7,529)
Other liabilities	(1,932)	(1,932)
Net identifiable assets acquired	47,351	47,236
Less:		
Non-controlling interests	9,474	9,359
Fair value of pre-existing 14% ownership in <i>GBPC</i>	5,302	5,302
Net assets acquired	₱32,575	₱32,575

MERALCO elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree’s identifiable net assets.

The remeasurement of the fair value of *MGen*’s existing 14% ownership in *GBPC* resulted in a gain of ₱228 million. This amount has been recognized as part of “Other income” account in the 2021 consolidated statement of income.

From the date of acquisition, *GBPC* contributed ₱18,191 million of revenue and ₱306 million net income in *MERALCO Group*’s revenues and net income, respectively, in 2021. If the acquisition had taken place at the beginning of 2021, the *MERALCO Group*’s consolidated revenues and net income would have been ₱323,559 million and ₱24,666 million, respectively.

4. Significant Accounting Policies, Changes and Improvements

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of previous year except with respect to the adoption of the following new standards and amendments and improvements to existing standards, which were effective beginning January 1, 2022.

Amendments to PFRS 3, Reference to the Conceptual Framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of *PFRS 3, Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of *PAS 37, Provisions, Contingent Liabilities and Contingent Assets* or *Philippine-IFRIC 21, Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to *PFRS 3* to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting years beginning on or after January 1, 2022 and apply prospectively. The amendments do not have material effect on the consolidated financial statements of the *MERALCO Group*.

Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit entities from deducting the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting years beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest year presented when the entity first applies the amendment.

The amendments do not have impact on the consolidated financial statements of the *MERALCO Group*.

Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting years beginning on or after January 1, 2022. The amendments do not have material impact on the consolidated financial statements of the *MERALCO Group*.

Annual Improvements to PFRSs 2018-2020 Cycle

Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of *PFRS 1* to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to *PFRS*. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of *PFRS 1*.

The amendment is effective for annual reporting years beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have material impact on the consolidated financial statements of the *MERALCO Group*.

Amendments to PFRS 9, Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting year in which the entity first applies the amendment.

The amendment is effective for annual reporting years beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have material impact on the consolidated financial statements of the *MERALCO Group*.

Amendments to PAS 41, Agriculture, Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of *PAS 41* that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of *PAS 41*.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting year beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have material impact on the consolidated financial statements of the *MERALCO Group*.

Effective beginning on or after January 1, 2023

Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under *PAS 12*, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative year presented for annual reporting periods on or after January 1, 2023. The amendments are not expected to have a material impact on the consolidated financial statements of the *MERALCO Group*.

Amendments to PAS 8, Definition of Accounting Estimates

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the consolidated financial statements of the *MERALCO Group*.

Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to *PAS 1* are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on *MERALCO Group*.

Effective beginning on or after January 1, 2024

Amendments to PAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify paragraphs 69 to 76 of *PAS 1, Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting year
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting years beginning on or after January 1, 2024 and must be applied retrospectively.

The *MERALCO Group* is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

PFRS 17, Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, *PFRS 17* will replace *PFRS 4, Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of *PFRS 17* is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in *PFRS 4*, which are largely based on grandfathering previous local accounting policies, *PFRS 17* provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of *PFRS 17* is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the *FRSC* amended the mandatory effective date of *PFRS 17* from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of *PFRS 17* by two (2) years after its effective date as decided by the *IASB*.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The *MERALCO Group* is currently assessing the impact the amendments will have on current practice and whether existing insurance contract may require renegotiation.

Deferred Effectivity

Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between *PFRS 10* and *PAS 28* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in *PFRS 3*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors’ interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the *IASB* completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The *MERALCO Group* is currently assessing the impact of adopting the amendments.

Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are as follows:

Utility Plant, Generation Plant and Others

Utility plant, generation plant and others, except land, are stated at cost, net of accumulated depreciation, amortization and impairment losses, if any. Costs include the cost of replacing part of such utility plant, generation plant and other properties when such cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognized as incurred in the consolidated statement of income. The present value of the expected cost for the decommissioning of the asset after use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is stated at cost less any impairment in value.

The *MERALCO Group’s* utility plant, generation plant and others acquired before January 1, 2004 are stated at deemed cost. The revalued amount recorded as at January 1, 2004 was adopted as deemed cost as allowed by the transition provisions of *PFRS 1*. The balance of revaluation increment was closed to the retained earnings account.

See *Note 16 – Equity* for the related discussion.

Depreciation and amortization of utility plant, generation plant and others are computed using the straight-line method over the following estimated useful lives:

Asset Type	Estimated Useful Lives
Subtransmission and distribution	10-40 years, depending on the life of the significant parts
Boilers and powerhouse	3-25 years
Communication towers, buildings and improvements	15-40 years
Data transmission cables and communication equipment	5-15 years
Office furniture, fixtures and other equipment	5-20 years
Transportation equipment	5-10 years
Others	2-20 years

An item of utility plant, generation plant and others is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising as a result of the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

The asset’s residual values, useful lives and methods of depreciation and amortization are reviewed, and adjusted prospectively, if appropriate, at each reporting year to ensure that the residual values, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of utility plant, generation plant and others.

Construction in Progress

Construction in progress is stated at cost, which includes cost of construction, plant and equipment, capitalized borrowing costs and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are substantially completed and available for their intended use.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the qualifying asset for its intended use or sale have been undertaken and expenditures and borrowing costs have been incurred. Borrowing costs are capitalized until the asset is substantially completed and available for its intended use.

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as any exchange differences arising from any foreign currency denominated borrowings used to finance the projects, to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are expensed as incurred.

Investments in Associates and Interests in Joint Ventures

An associate is an entity where *MERALCO Group* has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and interests in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost.

Under the equity method, the investment in an associate or interest in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

If the *MERALCO Group*'s share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the *MERALCO Group* discontinues recognizing its share of further losses. The interest in an associate or joint venture is the carrying amount of the investment or joint venture determined using the equity method together with any long-term interest that in substance forms part of the *MERALCO Group*'s net investment in associate or joint venture. After the *MERALCO Group*'s interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the *MERALCO Group* has incurred legal or constructive obligation or made payments in behalf of the associate of joint venture. If the associate or joint venture subsequently reports profits, the *MERALCO Group* resumes recognizing its share of their profits only after its share of the profit equals the share of loss not recognized.

The consolidated statement of income reflects the *MERALCO Group*'s share in the results of operations of the associate or joint venture. Any change in the other comprehensive income (“OCI”) of those investees is presented as part of the *MERALCO Group*'s OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the *MERALCO Group* recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the

MERALCO Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the *MERALCO Group*'s share in the profit or loss of its associates and joint ventures is shown on the face of the consolidated statement of income and represents profit or loss after tax.

The financial statements of the associate or joint venture are prepared for the same reporting year as the *MERALCO Group*. When necessary, adjustments are made to bring the accounting policies in line with those of the *MERALCO Group*.

After application of the equity method, the *MERALCO Group* determines whether it is necessary to recognize an impairment loss on its investment in associate or interest in joint venture. At each reporting date, the *MERALCO Group* determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the *MERALCO Group* calculates the amount of impairment as the difference between the recoverable amount of the investment in associate or interest in joint venture and its carrying value, then recognizes the loss as part of equity in net earnings of an associate or a joint venture in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the *MERALCO Group* measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the investment in associate or interest in joint venture upon loss of significant influence or joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the *MERALCO Group* elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs in a business combination are recognized as expense.

When a business is acquired, an assessment is made of the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at acquisition date and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability will be recognized in accordance with *PFRS 9* in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree, over the fair value of net identifiable assets acquired. If the difference is negative, such difference is recognized as gain in the consolidated statement of income.

If the initial accounting for a business combination is incomplete by the end of the reporting date in which the business combination occurs, the provisional amounts of the items for which the accounting is incomplete are reported in the consolidated financial statements. During the measurement period, which shall be no longer than one (1) year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new facts and circumstances obtained that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, additional assets or liabilities are also recognized if new information is obtained about facts and circumstances that existed as at the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as at that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units, beginning on the acquisition date.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of, is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in such circumstance is measured based on relative values of the operation disposed and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for similar to the pooling-of-interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling company. Any difference between the consideration paid and the share capital of the “acquired” entity is reflected within equity as additional paid-in capital. The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities were under common control.

Investment Properties

Investment properties, except land, are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. The carrying amount includes transaction costs and costs of replacing part of an existing investment property at the time such costs are incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties include properties that are being constructed or developed for future use.

Land classified as investment property is carried at cost less any impairment in value.

The *MERALCO Group*’s investment properties acquired before January 1, 2004 are stated at deemed cost.

See *Note 16 – Equity* for the related discussions.

Investment properties, except land, are being depreciated on a straight-line basis over the useful life of 40 years.

Investment properties are derecognized either when they have been disposed of or when these are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss from the derecognition of the investment properties is recognized in the consolidated statement of income in the year these are disposed or retired.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or the commencement of an operating lease to another party. If owner-occupied property becomes an investment property, the *MERALCO Group* accounts for such property in accordance with the policy stated under utility plant, generation plant and others up to the date of the change in use. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or the commencement of development with a view to sale. Transfers from investment property are recorded using the carrying amount of the investment property as at the date of change in use.

Intangible Assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed at the individual asset level as having either finite or indefinite useful lives.

Intangible assets with finite lives are amortized over the useful economic lives of five (5) to 30 years using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life or the expected consumption pattern of future economic benefit embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as change in accounting estimates. The amortization expense of intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment annually either individually or at the cash-generating unit level. The assessment of intangible assets with indefinite useful life is done annually at every reporting date to determine whether such indefinite useful life continues to exist. Otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of income.

Intangible assets generated within the business are not capitalized and expenditures are charged to profit or loss in the year these are incurred.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either (a) in the principal market for the asset or liability, or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the *MERALCO Group*.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The *MERALCO Group* uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ii. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- iii. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the *MERALCO Group* determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the *MERALCO Group* has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Impairment of Nonfinancial Assets

The *MERALCO Group* assesses at each reporting date whether there is an indication that a nonfinancial asset [utility plant, generation plant and others, intangible assets, investment properties, investments in associates and interests in joint ventures and receivable from the Bureau of Internal Revenue (“*BIR*”)] other than goodwill and intangible assets with indefinite useful life, may be impaired. If any such indication exists, the *MERALCO Group* makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an individual asset’s or a cash generating unit’s fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable

amount. The fair value is the amount obtainable from the sale of the asset in an arm’s-length transaction. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation factors/parameters, quoted share prices for publicly traded securities or other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the *MERALCO Group* estimates the individual asset’s or cash generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If a reversal of impairment loss is to be recognized, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset in prior year. Such reversal is recognized in the consolidated statement of income. After such reversal, the depreciation and amortization expense are adjusted in future years to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Intangible assets with indefinite useful lives are tested for impairment annually at every reporting date or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired, either individually or at the cash generating unit level, as appropriate. The amount of impairment is calculated as the difference between the recoverable amount of the intangible asset and its carrying amount. The impairment loss is recognized in the consolidated statement of income. Impairment losses relating to intangible assets may be reversed in future years.

Goodwill is reviewed for impairment annually at every reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. Where the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount of the cash generating unit or group of cash generating units to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill shall not be reversed in future years.

If the allocation of goodwill acquired in a business combination to cash generating units or group of cash generating units is incomplete, an impairment testing of goodwill is only carried out when impairment indicators exist. Where impairment indicators exist, impairment testing of goodwill is performed at a level at which the acquirer can reliably test for impairment.

Financial Instruments - Initial Recognition and Subsequent Measurement

Financial Assets

Initial Recognition and Measurement

At initial recognition, financial assets are classified and measured at amortized cost, *FVOCI*, and fair value through profit or loss (“*FVPL*”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the *MERALCO Group*’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the *MERALCO Group* initially measures a financial asset at its fair value, and in the case of a financial asset not at *FVPL*, plus transaction costs.

In order for a financial asset to be classified and measured at amortized cost or *FVOCI*, it needs to give rise to cash flows that are solely payments of principal and interest (“*SPPI*”) on the principal amount outstanding. This assessment is referred to as the *SPPI* test and is performed at an instrument level.

The *MERALCO Group*’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the *MERALCO Group* commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at *FVOCI* with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at *FVOCI* with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at *FVPL*

Financial Assets at Amortized Cost (Debt Instruments)

This category is the most relevant to the *MERALCO Group*. The *MERALCO Group* measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are *SPPI* on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (“*EIR*”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The *MERALCO Group*’s financial assets at amortized cost include cash and cash equivalents, trade and other receivables, short-term investments, debt securities at amortized cost and advance payments to a supplier.

Financial Assets at FVOCI (Debt Instruments)

The *MERALCO Group* measures debt instruments at *FVOCI* if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are *SPPI* on the principal amount outstanding.

For debt instruments at *FVOCI*, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in *OCI*. Upon derecognition, the cumulative fair value change recognized in *OCI* is recycled to profit or loss. The *MERALCO Group*’s debt instruments at *FVOCI* include investments in government securities and investments in corporate bonds.

Financial Assets Designated at FVOCI (Equity Instruments)

Upon initial recognition, the *MERALCO Group* can elect to classify irrevocably its equity investments as equity instruments designated at *FVOCI* when they meet the definition of equity under *PAS 32, Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right to receive payment has been established, except when the *MERALCO Group* benefits from such proceeds as a partial recovery of the cost of the financial asset, in which case, such gains are recorded in *OCI*. Equity instruments designated at *FVOCI* are not subject to impairment assessment.

The *MERALCO Group* elected to classify irrevocably its non-listed equity investments and investment in club shares under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the *MERALCO Group*’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- The *MERALCO Group* has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the *MERALCO Group* has transferred substantially all the risks and rewards of the asset, or (b) the *MERALCO Group* has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the *MERALCO Group* has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the *MERALCO Group* continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the *MERALCO Group* also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the *MERALCO Group* has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the *MERALCO Group* could be required to repay.

Modification of Financial Assets

The *MERALCO Group* derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The *MERALCO Group* considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the *MERALCO Group* considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered “solely payment for principal and interest”

The *MERALCO Group* also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the *MERALCO Group* considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the *MERALCO Group* recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original *EIR* (or credit-adjusted *EIR* for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of comprehensive income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset

is classified as Stage 1 for *ECL* measurement purposes, unless the new financial asset is deemed to be purchased or originated credit-impaired financial assets (“*POCI*”).

Impairment of Financial Assets

The *MERALCO Group* recognizes an allowance for expected credit losses (“*ECLs*”) for all debt instruments not held at *FVPL*. *ECLs* are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the *MERALCO Group* expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, *ECLs* are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month *ECL*). For those credit exposures for which there has been a significant increase in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime *ECL*).

Financial assets are credit-impaired when one (1) or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime *ECLs* are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

For trade receivables and contract assets, *MERALCO* applies a simplified approach in calculating *ECLs*. Therefore, *MERALCO* does not track changes in credit risk, instead recognizes a loss allowance based on lifetime *ECLs* of each customer segment (e.g. residential, commercial, industrial, etc.) at each reporting date. *MERALCO* has established a provision matrix that is based on its current credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In determining the *ECLs* of trade receivables, the credit loss experience for each contract status of customers for the current year, adjusted for forwarding looking factors as well as the economic environment was considered.

For debt instruments, the *MERALCO Group* applies the low credit risk simplification. At every reporting date, the *MERALCO Group* evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the *MERALCO Group* reassesses the internal credit rating of the debt instrument. In addition, the *MERALCO Group*

considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The *MERALCO Group*'s debt instruments at *FVOCI* comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the *MERALCO Group*'s policy to measure *ECLs* on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the expected lifetime credit losses.

Credit losses are recognized based on 12-month *ECL* for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term, may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

At each reporting date, the *MERALCO Group* assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The *MERALCO Group* considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the *MERALCO Group*'s investment grade criteria, are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month *ECL*. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the *MERALCO Group* from the time of origination.

An exposure will migrate through the *ECL* stages as asset quality deteriorates. If, in a subsequent year, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime *ECL* to 12-months *ECL*.

MERALCO considers a financial asset in default when contractual payments are 300 days past due (average days to terminate customer contract). In certain cases, the *MERALCO Group* may also consider a financial asset to be in default when internal or external information indicates that the *MERALCO Group* is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the *MERALCO Group*. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at *FVPL*, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The *MERALCO Group*'s financial liabilities include interest-bearing long-term financial liabilities, customer deposits and refunds, refundable service extension costs, notes payable and trade and other payables.

Subsequent Measurement

Financial liabilities at FVPL

Financial liabilities at *FVPL* include financial liabilities held for trading and financial liabilities designated upon initial recognition as at *FVPL*.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the *MERALCO Group* that are not designated as hedging instruments in hedge relationships as defined by *PFRS 9*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at *FVPL* are designated at the initial date of recognition, and only if the criteria in *PFRS 9* are satisfied. The *MERALCO Group* has not designated any financial liability as at *FVPL*.

Loans and borrowings

This is the category most relevant to the *MERALCO Group*. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the *EIR* method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the *EIR* amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the *EIR*. The *EIR* amortization is included as finance costs in the consolidated statement of income. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same

lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Exchange or Modification of Financial Liabilities

The *MERALCO Group* considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the *MERALCO Group* recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original *EIR* and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

The *MERALCO Group* has not availed of any reliefs and has not renegotiated the terms of its existing loan agreements with its lenders.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Redeemable Preferred Stock

MERALCO’s peso-denominated redeemable preferred stock has characteristics of a liability and is thus recognized as a liability in the consolidated statement of financial position. The corresponding dividends on those shares are recognized as part of “Interest and other financial charges” account in the consolidated statement of income. Dividends no longer accrue when such shares have been called for redemption.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of acquiring materials and supplies including costs incurred in bringing each item to their present location and condition are accounted using the moving average and weighted average cost method, as applicable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost to sell or the current replacement cost of the asset.

Prepayments

Prepayments are expenses paid in advance and recorded as asset before they are utilized. Prepayments that are expected to be realized within 12 months from the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Value-Added Tax (“VAT”)

Input *VAT* pertains to the 12% indirect tax paid in the course of trade or business on purchases of goods or services.

Output *VAT* pertains to the 12% tax due on the local sale of goods or services.

If at the end of any taxable month, the output *VAT* exceeds the input *VAT*, the outstanding balance is included under “Trade payables and other current liabilities” account. If the input *VAT* exceeds the output *VAT*, the excess shall be carried over to the succeeding months and included under “Financial and other current assets” account.

Provisions

Provisions are recognized when the *MERALCO Group* has a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *MERALCO Group* expects a provision, or a portion, to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liabilities.

Retirement Benefits

MERALCO and certain subsidiaries have distinct, funded, noncontributory defined benefit retirement plans covering all permanent employees. *MERALCO*'s retirement plan provides for post-retirement benefits in addition to a lump sum payment to employees hired as at December 31, 2003. Retirement benefits for employees of *MERALCO* hired beginning January 1, 2004 were amended to provide for a defined lump sum payment only upon retirement of qualified employees. *MERALCO* also has a contributory provident plan introduced in January 2009 whereby employees hired beginning January 1, 2004 may elect to participate.

The net defined benefit liability or asset of the retirement plan is the aggregate of the present value of the defined benefit obligation at the end of the reporting date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise of (i) service costs; (ii) net interest on the net defined benefit liability or asset; and (iii) remeasurements of the net defined benefit liability or asset.

Service costs, which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the year in the net defined benefit liability or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in *OCI* in the year in which they arise. Remeasurements are not reclassified to profit or loss in subsequent year.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the *MERALCO Group*, nor can they be paid directly to the *MERALCO Group*. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The *MERALCO Group*'s right to be reimbursed for some or all of the expenditures required to settle a defined benefit obligation is recognized as a separate asset at fair value when, and only when, reimbursement is virtually certain.

The retirement costs under the defined contribution plan are recorded based on *MERALCO Group*'s contribution to the defined contribution plan as services are rendered by the employee.

Termination Benefits

Termination benefits are provided in exchange for its severance as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlements

Employee entitlements to annual leave are recognized as a liability when such accrues to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the reporting year is recognized for services rendered by employees up to the end of the reporting year.

Unused sick leaves are accumulated, up to a certain limit, and commuted to cash upon separation or retirement. An actuarial valuation of the obligations on the accumulated unused sick leaves is conducted periodically in accordance with the relevant accounting standards.

Long-term Incentive Plan

The liability relating to the long-term incentive plan comprises the present value of the obligation at the end of the reporting date.

Equity

Common stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown as a deduction from equity, net of any related tax. The amount of proceeds and/or fair value of consideration received, net of incremental costs incurred directly attributable to the issuance of new shares in excess of par value, is recognized as additional paid-in capital.

Employee stock purchase plan cost represents the cumulative compensation expense recognized based on the amount determined using an option pricing model.

Change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction and presented as "Equity Reserve" in the consolidated statement of financial position.

OCI comprises items of income and expense, which are not recognized in profit or loss as required or permitted by *PFRS*.

Cumulative translation adjustment represents the resulting exchange differences in the remeasurement of accounts due to change in functional currency.

Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the *MERALCO Group*’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Retained earnings include net income attributable to the equity holders of the Parent, reduced by dividends declared on common stock. Dividends are recognized as liability and deducted from retained earnings when they are declared. Dividend declarations approved after the financial reporting date are disclosed as events after the financial reporting date.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not attributed, directly or indirectly, to *MERALCO*.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the *MERALCO Group* expects to be entitled in exchange for those goods or services. The *MERALCO Group* assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. *MERALCO Group* has concluded that it is acting as principal in majority of its revenue arrangements.

The following specific recognition criteria must also be met before revenue from contracts with customers is recognized:

Sale of Electricity

As distribution utilities, revenues are recognized upon supply of power to the customers and are stated at amounts invoiced to customers, inclusive of pass-through components, and net of discounts and/or rebates. The Uniform Filing Requirements (“*UFR*”) on the rate unbundling released by the *ERC* on October 30, 2001 specified the following bill components: (a) generation charge, (b) transmission charge, (c) *SL* charge, (d) distribution charge, (e) supply charge, (f) metering charge, (g) Currency Exchange Rate Adjustment (“*CERA*”) I and II, where applicable and (h) inter-class rate and lifeline subsidies. *VAT*, business taxes such as *LFT*, *RPT* (beginning March 2021), the Power Act Reduction (for residential customers) adjustment, universal charges, and Feed-in-Tariff - Allowance (“*FiT-All*”) are also separately presented in the customer’s billing statement. Taxes billed and collected on behalf of the national governments and local government units, universal charges and *FiT-All* [billed and collected on behalf of Power Sector Assets and Liabilities Management Corporation (“*PSALM*”) and National Transmission Corporation (“*TransCo*”), respectively] do not form part of *MERALCO* and *Clark Electric*’s revenues. Revenues are adjusted for the over and/or under-recoveries of pass-through charges.

Revenue from Contracts with Customers - Recognized Over Time

The *MGen Group* has contracts with customers in the form of Electric Power Purchase Agreement (“*EPPAs*”), Ancillary Services Procurement Agreement (“*ASPAs*”), and sale of electricity to *WESM*.

The *MGen Group* recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The *MGen Group* determines, at contract inception, whether it will transfer control of a promised good or service over time. If the *MGen Group* does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from contracts with customers is consummated whenever the electricity generated by the *MGen Group* is transmitted through the transmission line designated by the buyer, for a consideration.

Revenue from sale of electricity is recognized monthly based on the actual energy delivered and made available to customers or minimum energy off take or contracted capacity, adjusted by actual days of downtime, whichever is higher.

Revenue from sale of electricity through ancillary services to the National Grid Corporation of the Philippines (“*NGCP*”) is recognized monthly based on the capacity scheduled and/or dispatched and provided.

Energy fees derived from trading operations are recognized based on actual delivery of such electricity supplied and made available to customers multiplied by the applicable tariff rate as agreed with its customers.

Revenue from Contracts with Customers - Recognized at the Point in Time

Revenues from the following are recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods:

Coal Sales

Coal sales are recognized at point in time when the coal is delivered, the legal title has passed to the customer. Coal sales are presented as part of sale of electricity in the consolidated statement of income.

Service Fees

Service fee pertains to fees charged to customers and clients for coal transaction related services. The service fee is recognized at point in time. Service fees are presented as part of sale of other services in the consolidated statement of income.

Sale of Services

The *MERALCO Group* recognizes revenue from construction contracts over time on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining

goods or services promised under the contract (output method). Progress is measured based on the monthly project accomplishment which integrates the performance to date of the construction activities.

Construction contracts are generally accounted for as a single performance obligation and are not segmented between types of services. For engineering and construction contracts, these two (2) are combined into one performance obligation since these are not distinct within the context of the contract. The combined performance obligation qualifies as a good or service (or a bundle of goods or services) that is distinct.

Interest Income

Interest income is recognized as interest accrues, using the *EIR* method. The *EIR* is the rate that discounts estimated future cash receipts through the expected life of the financial instrument.

Lease Income

Income arising from lease of investment properties, communication tower assets and pole positions is accounted for on a straight-line basis over the lease term.

Lease income is included under “Revenues – Sale of other services” account in the consolidated statement of income.

Receivables

Receivables represent the *MERALCO Group*’s right to all amounts of consideration that are unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the *MERALCO Group* performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

The *MERALCO Group*’s contract assets include unbilled receivables and under-recoveries of pass-through charges.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the *MERALCO Group* has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the *MERALCO Group* transfers good or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the *MERALCO Group* performs under the contract.

The following are considered as contract liabilities:

Assets Funded by Customers

In accordance with the Distribution Services and Open Access Rule (“*DSOAR*”), the costs of non-standard connection facilities to connect the customers to *MERALCO*’s distribution network and to provide the customers with ongoing access to the supply of electricity are funded by the customers. *MERALCO* assesses whether the constructed or acquired non-standard connection facilities meet the definition of an asset in accordance with *PAS 16*. If the definition of an asset is met, *MERALCO* recognizes such asset at its acquisition or construction cost with an equivalent credit to the liability account. Such liability to the customers is included under “Other noncurrent liabilities” account in the consolidated statement of financial position, and is recognized as income over the average duration of relationship with the customer. Assets funded by customers do not form part of *MERALCO*’s regulatory asset base until amounts are refunded.

Net Over-recoveries of Pass-through Charges

Generation, transmission and *SL* over-recoveries which resulted from the difference in the power suppliers’ billings and recovery of such pass-through costs from consumers are included in “Other noncurrent liabilities” account in the consolidated statement of financial position.

Cost and Expense Recognition

Expenses are decreases in economic benefits during the financial reporting date in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized when incurred.

MERALCO Group recognizes contract costs relating to satisfied performance obligations as these are incurred. Contract costs principally include all direct materials, labor costs and indirect costs related to contract performance. Project mobilization costs and incremental costs of obtaining a contract with a customer are recognized as an asset if the *MERALCO Group* expects to recover them and the contract term is for more than one year. The project mobilization costs and costs of obtaining a contract are amortized over the expected construction period following the pattern of revenue recognition. Costs incurred prior to obtaining a contract with a customer are not capitalized but are expensed as incurred. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenues. The amount of such loss is determined irrespective of whether or not work has commenced on the contract, based on the stage of completion of the contract activity, or the amount of profits expected to arise on other contracts which are not treated as a single construction contract.

Total contract costs incurred and estimated earnings recognized in excess of total billings are recognized as an asset.

Lease Liabilities

At the commencement date of the lease, the *MERALCO Group* recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or

a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the *MERALCO Group* and payments of penalties for terminating a lease, if the lease term reflects the *MERALCO Group* exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the year which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the *MERALCO Group* uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The *MERALCO Group* applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases

The *MERALCO Group* considers whether a contract is, or contains a lease at the inception of a contract. A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange of a consideration.

Company as Lessee

At commencement date of the lease, the *MERALCO Group* recognizes a right-of-use (“*ROU*”) asset and a corresponding lease liability on the statements of financial position, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the *MERALCO Group* recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liability is measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease (if readily available) or the *MERALCO Group*’s incremental borrowing rate. Incremental borrowing rate is the rate of interest that the *MERALCO Group* would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

Lease payments included in the measurement of the lease liability consists of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the *ROU* asset, or profit and loss if the *ROU* asset is already reduced to zero.

ROU asset is measured at cost, which consist of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The *MERALCO Group* depreciates *ROU* assets on a straight-line basis using the expected useful life or lease term whichever is shorter. The *MERALCO Group* also assesses the *ROU* asset for impairment when such indicators exist.

Company as Lessor

Leases where the *MERALCO Group* does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which these are earned.

Foreign Currency-Denominated Transactions and Translations

The consolidated financial statements are presented in Philippine peso, which is also *MERALCO*’s functional and presentation currency. The Philippine peso is the currency of the primary economic environment in which the *MERALCO Group* operates, except for *LOIL* and *MPG Asia*. This is also the currency that mainly influences the revenue from and cost of rendering services. Each entity in the *MERALCO Group* determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of *LOIL* and *MPG Asia* is the United States (“*U.S.*”) dollar.

Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated using functional currency closing rate of exchange prevailing at the end of the reporting date. All differences are recognized in the consolidated statement of income except for foreign exchange differences that relate to capitalizable borrowing costs on qualifying assets. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the date of the initial transactions.

As at the reporting date, the monetary assets and liabilities of subsidiaries, *LOIL* and *MPG Asia* whose functional currency is other than Philippine peso, are translated into Philippine peso at the rate of exchange prevailing at the end of the reporting date, and income and expenses are translated monthly using the weighted average exchange rate for the month. The exchange differences arising on translation are recognized as a separate component of *OCI*

as cumulative translation adjustments. On the disposal of a subsidiary, the amount of cumulative translation adjustments recognized in *OCI* is recognized in the consolidated statement of income.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the income tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent these have become probable that future taxable profit will allow the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the assets are realized or the liabilities are settled, based on tax rates and tax laws that are enacted or substantively enacted as at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax items are recognized in correlation to the underlying transaction either in profit or loss or directly in equity.

Earnings per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the parent by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to equity holders of the parent by the weighted average number of shares outstanding, adjusted for the effects of any dilutive potential common shares.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized unless the realization of the assets is virtually certain. These are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post reporting date events that provide additional information about the *MERALCO Group's* financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post reporting date events that are non-adjusting events are disclosed in the notes to consolidated financial statements, when material.

5. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the *MERALCO Group's* consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent assets and liabilities, at the end of the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the assets or liabilities affected in future years.

Judgments

In the process of applying the *MERALCO Group*'s accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of Functional Currency

The functional currencies of the entities under the *MERALCO Group* are the currencies of the primary economic environment in which each entity operates. It is the currency that mainly influences the revenue and cost of rendering services.

Based on the economic substance of the underlying circumstances, the functional and presentation currency of *MERALCO* and its subsidiaries, except *LOIL* and *MPG Asia*, is the Philippine peso. The functional and presentation currency of *LOIL* and *MPG Asia* is the U.S. dollar.

Uncertain Tax Position

The *MERALCO Group* assesses whether it has any uncertain tax position in accordance with *IFRIC 23*. The *MERALCO Group* applies significant judgement in identifying uncertainties over its income tax treatments. The *MERALCO Group* determined, based on its review and assessment of its income tax computations and filings, in consultation with external tax expert, that it is not probable that its uncertain tax treatments will be accepted by the taxation authorities. The *MERALCO Group* quantified the effect of each uncertain tax treatment using the most likely amount which the *MERALCO Group* expects to better predict the resolution of the uncertainty.

Operating Lease Commitments

As Lessor

The *MERALCO Group* has several lease arrangements as a lessor. Based on the terms and conditions of the arrangements, it has evaluated that the significant risks and rewards of ownership of such properties are retained by the *MERALCO Group*. The lease agreements do not transfer ownership of the assets to the lessees at the end of the lease term and do not give the lessees a bargain purchase option over the assets. Consequently, the lease agreements are accounted for as operating leases.

As Lessee

The *MERALCO Group* has entered into various operating lease agreements used for its operations.

For the *MERALCO Group*'s lease under *PFRS 16*, the *MERALCO Group* recognizes *ROU* assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the *MERALCO Group*'s incremental borrowing rate.

The *MERALCO Group* availed exemption of *PFRS 16* for its short-term lease with the term of 12 months or less and low value assets. Accordingly, lease payments on these leases are recognized as expense on a straight-line basis over the lease term.

Arrangement that Contains a Lease

Based on *MERALCO*'s assessment, the *PPAs* and *PSAs* do not qualify to be accounted for as lease and are accounted for as ordinary service contracts, since *MERALCO* does not have the right to direct the use, operate and was not involved in the design of the identified assets.

Principal versus Agent

The *MERALCO Group*'s revenue recognition requires the *MERALCO Group* to make certain judgments on its arrangements with power generation companies such as *PPAs* and *PSAs*. The *MERALCO Group* has concluded that it is acting as a principal in its revenue arrangements.

Revenue from sale of electricity requires *MERALCO* and *Clark Electric* to bill customers based on various billing cycle cut-off dates, while recording of related purchased power cost is based on calendar month as provided in the terms of the *PPAs* and *PSAs*. The difference between the amounts initially billed to customers and the settlement of the actual billings with power generation companies is adjusted to revenue at month end based on *ERC* Resolution No. 16, *A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities*.

Moreover, *MERALCO* and *Clark Electric* assessed that revenues from electricity, re-connection and other non-standard connection services arise from a single performance obligation which will be satisfied over the period when the services are expected to be provided.

Entity in which the MERALCO Group Holds more than the Majority of the Voting Rights Accounted for as a Joint Venture

MERALCO, through *MGen*, has a 51% interest in *SBPL*. While *MERALCO* owns majority of the voting rights in *SBPL*, it does not have sole control of *SBPL*. *MERALCO*'s investment in *SBPL* is accounted for as a joint venture since key operating and financial decisions of *SBPL* require the unanimous vote and consent of the parties sharing control.

Entity in which the MERALCO Group Holds more than the Majority of the Voting Rights Accounted for as an Associate

MERALCO, through *MGen*, has a total of 58% direct and indirect interest in *PacificLight*. *MERALCO*'s investment in *PacificLight* is accounted for as an associate since the relevant and significant activities and policies of *PacificLight* require the majority votes of the *BOD* and *MGen* does not hold the majority of the *BOD*.

Entity in which the MERALCO Group Holds less than 20% of the Voting Rights Accounted for as an Associate

MERALCO, through *Finserve*, has 10% interest in AF Payments, Inc. (“*AF Payments*”). *AF Payments* is considered an associate and, thus, *MERALCO/Finserve*’s interest in *AF Payments* is accounted for using the equity method as *MERALCO/Finserve* is deemed to have significant influence as evidenced by its representation in the *BOD* which guarantees *MERALCO*’s participation in the decision making and policy making process of *AF Payments*.

Acquisitions

The *MERALCO Group* evaluates each investment under *PFRS 3* to determine whether to treat an acquisition as an asset acquisition or a business combination. For those transactions treated as asset acquisitions, the purchase price is allocated to the assets acquired, with no recognition of goodwill. For those acquisitions that meet the definition of a business combination, *MERALCO Group* apply the acquisition method of accounting where assets acquired and liabilities assumed are recorded at fair value at the date of each acquisition, and the results of operations are included with our results from the dates of the respective acquisitions. When determining the fair value of tangible assets acquired, age, condition and the economic useful life of the asset are taken into consideration to determine the estimated cost to replace the asset. When determining the fair value of intangible assets acquired, the applicable discount rate and the timing and amount of future cash flows, including rate and terms of renewal and attrition are considered.

Contingencies

The *MERALCO Group* has possible claims from or obligation to other parties from past events and whose existence may only be confirmed by the occurrence or non-occurrence of one (1) or more uncertain future events not wholly within its control. Management has determined that the present obligations with respect to contingent liabilities and claims with respect to contingent assets do not meet the recognition criteria, and therefore has not recorded any such amounts.

See *Note 29 – Contingencies and Legal Proceedings*.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting date are discussed as follows:

Estimating Useful Lives of Utility Plant, Generation Plant and Others, Intangible Assets with Finite Lives and Investment Properties

The *MERALCO Group* estimates the useful lives of utility plant, generation plant and others, intangible assets with finite lives and, investment properties based on the periods over which such assets are expected to be available for use. The estimate of the useful lives of the utility plant, generation plant and others, intangible assets with finite lives and investment properties is based on management’s collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least at each

financial reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of such assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned in the foregoing. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of utility plant, generation plant and others, intangible assets with finite lives and investment properties would increase recorded operating expenses and decrease noncurrent assets.

The total depreciation and amortization expense of utility plant, generation plant and others amounted to ₱14,117 million, ₱10,846 million and ₱8,065 million for the years ended December 31, 2022, 2021 and 2020, respectively. Total carrying values of utility plant, generation plant and others, net of accumulated depreciation and amortization, amounted to ₱243,323 million and ₱225,326 million as at December 31, 2022 and 2021, respectively.

Total depreciation of investment properties amounted to ₱4 million for each of the years ended December 31, 2022, 2021 and 2020. Total carrying values of investment properties, net of accumulated depreciation, amounted to ₱1,495 million and ₱1,496 million as at December 31, 2022 and 2021, respectively.

Total amortization of intangible assets with finite lives amounted to ₱1,910 million, ₱1,649 million and ₱486 million for the years ended December 31, 2022, 2021 and 2020, respectively. Total carrying values of intangible assets with finite lives, net of accumulated amortization, amounted to ₱21,691 million and ₱15,054 million as at December 31, 2022 and 2021, respectively.

See *Note 7 – Utility Plant, Generation Plant and Others*, *Note 9 – Investment Properties* and *Note 10 – Intangible Assets*.

Impairment of Nonfinancial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. These conditions include obsolescence, physical damage, significant changes in the manner by which an asset is used, worse than expected economic performance, drop in revenues or other external indicators, among others. In the case of goodwill, at a minimum, such asset is subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. Estimating the value in use requires preparation of an estimate of the expected future cash flows from the cash generating unit and choosing an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amount of utility plant, generation plant and others, intangible assets, investment properties, investments in associates and interests in joint ventures, goodwill and financial and other noncurrent assets, requires (i) the determination of future cash flows expected to be generated from the continued use as well as ultimate disposition of such assets and (ii) making estimates and assumptions that can materially affect the consolidated financial statements. Future events may cause management to conclude that utility plant, generation plant and others, intangible assets, investment properties, investments in associates and interests in joint ventures, goodwill and financial and other noncurrent assets are impaired. Any resulting impairment loss or reversal of

previously recognized impairment loss could have material adverse impact on the *MERALCO Group’s* consolidated financial position and financial performance.

The preparation of estimated future cash flows involves significant estimations and assumptions. While management believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges under *PFRSs*.

The carrying values of nonfinancial assets subject to impairment review are as follows:

Account	2022	2021
	<i>(Amounts in millions)</i>	
Utility plant, generation plant and others	₱243,323	₱225,326
Investments in associates and interests in joint ventures	31,888	23,317
Intangible assets	21,691	15,054
Investment properties	1,495	1,496
Receivable from the <i>BIR</i>	181	181
Goodwill	35	35

See *Note 7 – Utility Plant, Generation Plant and Others, Note 8 – Investments in Associates and Interests in Joint Ventures, Note 9 – Investment Properties and Note 10 – Intangible Assets.*

Realizability of Deferred Income Tax Assets

The *MERALCO Group* reviews the carrying amounts of deferred income tax assets at the end of each reporting year and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized.

Assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income for the subsequent reporting date. This forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. Management believes that sufficient taxable profit will be generated to allow all or part of the recorded or recognized deferred tax assets to be utilized. The amounts of the deferred income tax assets considered realizable could be adjusted in the future if estimates of taxable income are revised.

Based on the foregoing assessment, following are the relevant consolidated information with respect to deferred income tax assets:

	2022	2021
	<i>(Amounts in millions)</i>	
Recognized deferred income tax assets	₱32,032	₱34,660
Unrecognized deferred income tax assets	2,694	1,444

See *Note 28 – Income Taxes and Local Franchise Taxes.*

Provision for ECL of Receivables and Contract Assets

The *MERALCO Group* applies the *PFRS 9* simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets.

The economic impact of *COVID-19* pandemic to *MERALCO* consumers together with advisories and issuances from the *DOE* and *ERC* directing *MERALCO* and other *DUs* to extend payment terms and suspend service disconnection activities necessitated reassessment of *MERALCO’s ECL* model in 2020. *MERALCO* considered resegmentation of all its customer bills starting from the *ECQ* period with the objective of identifying customer groups which were significantly affected by *COVID-19* pandemic based on accumulated number of unpaid bills and measured the expected credit losses considering the deferred payment arrangements and expected default upon resumption of service disconnection activities. In 2021, *MERALCO* continued to extend the suspension of disconnection activities in areas under *ECQ, MECQ* and granular lockdowns, and extended installment payment arrangements to certain customers. In 2022, *MERALCO* provided *ECL* on certain identified trade receivables which have been the subject of disputes from customers. In determining the *ECLs* of trade receivables, *MERALCO* considered the credit loss experience for each contract status of customers for the current year, adjusted for forwarding looking factors, and taking into account the economic environment. The contract assets relate to unbilled receivables and have substantially the same risk characteristics as the trade and other receivables. The *MERALCO Group* has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The *MERALCO Group* incorporates forward-looking information in its assessments whether the credit risk has increased significantly since its initial recognition and its measurement of *ECL*. The *MERALCO Group* has considered a range of relevant forward-looking macroeconomic assumptions such as inflation rate, gross domestic product and unemployment rate for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of *ECLs*.

ECLs for trade and other receivables amounted to ₱2,311 million, ₱551 million and ₱1,933 million for the years ended December 31, 2022, 2021 and 2020, respectively. Trade and other receivables, net of allowance for expected credit losses, amounted to ₱54,683 million and ₱45,013 million as at December 31, 2022 and 2021, respectively.

See *Note 13 – Trade and Other Receivables.*

Estimating Net Realizable Value of Inventories

Inventories consist of materials and supplies used in the electricity distribution, power generation and services segments, and are valued at the lower of cost or net realizable value. The cost of inventories is written down whenever the net realizable value of inventories becomes lower than the cost due to damage, physical deterioration, obsolescence, and change in price levels or other causes (i.e., pre-termination of contracts). The lower of cost or net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete and no longer usable are written off and charged as expense in the consolidated statement of income.

The carrying values of inventories amounted to ₱10,629 million and ₱9,817 million as at December 31, 2022 and 2021, respectively.

See *Note 14 – Inventories*.

Estimation of Retirement Benefit Costs

The cost of defined benefit retirement plans and other post-employment benefits as well as the present value of the retirement obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement benefits increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Retirement and other post-employment benefits expense amounted to ₱1,686 million, ₱2,241 million and ₱1,610 million for the years ended December 31, 2022, 2021 and 2020, respectively. Retirement and other post-employment benefit liabilities as at December 31, 2022 and 2021 amounted to ₱2,887 million and ₱7,716 million, respectively.

In determining the appropriate discount rate, management considers the interest rates of government bonds in the respective currencies, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and retirement benefits increases are based on expected future inflation rates for the Philippines.

See *Note 25 – Expenses and Income* and *Note 26 – Long-term Employee Benefits*.

Provisions

The *MERALCO Group* has various claims, assessments and cases as discussed in *Note 29 – Contingencies and Legal Proceedings* and *Note 2 – Rate Regulations*. The *MERALCO Group*’s estimate for probable costs for the resolution of these claims, assessments and cases has been developed in consultation with external counsel, if any, and internal counsels handling the defense in these claims, assessments and cases and is based upon thorough analysis of potential outcome.

The *MERALCO Group*, in consultation with its external and internal legal counsels, does not believe that these claims and legal proceedings will have a material adverse effect on the consolidated financial statements. It is possible, however, that future financial performance could be materially affected by changes in the estimates or the effectiveness of management’s strategies and actions relating to these proceedings.

The *MERALCO Group* recognized net provisions on various claims and assessments amounting to ₱5,831 million, ₱10,175 million and ₱15,526 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Provisions are measured at the present value of management’s best estimate of the expenditures required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a

pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. As at December 31, 2022 and 2021, provisions and other noncurrent liabilities are presented net of the effect of the time value of money amounting to ₱5,147 million and ₱860 million, respectively.

See *Note 19 – Provisions* and *Note 22 – Trade Payables and Other Current Liabilities*.

Revenue Recognition

The *MERALCO Group*’s revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of its revenues and receivables.

Revenues from sale of electricity by *MERALCO* and *Clark Electric* are billed based on customer-specific billing cycle cut-off date for each customer, while recording of related purchased power cost is based on calendar month as provided in the terms of the *PPAs* and *PSAs*. The recognition of unbilled revenues for billing cycles with earlier than month-end cut-off dates requires the use of estimates. The difference between the amounts initially recognized based on provisional invoices and the settlement of the actual billings by power generation companies is taken up in the subsequent period. Also, revenues from sale of electricity are adjusted for the estimated over and/or under-recoveries of pass-through charges, which are subject of various applications for recovery and approval by the *ERC*.

Management believes that such use of estimates will not result in material adjustments in future years.

Revenues and costs from construction contracts of *MIESCOR* are recognized based on the output method. This is measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Revenue from Contracts with Customers

The *MGen Group* applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- 1) *Identifying Performance Obligations.* The *MGen Group* identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the *MGen Group*’s promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

- The *MGen Group* assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if:
- a. each distinct good or services in the series are transferred over time; and
 - b. the same method of progress will be used (i.e., units of delivery) to measure the entity’s progress towards complete satisfaction of the performance obligation

For revenue contracts under *EPPAs*, *ASPA*, and spot market sales to *WESM*, these are combined and considered as one (1) performance obligation since these are not distinct within the context of *PFRS 15* as the

buyer cannot benefit from the contracted capacity without the corresponding energy and the buyer cannot obtain energy without contracting a capacity.

- 2) *Determining Method to Estimate Variable Consideration and Assessing the Constraint.* The *MGen* Group includes some or all the amounts of variable consideration estimated but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The *MGen* Group considers both the likelihood and magnitude of the revenue reversal in evaluating the extent of variable consideration the *MGen* Group will be subjected to constraint.

Factors such as the following are considered:

- a. high susceptibility to factors outside the Group’s influence;
- b. timing of the resolution of the uncertainty; and
- c. having a large number and broad range of possible outcomes.

Some contracts with customers provide for volume and prompt payment discounts that give rise to variable consideration. In estimating the variable consideration, the *MGen* Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The expected value method of estimation takes into account a range of possible outcomes while the most likely amount is used when the outcome is binary.

The *MGen* Group determined that the expected value method is the appropriate method to use in estimating the variable consideration given the number of contracts with customers that have similar characteristics and the range of possible outcomes.

- 3) *Allocation of Variable Consideration.* Variable consideration may be attributable to the entire contract or to a specific part of the contract. For revenue contracts under *EPPAs*, *ASPA* and spot market sales to *WESM*, revenue streams which are considered as series of distinct services that are substantially the same and have the same pattern of transfer, the *MGen* Group allocates the variable amount that is no longer subject to constraint to the satisfied portion (i.e., month or actual electricity delivery) which forms part of the single performance obligation and the monthly billing of the *MGen* Group.
- 4) *Revenue Recognition.* The *MGen* Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The *MGen* Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the *MGen* Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The *MGen* Group concluded that revenue from sale of electricity from contracts with customers are to be recognized over time, since customers simultaneously receive and consume the benefits as the *MGen* Group supplies power.

- 5) *Identifying Methods for Measuring Progress of Revenue Recognized Over Time.* The *MGen* Group determines the appropriate method of measuring progress which is either through input or output methods. Input method recognizes revenue on the basis of the efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

The *MGen* Group determined that the output method is the more appropriate way of measuring progress as actual electricity is supplied to customers.

6. **Segment Information**

Each operating segment of the *MERALCO Group* engages in business activities from which revenues are earned and expenses are incurred (including intercompany transactions with other business segments within the *MERALCO Group*). The operating results of each of the operating segments are regularly reviewed by *MERALCO*’s Management Committee to evaluate how resources are to be allocated to the operating segments and to assess their performances for which discrete financial information is available.

For management purposes, the *MERALCO Group*’s operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and/or services, as follows:

■ Power

The Power segment consists of (a) electricity distribution, (b) power generation and (c) *RES*.

Electricity distribution – This is principally electricity distribution and supply of power on a pass-through basis covering all captive customers in the *MERALCO* and the *Clark Electric* franchise areas in Luzon. Electricity distribution within the *MERALCO* franchise area accounts for approximately 50% of the power requirements of the country. *Clark Electric*’s franchise area covers Clark Special Economic Zone and the sub-zones.

Shin Clark manages the development, operation, and maintenance of the electric power distribution system in the 9,450-hectare New Clark City located within the Clark Special Economic Zone in the towns of Capas and Bamban, Tarlac, through a Joint Venture Agreement with the *BCDA*. On May 10, 2022, Shin Clark Power Corporation (“Joint Venture Company”) has been incorporated and registered with the Securities and Exchange Commission (“*SEC*”) and is awaiting *ERC*’s approval of its *CPCN* to be able to operate as a distribution utility.

Power generation – The *MERALCO Group* has a combined group generating capacity of 2,251 *MW* (net) of coal, liquid natural gas, and oil and diesel plants in the Philippines and Singapore.

MGen owns 51% interest in *SBPL* which operates a 455 *MW* (net) supercritical coal-fired plant in Mauban, Quezon. For the year ended December 31, 2022, it delivered a total of 2,765 *GWh* to *MERALCO* under an *ERC*-approved *PSA*.

GBPC owns 970 MW (net) of operating coal and diesel-fired power plants in the Visayas and Mindoro Island. GBPC also has a 50% interest in Alsons Thermal Energy Corporation (“ATEC”), which holds a 75% interest in Sarangani Energy Corporation (“*Sarangani Energy*”). *Sarangani Energy* operates a 2 x 105 MW (net) CFB plant in Maasim, Sarangani.

MGen Renewable Energy, Inc. (“*MGreen*”) is a wholly owned subsidiary of *MGen* engaged in the development, construction and operation of solar-powered generation facilities. It has a 60% equity in *First Bulacan*. *First Bulacan* owns and operates a 80 MWdc/50 MWac utility scale solar facility located in San Miguel, Bulacan, the largest single operating solar plant in the country, which began commercial operations on May 12, 2021 and has since delivered solar energy to MERALCO under an ERC-approved PSA. The PSA is for a period of 20 years.

MGreen is in the final stages of the construction of its 75 MWac solar plant in Baras, Rizal through *PHRI*, a joint venture with Mitsui’s local unit Mit-Renewables Philippine Corporation. In August 2022, the project company secured a ₱2,650 million, 15-year term project financing facility to fund the ongoing construction of the solar plant. Also under construction is a 68 MWac solar plant in Ilocos Norte in partnership with Pasuquin Energy Holdings, Inc. of Vena Energy Solar PH B.V. (“*Vena Energy*”) These two (2) projects are expected to commence operations in the first quarter of 2023.

MGen also has a combined 58% (direct and indirect interests) in PacificLight Power Pte Ltd. (“*PacificLight Power*”). *PacificLight Power* owns and operates a 2 x 400 MW combined cycle turbine power plant mainly fueled by liquefied natural gas (“*LNG*”) in Jurong Island, Singapore.

See Note 8 – Investments in Associates and Interests in Joint Ventures.

RES – covers the sourcing and supply of electricity to qualified contestable customers. *MERALCO* and *Clark Electric* also operate as local retail electricity suppliers within their respective franchise area under a separate business unit, *MPower* and *Cogent Energy*, respectively. Under Retail Competition and Open Access (“*RCOA*”), qualified contestable customers who opt for contestability and elect to be among contestable customers may source their electricity supply from any retail electricity suppliers, including *MPower* and *Cogent Energy*.

The *ERC* granted the following subsidiaries distinct *RES* licenses to operate as retail electricity suppliers within Luzon and Visayas: *Vantage* and *Phoenix Power*, wholly owned subsidiaries of *MERALCO*; *MeridianX*, a wholly owned subsidiary of *Comstech*, and *GESC*, a wholly owned subsidiary of *GBPC*. *Vantage* and *MeridianX*’s *RES* licenses which were issued by the *ERC* are valid for five (5) years up to January 10, 2022 and February 9, 2022, respectively. The validity of their *RES* licenses was extended until July 9, 2023 pending final evaluation by the *ERC* of the renewal applications. *Clarion*, a wholly owned subsidiary of *Clark Electric*, submitted the requirements for its *RES* licensing to *ERC* on November 17, 2017. As at February 27, 2023, the approval of its *RES* licensing is pending with the *ERC*. *GESC* is a wholly owned subsidiary of *GBPC*. On September 10, 2021, *GESC*’s *RES* license was renewed for another five (5) years beginning September 13, 2021.

Other Services

The other services segment is involved principally in electricity-related services, such as, electro-mechanical engineering, construction, consulting and related manpower services, e-transaction and bills collection, telecommunications services, rail-related operations and maintenance services, insurance and re-insurance, e-business development, power distribution management, energy systems management and harnessing renewable energy, construction and leasing of communication towers and electric vehicle and charging infrastructure solutions. These services are provided by *MIESCOR*, *MBI*, *MLI* and *MIDC* (collectively known as “*MIESCOR Group*”), *CIS*, *Bayad* and *CFSI* (collectively referred to as “*CIS Group*”), *e-MVI*, *Paragon* and *Radius* (collectively referred to as “*e-MVI Group*”), *Comstech*, *MRail*, *LOIL*, *Finserve*, *MServ*, *Spectrum* and *eSakay*.

The Management Committee evaluates the performance of the business segments based on (i) net income attributable to equity holders of the parent for the year, (ii) consolidated core earnings before interest, taxes, and depreciation and amortization (“consolidated core *EBITDA*”); and (iii) consolidated core net income (“*CCNI*”). Net income is measured consistent with reported net income in the consolidated statement of income.

Consolidated core *EBITDA* is measured as *CCNI* excluding depreciation and amortization, interest and other financial charges, interest and other financial income and provision for income tax.

CCNI for the year is measured as consolidated net income attributable to equity holders of the parent adjusted for foreign exchange gain or loss, mark-to-market gain or loss, impairment or reversal of impairment of noncurrent assets and certain other non-recurring gain or loss, if any, net of tax effect of the foregoing adjustments.

Billings between operating segments are at an arm’s-length basis in a manner similar to transactions with third parties. Segment revenues, segment expenses and segment results include transfers among business segments. Those transfers are eliminated upon consolidation.

The MERALCO Group operates and generates substantially all of its revenues in the Philippines (i.e., one (1) geographical location). Thus, geographical segment information is not presented. None of its revenues from transactions with a single external customer accounts for 10% or more of its revenues from external customers.

Note	Power			Other Services			Inter-segment Transactions			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
(Amounts in millions)												
Revenues	₱413,950	₱309,238	₱267,946	₱17,012	₱15,250	₱10,382	(₱4,433)	(₱5,941)	(₱3,024)	₱426,529	₱318,547	₱275,304
Segment results	₱44,946	₱50,912	₱42,074	₱4,411	₱3,161	₱2,460	₱-	₱-	₱-	₱49,357	₱54,073	₱44,534
Provision for probable losses and expenses from claims	(5,799)	(10,120)	(15,511)	(32)	(55)	(15)	-	-	-	(5,831)	(10,175)	(15,526)
Impairment loss	(2,603)	-	-	-	-	-	-	-	-	(2,603)	-	-
Depreciation and amortization	(15,084)	(11,913)	(8,003)	(947)	(586)	(552)	-	-	-	(16,031)	(12,499)	(8,555)
Interest and other financial income	1,942	2,145	2,282	121	52	41	-	-	-	2,063	2,197	2,323
Equity in net earnings (losses) of associates and joint ventures	12,053	3,162	1,276	(18)	(35)	(43)	-	-	-	12,035	3,127	1,233
Interest and other financial charges	(3,554)	(3,633)	(1,490)	(200)	(95)	(104)	-	-	-	(3,754)	(3,728)	(1,594)
Provision for income tax - net	(5,841)	(8,158)	(5,569)	(807)	(754)	(697)	-	-	-	(6,648)	(8,912)	(6,266)
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	-	(157)	(585)	167	(157)	(585)	167
Net income attributable to equity holders of the Parent	₱26,060	₱22,395	₱15,059	₱2,528	₱1,688	₱1,090	(₱157)	(₱585)	₱167	₱28,431	₱23,498	₱16,316

The inter-segment revenues mainly represent revenues of other services segment earned from the power segment.

The following table shows the reconciliation of the EBITDA to net income:

	2022	2021	2020
(Amounts in millions)			
EBITDA	₱51,947	₱46,538	₱31,080
Add (deduct):			
Depreciation and amortization	(16,031)	(12,499)	(8,555)
Interest and other financial income net of charges and foreign exchange gains and losses	(680)	(1,044)	(110)
Income before income tax	35,236	32,995	22,415
Provision for income tax - net	(6,648)	(8,912)	(6,266)
Net income	₱28,588	₱24,083	₱16,149

The following table shows the reconciliation of the CCNI to net income:

	2022	2021	2020
(Amounts in millions)			
CCNI	₱27,105	₱24,608	₱21,711
Add (deduct) non-core items, net of tax:			
Non-core income (expenses)	591	(1,487)	(4,556)
Foreign exchange gains (losses)	735	377	(839)
Net income for the year attributable to equity holders of the Parent	28,431	23,498	16,316
Net income for the year attributable to non-controlling interests	157	585	(167)
Net income	₱28,588	₱24,083	₱16,149

7. Utility Plant, Generation Plant and Others

The movements in utility plant, generation plant and others are as follows:

2022											
	Note	Sub-transmission and Distribution	Boilers and Powerhouse	Land	Communication Towers, Buildings and Improvements	Data Transmission Cables and Communication Equipment	Office Furniture, Fixtures and Other Equipment	Transportation Equipment	Others	Construction in Progress	Total
(Amounts in millions)											
Cost:											
Balance at beginning of year		P214,967	P43,337	P17,699	P12,946	P4,611	P4,326	P4,144	P7,113	P25,166	P334,309
Additions		520	108	1,108	2,894	188	578	830	2,527	27,133	35,886
Transfers from construction in progress		14,659	–	–	198	370	222	7	157	(15,613)	–
Disposals/retirements		(7,306)	(1,298)	–	(147)	(57)	(3)	(36)	(192)	(54)	(9,093)
Reclassifications	10	38	(812)	–	(184)	(105)	255	(26)	(141)	(74)	(1049)
Balance at end of year		222,878	41,335	18,807	15,707	5,007	5,378	4,919	9,464	36,558	360,053
Less accumulated depreciation and amortization:											
Balance at beginning of year		91,182	2,355	–	3,585	2,050	3,100	2,799	3,912	–	108,983
Depreciation and amortization		9,004	2,754	–	607	551	466	267	468	–	14,117
Disposals/retirements		(7,277)	(502)	–	(61)	(14)	(2)	(37)	(9)	–	(7,902)
Reclassifications		–	(1,073)	–	(48)	44	(18)	(34)	(282)	–	(1,411)
Balance at end of year		92,909	3,534	–	4,083	2,631	3,546	2,995	4,089	–	113,787
Less allowance for impairment loss		–	292	–	–	–	–	–	–	2,651	2,943
Net book value		P129,969	P37,509	P18,807	P11,624	P2,376	P1,832	P1,924	P5,375	P33,907	P243,323

2021 (As restated – see Note 3)											
	Note	Sub-transmission and Distribution	Boilers and Powerhouse	Land	Communication Towers, Buildings and Improvements	Data Transmission Cables and Communication Equipment	Office Furniture, Fixtures and Other Equipment	Transportation Equipment	Others	Construction in Progress	Total
(Amounts in millions)											
Cost:											
Balance at beginning of year		₱196,793	₱–	₱15,752	₱7,401	₱3,339	₱4,079	₱3,973	₱5,755	₱25,822	₱262,914
Effect of consolidation of GBPC	3	–	39,901	1,436	4,708	26	10	43	51	590	46,765
Additions		946	3,409	511	493	1,069	206	276	618	19,031	26,559
Transfers from construction in progress		19,302	–	–	344	175	31	2	384	(20,238)	–
Disposals/retirements		(1,969)	–	–	(1)	–	(1)	(151)	(66)	–	(2,188)
Reclassifications	10	(105)	27	–	1	2	1	1	371	(39)	259
Balance at end of year		214,967	43,337	17,699	12,946	4,611	4,326	4,144	7,113	25,166	334,309
Less accumulated depreciation and amortization:											
Balance at beginning of year		85,913	–	–	3,237	1,896	2,738	2,673	3,448	–	99,905
Depreciation and amortization		7,238	2,069	–	325	174	363	247	430	–	10,846
Disposals/retirements		(1,969)	–	–	(1)	–	(1)	(121)	(17)	–	(2,109)
Reclassifications		–	286	–	24	(20)	–	–	51	–	341
Balance at end of year		91,182	2,355	–	3,585	2,050	3,100	2,799	3,912	–	108,983
Net book value		₱123,785	₱40,982	₱17,699	₱9,361	₱2,561	₱1,226	₱1,345	₱3,201	₱25,166	₱225,326

As at December 31, 2022 and 2021, the net book values of customer-funded assets included in “Utility plant, generation plant and others” account amounted to ₱5,861 million and ₱5,764 million, respectively. The corresponding liabilities to customers in the same amounts as at December 31, 2022 and 2021 are included in “Other noncurrent liabilities” account in the consolidated statements of financial position.

The power plant complex of *PHRI* and the generation plant and equipment of *First Bulacan*, with aggregate carrying value of ₱6,288 million as at December 31, 2022 are pledged as securities for their long-term debt.

In 2022, *MIDC* recognized ROU assets and corresponding lease liabilities amounting to ₱1,824 million, covering the lease agreements transferred from *Globe* and for the agreements entered by *MIDC* for built-to-suit sites.

See *Note 17 – Interest-bearing Long-term Financial Liabilities*.

As at December 31, 2022, the capitalized site preparation expenses for the development of ultra-supercritical pulverized coal-fired power generation plant of *AIE* amounted to ₱12,492 million. In 2022, *AIE* recognized a provision for impairment loss amounting to ₱2,651 million, related to the design and materials for a coal technology, given the planned change in plant configuration from coal to liquified natural gas power plant.

Construction in progress pertains to both electric capital projects (“*ECPs*”) and non-*ECPs*. *ECPs* are capital projects involving construction of new electric distribution-related facilities and the upgrade and major rehabilitation of existing electrical facilities. Non-*ECPs* mainly represent construction of *MGen*’s power plant projects, *MIDC*’s communication towers and *Radius*’ network expansion projects. Total interest capitalized amounted to ₱398 million, ₱299 million and ₱275 million based on average capitalization rate of 5% for the years ended December 31, 2022, 2021 and 2020, respectively.

8. Investments in Associates and Interests in Joint Ventures

This account consists of the following:

			2022	2021
	Place of Incorporation	Principal Activity	Percentage of Ownership	
Associates				
FPM Power Holdings Limited (“ <i>FPM Power</i> ”)/ <i>PacificLight Power</i>	British Virgin Islands/ Singapore	Investment and holding company/ Power generation	58	58
Alsons Thermal Energy Corporation (“ <i>ATEC</i> ”)	Philippines	Power generation	50	50
Redondo Peninsula Energy Inc. (“ <i>RP Energy</i> ”)	Philippines	Power generation	47	47
Buang Private Power Corporation (“ <i>BPPC</i> ”) ⁽¹⁾	Philippines	Power generation	38	38
Aclara Meters Philippines, Inc. (“ <i>Aclara Meters</i> ”)	Philippines	Sale of metering products and services	35	35
Power Distribution Services Ghana Limited (“ <i>PDS Ghana</i> ”)	Ghana	Distribution of power	30	30
Indra Philippines, Inc. (“ <i>Indra Philippines</i> ”)	Philippines	Management and IT consultancy	25	25
Greenery	Philippines	Renewable energy	57	28
AF Payments	Philippines	Electronic payment clearing and settlement system operator	10	10
<i>(Forward)</i>				

	Place of Incorporation	Principal Activity	2022	2021
			Percentage of Ownership	
Joint Ventures				
SBPL	Philippines	Power generation	51	51
Pure Meridian Hydropower Corporation (“ <i>Pure Meridian</i> ”)	Philippines	Renewable energy	50	50
MRail-DESCO Joint Venture (“ <i>MDJV</i> ”)	Philippines	Maintenance of mass transit system	51	51
Nuevo Solar Energy Corporation (“ <i>NSEC</i> ”)	Philippines	Power generation	50	50
First Balfour-MRail Joint Venture (“ <i>FBMJV</i> ”)	Philippines	Maintenance of mass transit system	49	49
MPioneer Insurance Inc. (“ <i>MPioneer</i> ”)	Philippines	Insurance	35	35
Rockwell Business Center Joint Venture (“ <i>RBC JV</i> ”)	Philippines	Real estate	30	30

⁽¹⁾ Corporate life was shortened to until June 30, 2019.

The movements in investments in associates and interests in joint ventures are as follows:

	Note	2022	2021
			(As restated – see Note 3)
<i>(Amounts in millions)</i>			
Acquisition cost:			
Balance at beginning of year		₱27,247	₱21,447
Additions		504	779
Effect of consolidation of <i>GBPC</i>	3	–	10,314
Reclassification ⁽¹⁾	11 and 23	5,713	(5,293)
Balance at end of year		33,464	27,247
Accumulated equity in net earnings (losses):			
Balance at beginning of year		(4,199)	(5,752)
Equity in net earnings		12,035	3,127
Reclassification ⁽¹⁾		93	206
Dividends received		(4,039)	(1,780)
Balance at end of year		3,890	(4,199)
Share in remeasurement adjustments on retirement liabilities			
Balance at beginning of year		(25)	(13)
Share in actuarial gains (losses)		9	(12)
Balance at end of year		(16)	(25)
Share in other comprehensive income and cumulative translation adjustments:			
Balance at beginning of year		306	6
Cumulative translation adjustments		(336)	300
Balance at end of year		(30)	306
Allowance for impairment loss			
Balance at beginning of year		(12)	–
Reclassification	23	(5,748)	–
Provisions		(467)	(12)
Reversal		807	–
Balance at end of year		(5,420)	(12)
		₱31,888	₱23,317

⁽¹⁾ Refer to Note 23 to the consolidated financial statements for the nature of reclassification in 2022.

Reclassification in 2021 pertains to the carrying amount of *MERALCO*’s 14% investment in *GBPC*, which was accounted using equity method and presented as part of investments in associates and interests in joint ventures in 2020.

The carrying values of investments in associates and interests in joint ventures follow:

	Note	2022	2021 (As restated – see Note 3)
		(Amounts in millions)	
Associates:			
ATEC	3	₱10,057	₱10,053
FPM Power/PacificLight Power		9,627	2,434
Indra Philippines		382	416
Aclara Meters		87	59
RP Energy		119	706
Greenergy		–	35
Joint ventures:			
SBPL		9,523	8,138
RBC JV		1,063	907
NSEC		595	64
MPioneer		369	354
Pure Meridian		–	123
MDJV		66	28
		₱31,888	₱23,317

ATEC

ATEC has the following equity interests: (i) 75% of *Sarangani Energy* which operates a 2 x 118.5 MW (gross capacity) baseload coal-fired plant in Maasim, Sarangani Province; (ii) 100% of San Ramon Power, Inc. which is developing a 120 MW baseload coal-fired plant in Zamboanga City; and (iii) 100% ACES Technical Services Corporation, which provides operations and maintenance services to ATEC's power plants.

FPM Power/PacificLight Power

FPM Power is 40%-owned by MERALCO through MPG Asia (a wholly-owned subsidiary of MGen) and 60%-owned by First Pacific Company Limited ("First Pacific"). FPM Power has a 70% equity interest in PacificLight Power, which owns and operates a 2 x 400 MW LNG-fired power plant in Jurong Island, Singapore. PacificLight Power's wholly owned subsidiary, PacificLight Energy Pte. Ltd., is engaged in energy trading.

On July 1, 2021, MGen acquired Petronas International Power Corporation's 30% stake in PacificLight Power bringing its combined direct and indirect interest to 58%.

The fair values of the identifiable assets and liabilities of *PacificLight Power* as at July 1, 2021, which were based on a provisional assessment, are as follow:

	Amounts in millions
Generation plant and others	₱22,651
Cash and cash equivalents	1,165
Trade and other receivables	4,174
Other assets	4,632
Interest-bearing long-term financial liabilities	(22,187)
Trade and other payables	(5,581)
Other liabilities	(2,424)
Net assets	2,430
Less: FPM Power's 70% interest	1,701
Net assets acquired	₱729

Refer to Note 3 to the consolidated financial statements for the comparative information reflecting the adjustments to the provisional amounts.

In 2022, MGen re-assessed the estimated recoverable amount of its investment in *FPM Power* in view of the improvement in market condition in Singapore resulting in *PacificLight Power's* positive operating results. The recoverable amount of MGen's investment in *FPM Power* as at December 31, 2022 amounting to ₱6,071 million was based on its value in use, calculated using the cash flow projections of *PacificLight Power*. Consequently, MGen reversed previously recognized provision for impairment loss of ₱807 million in 2022.

See Note 15 – Financial and Other Current Assets and Note 22 – Related Party Transactions.

RP Energy

RP Energy is a joint venture among MGen, Therma Power, Inc. ("TPI") and Taiwan Cogeneration International Corporation – Philippine Branch ("TCIC") for the construction and operation of a power plant in the Subic Bay Freeport Zone.

In 2022, MGen re-assessed the estimated recoverable amount of its investment in *RP Energy* with the continuing suspension of power plant development. A provision for impairment loss of ₱368 million was recognized in 2022.

Aclara Meters

Aclara Meters is 35% owned by MERALCO and 65% owned by Aclara Technology LLC. Aclara Meters serves the Philippine market for American National Standard Institute ("ANSI")-type Watt-hour meters.

Greenergy

On February 3, 2021, *GBPC*, through its subsidiary CACI Power Corporation (“*CACI Power*”), acquired 28% equity interest in *Greenery*, which is developing a 40 *MW*ac solar power plant in Cordon, Isabela. In December 2021, *GBPC* transferred its 60% ownership in *CACI Power* to *MGreen*.

In 2022, *CACI Power* increased its ownership in *Greenery* to 95%.

SBPL

SBPL, which is a joint venture between *MGen* (51%) and New Growth B.V. (49%), a 100% subsidiary of Electricity Generating Public Company Limited of Thailand (“*EGCO*”), owns and operates a new 455 *MW* (net) supercritical coal-fired power plant in Mauban, Quezon.

SBPL delivers all its plant output to *MERALCO* under a 20-year *PSA* approved by the *ERC*.

RBC JV

RBC JV is a joint venture between Rockwell Land Corporation (“*Rockwell Land*”) and *MERALCO* for a pre-agreed cooperation period, pursuant to which *Rockwell Land* built and managed three (3) Business Process Outsourcing-enabled buildings on a non-regulatory asset base property of *MERALCO*. Investment in *RBC JV* represents *MERALCO*’s 30% interest in the joint venture, while *Rockwell Land* has 70% interest in *RBC JV*.

Indra Philippines

Indra Philippines is an *IT* service provider in the country and in the Asia Pacific region, with a wide range of services across various industries. *Indra Philippines* provides services which meet certain of *MERALCO*’s *IT* requirements in the area of system development, outsourcing of Information Systems (“*IS*”) and *IT* operations and management consulting.

MPioneer

MPioneer is 35% owned by *MERALCO* and 65% owned by Pioneer Insurance and Surety Company. It is engaged in non-life insurance business.

Pure Meridian

On January 7, 2016, *MERALCO* and Repower Energy Development Corporation (“*REDC*”) entered into a joint venture through, *Pure Meridian*, for the development of mini-hydroelectric power projects. As of December 31, 2022, the development of the mini-hydroelectric power projects is suspended.

As at December 31, 2022, *MERALCO* recognized impairment on the carrying amount of its investment in *Pure Meridian* with the suspension of the development of its projects.

NSEC

NSEC, a joint venture between *MGreen* and *Vena Energy*, is engaged in the development of an approximately 68 *MW*ac solar energy project in Currimao, Ilocos Norte.

MDJV

On June 2, 2014, *MRail* and Desco, Inc. entered into a Joint Venture Agreement for the general overhaul and rehabilitation of three (3) units of diesel electric locomotives by the Philippine National Railways. The project including its warranty period was completed on April 19, 2019. The *MDJV* is in the process of liquidation.

AF Payments

MERALCO, through *Finserve*, has a 10% equity interest in *AF Payments*. *AF Payments* operates and maintains an electronic payment clearing and settlement system through a contactless automated fare collection system for public utility, including generic contactless micropayment solution. It supplies and issues fare media and store value cards or reloadable cards for use in transport and non-transport facilities and operates and maintains the related hardware and software.

Due to the lower than expected penetration rate into the micropayments business, *MERALCO* recognized impairment on the carrying amount of its investment in *AF Payments*. The recoverable amount of the investment in *AF Payments* was measured using the estimate of the value in use of the investment. The valuation analysis involved discounting estimates of free cash flows using the discount rate of 11.9%. The estimated cash flows were based on the most recent financial budgets and forecasts representing best estimate of ranges of economic conditions that will exist over the forecast period. The forecast period covers the remaining service concession agreement term until December 2025. As at December 31, 2022 and 2021, the investment in *AF Payments* is fully impaired.

The condensed statements of financial position of material associates follow:

	2022		
	<i>FPM Power / PacificLight</i>		
	<i>ATEC</i>	<i>Power</i>	<i>RP Energy</i>
	<i>(Amounts in millions)</i>		
Current assets	₱4,494	₱12,853	₱241
Noncurrent assets	35,258	41,112	773
Current liabilities	(4,533)	(13,035)	(6)
Noncurrent liabilities	(11,558)	(14,533)	(22)
Non-controlling interests	(3,281)	–	–
Net assets	₱20,380	₱26,397	₱986

	2021		
	FPM Power / PacificLight		
	ATEC	Power	RP Energy
	(Amounts in millions)		
Current assets	₱5,665	₱31,570	₱251
Noncurrent assets	33,600	15,140	1,176
Current liabilities	(5,698)	(9,499)	(6)
Noncurrent liabilities	(13,461)	(23,724)	(25)
Net assets	₱20,106	₱13,487	₱1,396

The condensed statements of comprehensive income of material associates are as follows:

	2022			2021			2020		
	FPM Power / PacificLight			FPM Power / PacificLight					
	ATEC	Power	RP Energy	ATEC	Power	RP Energy	GBPC ⁽¹⁾	FPM Power	RP Energy
	(Amounts in millions)								
Revenues	₱10,077	₱99,168	₱2	₱8,270	₱61	₱–	₱21,926	₱19,981	₱4
Costs and expenses	(8,270)	(86,598)	(469)	(6,826)	(59)	(21)	(19,447)	(20,181)	(18)
Net income (loss)	1,807	12,570	(467)	1,444	2	(21)	2,479	(200)	(14)
Non-controlling interests	(429)	–	–	(354)	–	–	(831)	–	–
Net income (loss) attributable to equity holders of the parent	1,378	12,570	(467)	1,090	2	(21)	1,648	(200)	(14)
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income (loss)	₱1,378	₱12,570	(₱467)	₱1,090	₱2	(₱21)	₱1,648	(₱200)	(₱14)
Dividends received	₱412	₱2,988	₱–	₱1,455	₱–	₱–	₱308	₱–	₱–

⁽¹⁾ On March 31, 2021, MERALCO, through MGen, acquired 86% combined equity in GBPC from MPIC and JG Summit, increasing MGen's equity to 100%. The transaction resulted in accounting for the investment in GBPC as a subsidiary. In 2020, investment in GBPC was accounted as investment in an associate.

The reconciliation of the net assets of the foregoing material associates to the carrying amounts of investments and advances in these associates recognized in the consolidated statements of financial position is as follows:

	2022		
	FPM Power / PacificLight		
	ATEC	Power	RP Energy
	(Amounts in millions, except % of ownership)		
Net assets of associates	₱20,380	₱26,397	₱986
Proportionate ownership in associates (%)	50	58	47
	10,190	15,310	463
Fair value adjustment and impairment	(133)	(5,563)	(368)
Goodwill	–	–	24
	₱10,057	₱9,747	₱119

	2021		
	FPM Power / PacificLight		
	ATEC	Power	RP Energy
	(Amounts in millions, except % of ownership)		
Net assets of associates	₱20,106	₱13,487	₱1,396
Proportionate ownership in associates (%)	50	58	47
	10,053	7,822	656
Fair value adjustment and impairment	–	(5,388)	–
Goodwill	–	–	50
	₱10,053	₱2,434	₱706

The following is the aggregate information of associates that are considered as not individually material:

	2022	2021	2020
	(Amounts in millions)		
Share in net income	₱81	₱54	₱20
Share in other comprehensive income (loss)	9	(12)	(1)
Share in total comprehensive income	₱90	₱42	₱19
Dividends received	₱100	₱13	₱19

Joint Ventures

The condensed statements of financial position of material joint ventures follow:

	2022	
	RBC JV	SBPL
	(Amounts in millions)	
Cash and cash equivalents	₱849	₱3,141
Current assets, excluding cash and cash equivalents	364	8,758
Noncurrent assets	2,766	45,366
Trade payables	(3)	(2,278)
Current liabilities, excluding trade payables	(431)	(4,091)
Noncurrent liabilities	(2)	(32,223)
Net assets	₱3,543	₱18,673

	2021	
	RBC JV	SBPL
	(Amounts in millions)	
Cash and cash equivalents	₱849	₱3,141
Current assets, excluding cash and cash equivalents	143	6,230
Noncurrent assets	2,507	46,407
Trade payables	(117)	(1,169)
Current liabilities, excluding trade payables	(358)	(3,328)
Noncurrent liabilities	(1)	(35,324)
Net assets	₱3,023	₱15,957

The condensed statements of comprehensive income of material joint ventures are as follows:

	2022		2021		2020	
	<i>RBC JV</i>	<i>SBPL</i>	<i>RBC JV</i>	<i>SBPL</i>	<i>RBC JV</i>	<i>SBPL</i>
	<i>(Amounts in millions)</i>					
Revenues	₱835	₱27,113	₱821	₱15,700	₱782	₱12,954
Costs and expenses	(180)	(24,090)	(172)	(13,178)	(167)	(10,971)
Other income – net	122	433	3	54	24	7
Provision for (benefit from) income tax - net	(93)	15	(92)	23	(84)	(23)
Net income	₱684	₱3,471	₱560	₱2,599	₱555	₱1,967
Dividends received	₱155	₱385	₱172	₱1,123	₱143	₱–

The foregoing condensed statements of comprehensive income include the following:

	2022		2021		2020	
	<i>RBC JV</i>	<i>SBPL</i>	<i>RBC JV</i>	<i>SBPL</i>	<i>RBC JV</i>	<i>SBPL</i>
	<i>(Amounts in millions)</i>					
Depreciation	₱208	₱1,478	₱212	₱1,478	₱209	₱1,467
Interest income	(7)	(4)	(2)	(4)	(24)	(7)

The reconciliation of the net assets of the foregoing material joint ventures to the carrying amounts of investments in these joint ventures recognized in the consolidated statements of financial position is as follows:

	2022	
	<i>RBC JV</i>	<i>SBPL</i>
	<i>(Amounts in millions, except % of ownership)</i>	
Net assets of joint ventures	₱3,543	₱18,673
Proportionate ownership in joint ventures (%)	30	51
	₱1,063	₱9,523
	2021	
	<i>RBC JV</i>	<i>SBPL</i>
	<i>(Amounts in millions, except % of ownership)</i>	
Net assets of joint ventures	₱3,023	₱15,957
Proportionate ownership in joint ventures (%)	30	51
	₱907	₱8,138

The following is the condensed financial information of joint ventures which are considered immaterial:

	2022	2021	2020
	<i>(Amounts in millions)</i>		
Share in net income (loss)	₱37	₱33	(₱113)
Share in other comprehensive loss	–	–	–
Share in total comprehensive income (loss)	₱37	₱33	(₱113)
Dividends received	₱–	₱–	₱5

9. Investment Properties

The movements in investment properties are as follows:

	2022		
	Land	Buildings and Improvements	Total
	<i>(Amounts in millions)</i>		
Cost:			
Balance at beginning of year	₱1,428	₱206	₱1,634
Additions	–	3	3
Balance at end of year	1,428	209	1,637
Less accumulated depreciation:			
Balance at beginning of year	–	138	138
Depreciation	–	4	4
Balance at end of year	–	142	142
	₱1,428	₱67	₱1,495

	2021		
	Land	Buildings and Improvements	Total
	<i>(Amounts in millions)</i>		
Cost:			
Balance at beginning of year	₱1,427	₱206	₱1,633
Additions	1	–	1
Balance at end of year	1,428	206	1,634
Less accumulated depreciation:			
Balance at beginning of year	–	134	134
Depreciation	–	4	4
Balance at end of year	–	138	138
	₱1,428	₱68	₱1,496

Investment properties consist of real properties held for capital appreciation, former substation sites and other non-regulatory asset base real properties. Some of these investment properties are being leased out.

The aggregate fair values of the investment properties are as follows:

	2022	2021
	<i>(Amounts in millions)</i>	
Land	₱5,589	₱4,653
Buildings and improvements	136	126

Land pertains primarily to properties where the *Rockwell JV* buildings and “Strip” mall are located. and other non-regulated asset base properties.

The fair values of investment properties were determined by independent, professionally qualified appraisers. The fair value represents the price that would be received to sell an investment property in an orderly transaction between market participants at the measurement date.

The fair value disclosures of the investment properties are categorized as Level 3 as there is no active market for identical or similar properties. The inputs include price per square meter ranging from ₱100 to ₱170,000. There have been no changes in the valuation techniques used.

In conducting the appraisal, the independent professional appraisers used one (1) of the following approaches:

a. Market Data or Comparative Approach

Under this approach, the value of the property is based on sales and listings of comparable property registered within the vicinity. This approach requires the establishment of a comparable property by reducing comparative sales and listings to a common denominator with the subject property. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparables. The properties used are either situated within the immediate vicinity or at different floor levels of the same building, whichever is most appropriate to the property being valued. Comparison was premised on the following: location, size and physical attributes, selling terms, facilities offered and time element.

b. Depreciated Replacement Cost Approach

This method of valuation considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation based on physical wear and tear and obsolescence.

10. Intangible Assets

The movements of intangible assets are as follows:

2022							
	Software	Franchise	Land and Leasehold Rights	Customer Contracts	Acquired network location	Build-to-suit contracts	Total
(Amounts in millions)							
Cost:							
Balance at beginning of year	₱6,873	₱63	₱570	₱13,869	₱–	₱–	₱21,375
Additions	801	–	28	–	5,661	2,058	8,548
Retirement	(23)	–	(16)	–	–	–	(39)
Reclassification	(140)	–	(24)	6	–	–	(158)
Balance at end of year	7,511	63	558	13,875	5,661	2,058	29,726

(Forward)

2022						
	Software	Franchise	Land and Leasehold Rights	Customer Contracts	Acquired network location	Build-to-suit contracts
(Amounts in millions)						
Less accumulated amortization:						
Balance at beginning of year	5,051	–	377	893	–	–
Amortization	418	–	40	1,402	36	14
Retirement	(23)	–	(16)	–	–	–
Reclassification	(138)	–	–	(19)	–	–
Balance at end of year	5,308	–	401	2,276	36	14
	₱2,203	₱63	₱157	₱11,599	₱5,625	₱2,044

2021 (As restated – see Note 3)						
	Note	Software	Franchise	Land and Leasehold Rights	Customer Contracts	Total
(Amounts in millions)						
Cost:						
Balance at beginning of year		₱5,969	₱49	₱932	₱–	₱6,950
Additions		865	–	75	–	940
Effect of consolidation of GBPC	3	6	–	–	13,494	13,500
Disposals/retirements		(5)	–	(31)	–	(36)
Reclassification	7	38	14	(406)	375	21
Balance at end of year		6,873	63	570	13,869	21,375
Less accumulated amortization:						
Balance at beginning of year		4,343	–	374	–	4,717
Amortization		719	–	37	893	1,649
Disposals/retirements		(5)	–	(31)	–	(36)
Reclassification		(6)	–	(3)	–	(9)
Balance at end of year		5,051	–	377	893	6,321
		₱1,822	₱63	₱193	₱12,976	₱15,054

On August 11, 2022, *MIDC* entered into a Sale and Leaseback Agreement with Globe Telecom, Inc. (“*Globe*”) where *MIDC* shall acquire 2,180 telecom towers and related passive infrastructure for a total consideration of ₱26.2 billion. Under the Master Lease Agreement, *Globe* will be the anchor tenant of the towers for an initial period of 15 years. In addition, *Globe* has commissioned *MIDC* to construct 900 additional build-to-suit towers over the next four years on which *Globe* will be the anchor tenant.

As of December 31, 2022, *MIDC* acquired 860 towers from *Globe* for a total price of ₱10.3 billion and recognized the following identifiable assets:

	Amounts in millions
Telecommunication towers and passive equipment	₱2,601
Acquired network location intangibles	5,661
Build-to-suit contract intangibles	2,058
Total assets acquired	₱10,320

Acquired network location intangibles represent the value to *MIDC* of the incremental revenue growth that could potentially be obtained from leasing the excess capacity on acquired towers to other mobile network operators. The build-to-suit contract intangibles pertain to the contractual commitment of *Globe* to engage *MIDC* in building additional towers to be leased by *Globe*.

11. Financial and Other Noncurrent Assets

This account consists of:

	Note	2022	2021
(Amounts in millions)			
Financial assets:			
Debt securities at amortized cost	15 and 27	₱19,503	₱24,340
Restricted cash	27	4,478	4,698
Financial assets at <i>FVOCI</i>	27	4,140	8,467
Advance payments to a supplier	27 and 30	361	523
Nonfinancial assets:			
Under-recoveries of pass-through charges - net	2 and 24	11,407	10,597
Finance lease		973	565
Rental deposits		779	643
Deferred input VAT		457	1,585
Receivable from the <i>BIR</i>		181	181
Goodwill		35	35
Others		1,606	1,491
		₱43,920	₱53,125

Debt Securities at Amortized Cost

The details of debt securities at amortized cost are as follows:

	2022			2021		
	Current Portion (see Note 15)	Noncurrent Portion	Total	Current Portion (see Note 15)	Noncurrent Portion	Total
(Amounts in millions)						
Government securities	₱16,793	₱11,444	₱28,237	₱11,873	₱21,136	₱33,009
Private debt securities	1,000	8,059	9,059	5,248	3,204	8,452
	₱17,793	₱19,503	₱37,296	₱17,121	₱24,340	₱41,461

This account represents investments in government securities issued by the Republic of Philippines and private debt securities issued by Philippine listed corporations.

Financial Assets at *FVOCI*

The details of financial assets at *FVOCI* are as follows:

	2022	2021
(Amounts in millions)		
Investments in debt securities:		
Corporate bonds and other investments	₱2,200	₱6,569
Government securities	–	3
Investments in shares of stock and club shares	1,940	1,895
	₱4,140	₱8,467

Interest income from debt and equity securities amounted to ₱1,150 million, ₱1,316 million and ₱1,580 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The rollforward of unrealized fair value gains on quoted *FVOCI* financial assets, net of tax, included in the consolidated statements of financial position follows:

	2022	2021
(Amounts in millions)		
Balance at beginning of year	₱502	₱324
Unrealized fair value gains (losses) on fair value changes on:		
Debt securities	(280)	139
Equity securities	89	39
Balance at end of year	₱311	₱502

Net Under-Recoveries of Pass-through Charges

This account represents generation, transmission and other pass-through costs incurred by *MERALCO* and *Clark Electric* as *DUs* determined based on *ERC*-approved recovery mechanism, which shall be billed to customers, upon confirmation by the *ERC*. The balance also includes other net under-recoveries of generation, transmission and other pass-through charges of current and prior years, which are the subject of various applications for recovery and approval by the *ERC*. The amount of net under-recoveries of pass-through charges that will be collected within a year amounted to ₱957 million as at December 31, 2021. This is shown as part of “Trade and other receivables” account in the consolidated statement of financial position. As at December 31, 2022, net under-recoveries of pass-through charges was already recovered.

Allowance for *ECL* on net under -recoveries of pass-through charges amounted to ₱2,925 million and ₱3,078 million as at December 31, 2022 and 2021, respectively.

See Note 13 - Trade and Other Receivables.

Deferred Input VAT

The amount includes portion of input *VAT* incurred and paid in connection with purchase of capital assets in excess of ₱1 million per month. As provided for under *RA* No. 9337 (“*EVAT Law*”), said portion of input *VAT* shall

be deferred and credited evenly over the estimated useful lives of the related capital assets or 60 months, whichever is shorter, against the output VAT due. Under the Tax Reform for Acceleration and Inclusion (“TRAIN”) Law that was signed by President Duterte on December 19, 2017, input VAT on capital goods purchased after December 31, 2021 shall be fully recognized outright and may be claimed as input tax credits against output tax. The deferred input VAT as of December 31, 2021 will continue to be amortized.

Finance Lease

Spectrum entered into bilateral PSAs to lease out solar power generation systems to its customers under a finance lease arrangement for a period of 25 years.

Spectrum recognized finance lease receivables equivalent to its net investments under the lease. Net investment in the lease is the fair value of the asset and the present value of the minimum lease payments, whichever is lower. The average implicit interest rate of the lease arrangements ranges from 7.07% to 12.52% per annum at the inception of the lease.

Minimum lease payment pertains to the price of estimated energy output that the asset can produce and deliver to the lessee. The difference of actual and minimum lease payments from finance lease arrangements is recognized under “Other income (expense)” account in the consolidated statement of income.

The lease payments made by the lessees consist of interest and principal determined using the effective interest rate method. The lease receivable is reduced by the principal received.

12. Cash and Cash Equivalents

This account consists of:

	2022	2021
	<i>(Amounts in millions)</i>	
Cash on hand and in banks	₱17,198	₱20,888
Cash equivalents	38,634	34,119
	₱55,832	₱55,007

Cash in banks earn interest at prevailing bank deposit rates. Cash equivalents are temporary cash investments, which are made for varying periods up of to three (3) months depending on *MERALCO Group’s* immediate cash requirements and earn interest at the prevailing short-term investment rates.

Interest income on cash in banks and cash equivalents amounted to ₱765 million, ₱515 million and ₱595 million for the years ended December 31, 2022, 2021 and 2020, respectively.

13. Trade and Other Receivables

This account consists of:

	Note	2022	2021
		<i>(Amounts in millions)</i>	
Trade:			
Electricity sold	23 and 27	₱41,695	₱35,264
Energy generated	27	7,594	5,087
Service contracts		3,183	3,814
Unbilled receivables	24	3,118	2,647
Nontrade	23 and 27	6,208	4,125
		61,798	50,937
Less allowance for expected credit losses		7,115	5,924
		₱54,683	₱45,013

Movements in allowance for expected credit losses for trade and other receivables are as follows:

	2022			
	Balance at Beginning of Year	Provisions	Write-offs	Balance at End of Year
	<i>(Amounts in millions)</i>			
Trade:				
Electricity sold	₱3,751	₱2,137	(₱1,119)	₱4,769
Energy generated	1,120	(11)	(1)	1,108
Other trade receivables	785	1	–	786
Nontrade receivables	268	184	–	452
	₱5,924	₱2,311	(₱1,120)	₱7,115

	2021				
	Balance at Beginning of Year	Provisions	Write-offs	Effect of Consolidation of GBPC	Balance at End of Year
	<i>(Amounts in millions)</i>				
Trade:					
Electricity sold	₱3,492	₱259	₱–	₱–	₱3,751
Energy generated	–	52	(34)	1,102	1,120
Other trade receivables	783	2	–	–	785
Nontrade receivables	30	238	–	–	268
	₱4,305	₱551	(₱34)	₱1,102	₱5,924

	2022					2021				
	Trade – Electricity Sold	Trade – Energy Generated	Other Trade Receivables	Nontrade Receivables	Total	Trade – Electricity Sold	Trade – Energy Generated	Other Trade Receivable s	Nontrade Receivable s	Total
	(Amounts in millions)									
Individually impaired	₱2,420	₱–	₱786	₱452	₱3,658	₱1,086	₱–	₱785	₱268	₱2,139
Collectively impaired	2,349	1,108	–	–	3,457	2,665	1,120	–	–	3,785
	₱4,769	₱1,108	₱786	₱452	₱7,115	₱3,751	₱1,120	₱785	₱268	₱5,924

Trade Receivables – Electricity Sold

Trade receivables of *MERALCO* and *Clark Electric* include charges for pass-through costs. Pass-through costs of *MERALCO* as *DU* consist of generation, transmission and *SL* charges, which represent 66%, 9% and 5%, respectively, of the total billed amount in 2022 and 58%, 9% and 4%, respectively, of the total billed amount in 2021. Billed receivables are due 10 days after bill date. *MERALCO*’s and *Clark Electric*’s trade receivables are noninterest-bearing and are substantially secured by bill deposits. Electricity consumed after the meter reading cut-off dates, which will be billed to customers in the immediately following billing period, is included as part of trade receivables.

See *Note 27 – Financial Assets and Financial Liabilities*.

Trade Receivables – Energy Generated

Trade receivables – Energy generated represent non-interest-bearing outstanding billings for energy fees and pass-through fuel costs arising from the delivery of electricity to customers and energy sales to the *WESM* by power generation subsidiaries. Normal credit term is 15 to 30 days from the date of receipt of billing.

Trade Receivables – Service Contracts

Service contracts receivable arise from contracts entered into by the *MIESCOR Group*, *e-MVI Group*, *CIS Group*, *MRail*, *MServ*, *Finserve*, *Comstech*, *eSakay* and *Spectrum* for construction, engineering, consulting and related manpower, light rail maintenance, telecommunications and data transport, e-transactions and bills collection, tellering and e-business development, energy systems management and harnessing renewable energy to third parties.

Receivables from service contracts and others are noninterest-bearing and are generally on 30- to 90-day terms.

See *Note 11 – Financial and Other Noncurrent Assets*.

14. Inventories

	2022	2021
	(Amounts in millions)	
Materials and supplies:		
At cost	₱10,867	₱10,057
At net realizable value (“ <i>NRV</i> ”)	10,629	9,817
Materials and supplies at <i>NRV</i>	₱10,629	₱9,817

The net realizable value of inventories is net of allowance for inventory obsolescence of ₱238 million and ₱240 million as at December 31, 2022 and 2021, respectively. No item of inventory has been written off for the years ended December 31, 2022, 2021 and 2020.

See *Note 25 – Expenses and Income*.

15. Financial and Other Current Assets

		2021
	Note	(As restated – see Note 3)
		(Amounts in millions)
Financial assets:		
Debt securities at amortized cost	11 and 27	₱17,793
Short-term investments		204
Current portion of advance payments to a supplier	27	199
Nonfinancial assets:		
Prepayments		3,962
Input VAT		6,057
Prepaid tax		3,714
Others		1,214
		₱33,143
		₱28,317

Short-term investments are temporary cash placements for varying periods beyond three (3) months but not exceeding 12 months and earn interest at the prevailing short-term placement investment rates.

16. Equity

Common Stock	2022	2021
	(In millions, except par value)	
Authorized number of shares- ₱10 par value per share	1,250	1,250
Issued and outstanding - number of shares	1,127	1,127

There was no movement in the number of shares of *MERALCO*’s common stock.

The common shares of *MERALCO* were listed on the *PSE* on January 8, 1992. There are 41,338 and 41,689 shareholders of *MERALCO*'s common shares as at December 31, 2022 and 2021, respectively.

Unappropriated Retained Earnings

The unappropriated retained earnings include accumulated earnings of subsidiaries, associates and joint ventures, the balance of *MERALCO*'s revaluation increment in utility plant, generation plant and others and investment properties carried at deemed cost, deferred tax assets and unrealized foreign exchange gains totaling to ₱64,389 million and ₱57,591 million as at December 31, 2022 and 2021, respectively. These amounts are restricted for dividend declaration purposes as of the close of the respective reporting year.

The following are the cash dividends declared on common shares for the years ended December 31, 2022, 2021 and 2020:

Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
<i>(In millions)</i>				
July 25, 2022	August 23, 2022	September 14, 2022	₱5.81	₱6,544
February 28, 2022	March 30, 2022	April 26, 2022	10.23	11,526
July 26, 2021	August 23, 2021	September 15, 2021	5.06	5,700
March 1, 2021	March 30, 2021	April 26, 2021	7.82	8,818
July 27, 2020	August 20, 2020	September 15, 2020	4.70	5,294
February 24, 2020	March 20, 2020	April 15, 2020	10.40	11,716

The *BOD*-approved dividend policy of *MERALCO* consists of (i) regular cash dividends equivalent to 50% of *CCNI* for the year, and (ii) special dividend determined on a “look-back” basis. Declaration and payment of special dividend are dependent on the availability of unrestricted retained earnings and free cash. The declaration, record and payment dates shall be consistent with the guidelines and regulations of the Philippine *SEC*.

Treasury Shares

Treasury shares represent 172,412 subscribed shares and the related rights of employees who have opted to withdraw from the *ESPP* in accordance with the provisions of the *ESPP* and which *MERALCO* purchased.

17. Interest-bearing Long-term Financial Liabilities

This account consists of the following:

	2022	2021
<i>(Amounts in millions)</i>		
Long-term portion of interest-bearing financial liabilities - long-term debt	₱68,757	₱52,720
Current portion of interest-bearing financial liabilities:		
Long-term debt	4,118	7,644
Redeemable preferred stock	1,467	1,470
	5,585	9,114
	₱74,342	₱61,834

All of the redeemable preferred shares have been called as at June 30, 2011, consistent with the terms of the Preferred Shares Subscription Agreement. Accrued interests amounted to ₱249 million as at December 31, 2022 and 2021. Interest is no longer accrued from the time such preferred shares were called for redemption.

The details of interest-bearing long-term financial liabilities are as follows:

	2022	2021
<i>(Amounts in millions)</i>		
MERALCO		
₱10.0 Billion Term Loan	₱10,000	₱–
12-year Puttable Bonds	7,000	7,000
₱7.2 Billion Note	4,320	4,680
MGen Group		
₱18.0 Billion Term Loan	17,460	17,910
₱11.6 Billion Term Loan	11,099	–
₱16.0 Billion Term Loan	4,930	5,510
₱4.5 Billion Term Loan	3,860	4,150
₱3.5 Billion Term Loan	3,338	–
₱3.0 Billion Term Loan	2,907	2,841
₱2.0 Billion Term Loan	2,000	–
₱1.5 Billion Term Loan	460	614
₱7.0 Billion Term Loan	–	3,869
₱11.0 Billion Term Loan	–	7,829
₱14.0 Billion Term Loan	–	4,200
Radius		
₱700 Million Term Loan	700	–
\$2.9 Million Medium-Term Loan	108	–
MServ		
₱600 Million Term Loan	450	480
₱350 Million Note	70	140
MIESCOR		
₱4,444 Million Term Loan	4,444	–
₱375 Million Term Loan	295	383
eSakay		
₱27 Million Term Loan	19	23
Total long-term debt	73,460	59,629
Less unamortized debt issue costs	934	357
	72,526	59,272
Redeemable Preferred Stock	1,467	1,470
Fair value adjustment in relation to the purchase of GBPC	3	349
	74,342	61,834
Less current portion	5,585	9,114
Long-term portion of interest-bearing financial liabilities	₱68,757	₱52,720

The scheduled maturities of the outstanding long-term debt at nominal values as at December 31, 2022 are as follows:

	Amount
	(In millions)
Less than one (1) year	₱4,195
One (1) year up to two (2) years	7,820
More than two (2) years up to three (3) years	11,118
More than three (3) years up to four (4) years	4,482
More than four (4) years up to five (5) years	4,648
More than five (5) years	41,197
	₱73,460

MERALCO

₱10.0 Billion Term Loan

In December 2022, *MERALCO* obtained a ₱10,000 million, 10-year floating rate loan due in December 2032. The related interest is payable quarterly. The principal is payable in nominal annual amortizations with a balloon payment upon final maturity.

12-year Puttable Bonds

The ₱7,000 million 12-year Puttable Bond is the balance of the total ₱18,000 million Puttable Bonds issued in December 2013, puttable in 10 years. This also includes a call option, whereby *MERALCO* may redeem (in whole but not in part only) the outstanding bonds on the 7th year from issue date at the early redemption price of 101.0%. The call option was not exercised. The put and call options are clearly and closely related to the host instruments, and thus, were not recognized separately.

₱7.2 Billion Note

MERALCO’s ₱7,200 million, 10-year Fixed Rate Note Facility is due in February 2024. The principal is payable in nominal annual amortizations with a balloon payment upon final maturity.

MGen Group

₱18 Billion Term Loan

GBPC has a ₱18,000 million, 15-year term loan due in May 2036. Interest rate is subject to repricing on the 5th year. The principal is payable semi- annually until maturity.

₱11.6 Billion Term Loan

On April 28, 2022, *PEDC* obtained a ₱11,580 million, 12-year term loan due in April 2034. The principal and related interest are payable semi-annually. The proceeds of this loan were used to refinance its ₱11.0 billion and ₱14.0 billion term loans, that were to mature in 2027 and 2022, respectively.

₱16.0 Billion Term Loan

CEDC’s ₱5.8 Billion Term Loan represents a restructured loan from the original project financing obligation. This restructured loan is payable over 10 years until June 2031.

₱4.5 Billion Term Loan

This bilateral term loan with a consortium of banks was used to finance the acquisition of a 50% less one share in *ATEC*. The loan is a fixed rate 12-year facility with quarterly principal repayment commencing three (3) years from the drawdown date.

₱3.5 Billion Term Loan

On July 18, 2022, *TPC* obtained a ₱3,500 million, 5-year term loan due in July 2027. The principal and related interest are payable quarterly. The proceed of this loan was used to pre-terminate the ₱7.0 billion term loan due in 2025.

₱3.0 Billion Term Loan

First Bulacan obtained a ₱3,039 million, 15-year term loan with interest repricing on the 10th year and the principal amount payable until November 2034.

₱2.0 Billion Term Loan

On September 1, 2022, *PHRI* obtained a ₱2,000 million, 15-year term loan due in September 2037. The principal and related interest are payable semi-annually.

₱1.5 Billion Term Loan

This ₱1,500 million loan of *CEDC* was used for general financing and other corporate requirements. The principal and related interest are payable semi-annually until December 2025.

Radius

₱700 Million Term Loan

On August 9, 2022, *Radius* obtained a ₱700 million, 7-year term loan. The principal and interest are payable quarterly until August 2029.

\$2.9 Million Medium-Term Loan

In 2022, *Radius* obtained a \$2.9 million, medium-term loan. The principal and interest are payable quarterly until July 2024.

MServ

₱600 Million Term Loan

MServ obtained a ₱600 million, 10-year fixed rate term loan. The principal is payable annually until January 2027 while the related interest is payable semi-annually.

₱350 Million Note

MServ has a ₱350 million fixed rate note payable to a local bank. The principal is payable semi-annually until July 2023.

MIESCOR

MIDC drew ₱4,444 million out of the total ₱27,000 million floating rate term loan facility. The principal and related interest are payable quarterly until October 2037.

₱375 Million Term Loan

On June 17, 2021, *MIESCOR* obtained a ₱375 million, fixed rate term loan, payable semi-annually until June 2028.

eSakay

₱27 Million Term Loan Facility

On November 8, 2019, *eSakay* obtained a ₱27 million, seven (7)-year fixed rate term loan, with principal amount payable until November 2026.

The annual interest rates of the interest-bearing financial liabilities range from 4.50% to 6.90% and 4.50% to 10.81% as at December 31, 2022 and 2021, respectively.

Debt Covenants

MERALCO's loan agreements require compliance with debt service coverage of 1.1 times calculated on specific measurement dates. The agreements also contain restrictions with respect to the creation of liens or encumbrances on assets, issuance of guarantees, mergers or consolidations, disposition of a significant portion of its assets and related party transactions.

Under their respective loan agreements, *MERALCO*'s subsidiaries are required to meet certain pre-agreed financial ratios at all times until full payment of the obligation. *GBPC* is prohibited from entering into merger or consolidation, unless *GBPC* is the surviving entity.

As at December 31, 2022 and 2021, the *MERALCO Group* is in compliance with all of the covenants of the loan agreements.

Interest expense on interest-bearing long-term financial liabilities amounted to to ₱2,760 million, ₱2,265 million and ₱473 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Unamortized Debt Issue Costs

The following presents the changes to the unamortized debt issue costs:

	Note	2022	2021
(Amounts in millions)			
Balance at beginning of year		₱357	₱78
Additions		705	205
Effect of consolidation of <i>GBPC</i>	3	–	125
Amortization charged to interest and other financial charges	24	(128)	(51)
Balance at end of year		₱934	₱357

Redeemable Preferred Stock

The movements in the number of shares of the redeemable preferred stock, which have all been called, are as follows:

	2022	2021
Balance at beginning of year	147,015,281	147,158,808
Redemptions	(352,940)	(143,527)
Balance at end of year	146,662,341	147,015,281

The original “Terms and Conditions” of *MERALCO*'s Special Stock Subscription Agreement, which required an applicant to subscribe to preferred stock with 10% dividend to cover the cost of extension of, or new, distribution facilities, have been amended by the *Magna Carta* and the *DSOAR*, effective June 17, 2004 and January 18, 2006, respectively. The amendment sets forth the guidelines for the issuance of preferred stock, only if such instrument is available.

18. Customers’ Deposits

This account consists of:

	2022			2021		
	Current Portion (see Note 22)	Noncurrent Portion	Total	Current Portion (see Note 22)	Noncurrent Portion	Total
(Amounts in millions)						
Bill deposits	₱2,925	₱31,590	₱34,515	₱2,460	₱30,901	₱33,361
Meter deposits	316	–	316	315	–	315
	₱3,241	₱31,590	₱34,831	₱2,775	₱30,901	₱33,676

Bill Deposits

Bill deposits serve to guarantee payment of bills by a customer.

As provided in the *Magna Carta* and *DSOAR*, all captive customers of the *DU* are required to pay a deposit, equivalent to the estimated monthly bill calculated based on applied load. Such deposit shall be updated annually based on the historical 12-month average bill. A captive customer who has paid his electric bills on or before due date for three (3) consecutive years may apply for the full refund of the bill deposit, together with the accrued interests, prior to the termination of his service; otherwise bill deposits and accrued interests shall be refunded within one (1) month from the termination of service, provided all bills have been paid.

Under the amended *DSOAR*, which became effective on April 1, 2010, interest on bill deposits for both residential and non-residential customers shall be computed using the equivalent peso savings account interest rate of the Land Bank of the Philippines (“*Land Bank*”) or other government banks, on the first working day of the year, subject to the confirmation by the *ERC*.

As provided for under *ERC* Resolution No. 1, Series of 2011, *A Resolution Adopting the Revised Rules for the Issuance of Licenses to Retail Electricity Suppliers*, a local *RES* may require security deposits from its contestable customers, which shall earn interest equivalent to the actual interest earnings of the total amount of deposits received from the customers.

On May 10, 2019, *MERALCO* received a copy of the Petition dated April 27, 2019 filed by various partylist representatives which questioned the imposition of bill deposits by the *DU* for its captive customers.

The Petition prayed that the provisions on bill deposits in the *Magna Carta* be declared as illegal and void and that *MERALCO* and other *DUs* be permanently prohibited from imposing and collecting bill deposit from the captive market. The Petition further prayed that the bill deposit be refunded and/or that combining the bill deposits with the general funds of *MERALCO* be disallowed. Lastly, the Petition prayed for the conduct of an audit of the bill deposits collected by *MERALCO*.

MERALCO filed its Comment to the Petition on October 18, 2019. On October 28, 2019, the *OSG* filed a Manifestation and Motion to drop *COA* as a respondent in the case. In a Resolution dated February 4, 2020, the *SC* required *COA* to file their comments on the Petition. On July 27, 2020, *MERALCO* received a copy of the Comment filed by the *COA*, through the *OSG*.

On September 8, 2020, the *SC* issued a Notice of Resolution noting the Comment filed by the *OSG* and requiring petitioners to file a consolidated reply within ten (10) days from notice. On November 24, 2020, *MERALCO* received the petitioners’ Consolidated Reply to the Separate Comment/Opposition of the *ERC*, *MERALCO*, and *COA* dated November 10, 2020.

The following are the movements of the bill deposits account:

	Note	2022	2021
(Amounts in millions)			
Balance at beginning of year		₱33,361	₱32,105
Additions		3,212	3,002
Refunds		(2,058)	(1,746)
Balance at end of year		34,515	33,361
Less portion maturing within one year	22	2,925	2,460
Noncurrent portion of bill deposits and related interests		₱31,590	₱30,901

Interest expense on bill deposits amounted to ₱21 million, ₱21 million and ₱35 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Meter Deposits

Meter deposits were intended to guarantee the cost of meters installed.

The *Magna Carta* for residential customers (effective July 19, 2004) and *DSOAR* (effective February 2, 2006) for non-residential customers exempt all customer groups from payment of meter deposits beginning July 2004 for residential customers and February 2006 for non-residential customers.

MERALCO implemented refund of said deposits to its customers based on the *ERC* Resolution No. 8, Series of 2008, otherwise known as “Rules to Govern the Refund of Meter Deposits to Residential and Non-Residential Customers” (“*Rules*”) which required the refund of meter deposits from the effectivity of said *Rules* on July 5, 2008.

The total amount of refund shall be equivalent to the meter deposit paid by the customer plus the total accrued interest earned from the time the customer paid the meter deposit until the day prior to the start of refund.

In July 2016, *MERALCO* deposited the amount equivalent to the unclaimed meter deposits in a single savings account. As at February 27, 2023, the matter is still pending with the *ERC*.

19. Provisions

Provisions consist of amounts recognized related to certain proceedings and claims against *MERALCO Group*, among others. The movements follow:

	Note	2022	2021
(Amounts in millions)			
Balance at beginning of year		₱37,036	₱38,992
Provisions for the year – net		11,439	4,432
Settlements		(24,776)	(6,388)
Reclassification from other noncurrent liabilities and other payables	22	39,622	–
Balance at end of year		63,321	37,036
Less current portion	22	50,664	23,482
Noncurrent portion of provisions		₱12,657	₱13,554

The balance of provisions substantially represents the amounts of claims related to a commercial contract which remains unresolved and local taxes being contested as discussed in *Note 29 – Contingencies and Legal Proceedings*, consistent with the limited disclosure as allowed in *PFRS*.

20. **Customers’ Refund**

This account represents the balance of the refund related to the *SC* decision promulgated on April 30, 2003, which is continuously being refunded based on documents presented by qualified claimants. The unclaimed amount is deposited in a separate interest-bearing bank account.

MERALCO implemented the *SC* ruling which ordered the refund of ₱0.167 per *kWh* for billings made from February 1994 to April 2003 in four (4) phases. *MERALCO* continues to process refunds as the eligible customers present their required supporting documents until the *ERC* directs otherwise and approves *MERALCO*’s proposed scheme on how the unclaimed refund shall be utilized for purposes of reducing the distribution rates of consumers.

In 2021, the *ERC* through its appointed consultant conducted an audit and verification of *MERALCO*’s refunds, which included *MERALCO*’s *SC* refund. The audit has been completed and as at February 27, 2023, *MERALCO* is awaiting further action of the *ERC* on the matter.

See *Note 2 – Rate Regulations*.

21. **Notes Payable**

Notes payable represent unsecured interest-bearing working capital loans obtained from local banks. Annual interest rates were up to 4.00% and 5.40% as at December 31, 2022 and 2021, respectively.

Interest expense on notes payable amounted to ₱1,187 million, ₱1,238 million and ₱994 million for the years ended December 31, 2022, 2021 and 2020, respectively.

22. **Trade Payables and Other Current Liabilities**

This account consists of the following:

	Note	2022	2021 (As restated – see Note 3)
(Amounts in millions)			
Trade accounts payable	23 and 24	₱72,121	₱54,489
Provisions	2, 19 and 29	50,664	23,482
Taxes		17,299	15,071
Accrued expenses:			
Employee benefits		2,151	2,095
Interest	17	299	264
Others		3,279	4,840
(Forward)			

	Note	2022	2021 (As restated – see Note 3)
(Amounts in millions)			
Current portions of:			
Bill deposits and related interests	18	₱2,925	₱2,460
Deferred income		1,126	961
Meter deposits and related interests	18	316	315
Refundable service extension costs		1,772	1,660
Dividends payable on:			
Common stock	16	2,878	2,021
Redeemable preferred stock	17	249	249
Payable to customers		5,468	6,731
Universal charges payable	32	2,227	2,373
FiT-All payable	32	358	957
Regulatory fees payable		290	263
Other current liabilities		480	836
		₱163,902	₱119,067

Trade Accounts Payable

Trade accounts payable mainly represent obligations to power generating companies, *NGCP* and *IEMOP* for cost of power purchased and transmission services. In addition, this account includes liabilities due to local and foreign suppliers for purchases of goods and services, consisting of transformers, poles, coal, materials and supplies, and contracted services, among others.

Trade payables are non-interest-bearing and are generally settled within 15 to 30 days from the receipt of invoice. Other payables are non-interest-bearing and due within one (1) year from incurrence.

See *Note 23 – Related Party Transactions*, *Note 24 – Revenue and Purchased Power* and *Note 30 – Significant Contracts and Commitments*.

Refundable Service Extension Costs

Article 14 of the *Magna Carta*, specifically, “Right to Extension of Lines and Facilities”, requires a customer requesting for an extension of lines and facilities beyond 30-meter service distance from the nearest voltage facilities of the *DU* to advance the cost of the project. The amended *DSOAR*, which became effective April 1, 2010, requires such advances from customers to be refunded at the rate of 75% of the distribution revenue generated from the extension lines and facilities until such amounts are fully refunded. The related asset shall form part of the rate base only as the refund is paid out. Customer advances are non-interest-bearing.

As at December 31, 2022 and 2021, the noncurrent portion of refundable service extension costs of ₱4,653 million and ₱5,334 million, respectively, is presented as “Refundable service extension costs - net of current portion” account in the consolidated statements of financial position.

Universal Charges Payable

Universal charges are amounts passed on and collected from customers on a monthly basis by *DUs*. These are charges imposed to recover stranded debts, stranded contract costs of *NPC*, stranded contract costs of eligible contracts of *DUs*, missionary electrification and environment charges. *DUs* remit collections monthly to *PSALM* who administers the fund generated from universal charges and disburses the said funds in accordance with the intended purposes.

Payable to Customers

Payable to customers represents amounts credited to customers’s bills or paid by customers in advance and which are being applied to their current consumption.

Taxes

Taxes represent pass-through *VAT*, output *VAT*, withholding taxes and energy taxes payable. Pass-through *VAT* pertains to *VAT* on generation and transmission costs billed to the *DU*, which are in turn billed to the customers. Remittance of such pass-through *VAT* to the generation companies is based on collection of billed receivables from the customers.

23. Related Party Transactions

The *MERALCO Group* has approval process and limits on the amount and extent of related party transactions.

The following summarizes the total amount of transactions, which have been provided and/or contracted by the *MERALCO Group* to/with related parties for the relevant year. The outstanding balances are unsecured, non-interest-bearing and settled in cash.

Pole Attachment Contract with PLDT, Inc. (“PLDT”)

MERALCO has a pole attachment contract with *PLDT* similar to pole attachment contracts of *MERALCO* with third parties/ telecommunication companies. Under the pole attachment contract, *PLDT* shall use the contracted cable positions exclusively for its telecommunication cable network facilities.

Sale of Electricity under Various Service Contracts

MERALCO sells electricity to its subsidiaries, associates, joint ventures and related party shareholder groups with operations within the franchise area, namely, *PLDT*, *Metro Pacific* and *JG Summit* and their respective subsidiaries and affiliates. The rates charged to related parties are the same *ERC*-mandated rates applicable to all customers within the franchise area. Also, rate charges of *RES* for generation charge uses the same rate model for other customers.

Purchase of Telecommunication Services from PLDT and Subsidiaries

The *MERALCO Group*’s telecommunications carriers include *PLDT* for its wireline and Smart Communications, Inc. and Digitel Mobile Philippines, Inc., for its fixed and wireless services. Such services are covered by standard service contracts between the telecommunications carriers and each legal entity within the *MERALCO Group*.

Lease Agreement with Robinsons Land Corporation (“RLC”)

In 2022, *MERALCO* entered into various lease agreements with *RLC* for its temporary office premises for period ranging from 12 months to 15 months.

Purchase of Goods and Services

In the ordinary course of business, the *MERALCO Group* purchases goods and services from its affiliates and sells power and renders services to such affiliates.

PSA with SBPL

As discussed in Note 30, *MERALCO* has a long-term *PSA* with *SBPL*.

Following is a summary of related party transactions in 2022, 2021 and 2020 and the outstanding balances as at December 31, 2022 and 2021:

Category	Amount of Transactions			Outstanding Receivable (Liability)		Terms	Conditions
	2022	2021	2020	2022	2021		
(Amounts in millions)							
Sale of electricity:							
JG Summit Group	₱3,919	₱2,704	₱2,542	₱2,257	₱387	10-day; noninterest-bearing	Unsecured, no impairment
PLDT Group	1,224	1,233	1,192	86	85	10-day; noninterest-bearing	Unsecured, no impairment
Metro Pacific Group	391	410	415	40	158	10-day; noninterest-bearing	Unsecured, no impairment
Purchases of IT services - Indra Philippines	940	922	1,228	(377)	(362)	30-day; noninterest-bearing	Unsecured
Purchases of meters and devices – Aclara Meters	147	248	157	–	(23)	30-day; noninterest-bearing	Unsecured
Purchases of medical services - Colinas Verdes Hospital Managers	192	238	143	(7)	–	30-day; noninterest-bearing	Unsecured
Revenue from pole attachment - PLDT	689	599	541	5	73	Advance payment	Unsecured, no impairment
Lease of office premises - RLC	48	–	–	–	–	30-day; noninterest-bearing	Unsecured
(Forward)							

Category	Amount of Transactions			Outstanding Receivable (Liability)		Terms	Conditions
	2022	2021	2020	2022	2021		
(Amounts in millions)							
Purchases of wireline and wireless services - PLDT Group	103	90	105	(13)	(11)	30-day; noninterest-bearing	Unsecured
Purchases of insurance premium - MPioneer	451	412	449	(2)	(3)	30-day; noninterest-bearing	Unsecured
Donations to One Meralco Foundation	99	71	76	—	—	None	None
Purchases of power:							
SBPL	26,795	15,973	12,902	(1,773)	(746)	30-day; noninterest-bearing	Unsecured
PEDC ¹	—	372	1,812	—	—	30-day; noninterest-bearing	Unsecured

¹ On March 31, 2021, MERALCO, through MGen, acquired 86% combined equity in GBPC from MPIC and JG Summit, increasing MGen’s equity to 100%.

Advances to FPM Power

As at December 31, 2021, *FPM Power’s* non-interest-bearing loan from *MPG Asia* amounting to US\$110 million (P5,748 million) as at December 31, 2021 was fully impaired. On November 25, 2022, *MPG Asia* converted the loan to additional equity investment in *FPM Power*.

See *Note 15 – Financial and other Current Assets* and *Note 8 – Investments in Associates and Interests in Joint Ventures*.

Transaction with MERALCO Retirement Benefits Fund (“Retirement Fund”)

MERALCO’s Retirement *Fund* holds 6,000 common shares of *RP Energy* at par value of P100 per share, with total carrying amount of P600,000 or an equivalent 3% equity interest in *RP Energy*. The fair value of *RP Energy’s* common shares cannot be reliably measured as these are not traded in the financial market. As at December 31, 2022 and 2021, the fair value of the total assets being managed by the *Fund* amounted to P31.6 billion and P34.6 billion, respectively.

See *Note 25 – Long-Term Employee Benefits*.

Compensation of Key Management Personnel

The compensation of key management personnel of the *MERALCO Group* by benefit type is as follows:

	2022	2021	2020
	(Amounts in millions)		
Short-term employee benefits	P643	P549	P559
Long-term employee incentives and retirement benefits	280	280	137
Total compensation to key management personnel	P923	P829	P696

All directors are entitled to a reasonable per diem for their attendance in meetings of the *BOD* and Board Committees plus an additional compensation, provided that the total value of such additional compensation, in whatever form so given, shall not exceed one (1) percent of the income before income tax of *MERALCO* during the preceding year.

Each of the directors is entitled to a per diem of P140,000 for every *BOD* meeting attended. Each member of the Audit, Risk Management, Remuneration and Leadership Development, Finance, Related Party Transactions and Nomination and Governance Committees is entitled to a fee of P24,000 for every committee meeting attended. Also, the members of the *BOD* are entitled to a stock grant based on a pre-approved number of shares for each director which was implemented beginning May 2013 as approved by the stockholders. The directors have the option to receive the number of shares granted or the equivalent cash value.

As at December 31, 2022, there are no agreements between the *MERALCO Group* and any of its key management personnel providing for benefits upon termination of employment or retirement, except with respect to benefits provided under (i) a defined benefit retirement plan, (ii) a program which aims to address capability refresh and organizational optimization requirements, and (iii) a contributory provident plan. Post-retirement benefits under the defined benefit retirement plan cover employees hired up to December 31, 2003 only. The provident plan, which is implemented on a voluntary basis, covers employees hired beginning January 1, 2004.

24. Revenues and Purchased Power

Revenues

The *MERALCO Group* disaggregates its revenue information in the same manner as it reports its segment information.

See *Note 6 – Segment Information*.

Contract Assets and Contract Liabilities

The *MERALCO Group*’s contract balances are as follows:

	2022	2021
	<i>(Amounts in millions)</i>	
Contract assets:		
Unbilled receivables	₱3,118	₱2,647
Under-recoveries of pass-through charges - net	11,407	10,597
Contract liabilities:		
Non-refundable liability related to asset funded by customers	869	866
Over-recoveries from transmission, lifeline subsidy and <i>SL</i> charges	559	597

Income recognized from the non-refundable liability related to assets funded by customers amounted to ₱203 million, ₱114 million and ₱94 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Purchased Power

The details of purchased power are as follows:

	2022	2021	2020
	<i>(Amounts in millions)</i>		
Generation costs	₱279,328	₱190,416	₱167,241
Transmission costs	43,317	34,499	37,179
	₱322,645	₱224,915	₱204,420

Purchased power costs for the captive customers are pass-through costs and are revenue-neutral to *MERALCO* and *Clark Electric*, as *DUs*.

Generation costs include any line rentals, market fees and must-run unit charges billed by *IEMOP*.

The details of purchased power follow:

	2022	2021	2020
	<i>(Amounts in millions)</i>		
“ <i>FGPC</i> ” and FGP Corp. (“ <i>FGP</i> ”)	₱76,145	₱51,164	₱43,659
<i>NGCP</i>	43,356	34,539	37,230
<i>IEMOP</i>	40,655	21,721	14,523
<i>QPPL</i>	28,793	16,289	13,990
<i>SBPL</i>	26,795	15,973	12,902
South Premiere Power Corporation (“ <i>SPPC</i> ”)	25,679	25,643	24,166
San Miguel Energy Corporation (“ <i>SMEC</i> ”)	21,625	15,535	16,639
Masinloc Power Partners Co. Ltd. (“ <i>MPPCL</i> ”)	18,712	8,522	8,056
First NatGas Power Corp. (“ <i>FNPC</i> ”)	14,971	9,309	8,456

(Forward)

	2022	2021	2020
	<i>(Amounts in millions)</i>		
AC Energy Philippines, Inc. (“ <i>AC Energy</i> ”)	10,562	10,790	9,023
Therma Luzon, Inc. (“ <i>TLI</i> ”)	4,161	2,219	7,033
Southwest Luzon Power Generation Corporation	2,672	1,982	34
First Gen Hydro Power Corporation (“ <i>FGHPC</i> ”)	1,378	2,507	723
Energy Development Corporation (“ <i>EDC</i> ”)	1,015	–	–
<i>PEDC</i>	969	2,264	1,812
Sem-Calaca Power Corporation (“ <i>Sem-Calaca</i> ”)	644	4,933	3,650
Solar Philippines Tarlac Corporation (“ <i>Solar Philippines Tarlac</i> ”)	370	425	338
Therma Mobile, Inc. (“ <i>TMO</i> ”)	–	–	516
Millenium Energy, Inc. (“ <i>MEI</i> ”)	–	–	307
Others	4,143	1,100	1,363
	₱322,645	₱224,915	₱204,420

Generation and transmission costs are net of company use amounting to ₱480 million, ₱353 million and ₱321 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Generation and transmission costs over- or under-recoveries result from the lag in the billing and recovery of generation and transmission costs from consumers. As at December 31, 2022 and 2021, the total transmission costs and *SL* charge over-recoveries included in “Other noncurrent liabilities” account in the consolidated statements of financial position amounted to ₱484 million and ₱532 million, respectively.

25. **Expenses and Income**

Salaries, Wages and Employee Benefits

	Note	2022	2021	2020
		<i>(Amounts in millions)</i>		
Salaries, wages and related employee benefits		₱14,150	₱13,651	₱10,691
Retirement benefits	26	1,531	2,140	1,496
Other post-employment benefits	26	155	101	114
		₱15,836	₱15,892	₱12,301

Depreciation and Amortization

	Note	2022	2021	2020
<i>(Amounts in millions)</i>				
Utility plant, generation plant and others	7	P14,117	P10,846	P8,065
Intangible assets	10	1,910	1,649	486
Investment properties	9	4	4	4
		P16,031	P12,499	P8,555

Other Expenses

	Note	2022	2021	2020
<i>(Amounts in millions)</i>				
Materials used	14	P4,104	P2,792	P1,712
Rent and utilities		1,314	971	732
Transportation and travel		597	390	255
Insurance		483	459	391
Advertising		278	200	222
Communication	22	190	157	148
Others		1,486	1,343	807
		P8,452	P6,312	P4,267

26. Long-term Employee Benefits

Liabilities for long-term employee benefits consist of the following:

	2022	2021
<i>(Amounts in millions)</i>		
Retirement benefits liability	P1,571	P5,625
Other post-employment benefits	1,316	2,091
Long-term incentives	3,756	2,541
	6,643	10,257
Less current portion	3,750	–
	P2,893	P10,257

Defined Benefit Retirement Plans

The features of the *MERALCO Group's* defined benefit plans are discussed in *Note 4 – Significant Accounting Policies, Changes and Improvements*.

Actuarial valuations are prepared annually by the respective independent actuaries engaged by *MERALCO* and its subsidiaries.

Expense recognized for defined benefit plans (included in “Salaries, wages and employee benefits” account in the consolidated statements of income)

	2022	2021	2020
<i>(Amounts in millions)</i>			
Current service costs	P1,197	P1,579	P1,194
Net interest costs	273	509	255
Net retirement benefits expense	P1,470	P2,088	P1,449

Retirement Benefits Liability

	2022	2021
<i>(Amounts in millions)</i>		
Defined benefit obligation	P33,143	P40,192
Fair value of plan assets	(31,572)	(34,567)
Net retirement benefits liability	P1,571	P5,625

Changes in the net retirement benefits liability are as follows:

	2022	2021
<i>(Amounts in millions)</i>		
Retirement benefits liability at beginning of year	P5,625	P12,013
Net retirement benefits expense	1,470	2,088
Amounts recognized in <i>OCI</i>	(5,274)	(8,766)
Effect of consolidation of <i>GBPC</i>	–	1,055
Contributions by employer	(250)	(765)
Net retirement benefits liability at end of year	P1,571	P5,625

Changes in the present value of the defined benefits obligation are as follows:

	2022	2021
	<i>(Amounts in millions)</i>	
Defined benefit obligation at beginning of year	P40,192	P45,918
Interest costs	1,853	1,735
Current service costs	1,197	1,579
Benefits paid	(2,515)	(2,603)
Effect of consolidation of <i>GBPC</i>	–	1,595
Actuarial gains due to:		
Changes in financial assumptions	(9,336)	(8,451)
Experience adjustments	1,752	419
Defined benefit obligation at end of year	P33,143	P40,192

Changes in the fair value of plan assets are as follows:

	2022	2021
	<i>(Amounts in millions)</i>	
Fair value of plan assets at beginning of year	P34,567	P33,905
Interest income	1,580	1,226
Contributions by employer	250	765
Return on plan assets, excluding amount included in net interest on the net defined benefit obligation and interest income	(2,310)	734
Effect of consolidation of <i>GBPC</i>	–	540
Benefits paid	(2,515)	(2,603)
Fair value of plan assets at end of year	P31,572	P34,567

The Board of Trustees (“*BoT*”) of the *Retirement Fund* is chaired by the Chairman of *MERALCO*, who is neither an executive nor a beneficiary. The other members of the *BoT* are (i) an executive member of the *BOD*; (ii) two (2) senior executives; (iii) an independent member of the *BOD*; and (iv) a member of the *BOD* who represents the largest shareholder group, none of whom are beneficiaries of the plan.

The *Retirement Fund* follows a conservative approach of investing in fixed income, money market and equity assets to diversify the portfolio in order to minimize risk while maintaining an adequate rate of return. The assets of the *Retirement Fund* are managed by four (4) local and one (1) foreign trustee banks whose common objective is to maximize the long-term expected return of plan assets. The *BoT* periodically reviews and approves the strategic mandate of the portfolio to ensure the ability of the *Retirement Fund* to service its short-term and long-term obligations.

The major categories of plan assets are as follows:

	2022	2021
	<i>(Amount in millions)</i>	
Investments quoted in active markets:		
Quoted equity investments:		
Holding firms	P2,388	P2,912
Banks	846	954
Property	607	894
Telecommunication	420	601
Electricity, energy, power and water	372	446
Food, beverages and tobacco	366	572
Transportation services	264	284
Retail	88	199
Construction, infrastructure and allied services	–	9
Others	1,859	2,233
Quoted debt investments:		
“AAA” rated securities	9,359	9,886
Government securities	9,364	9,780
Cash and cash equivalents	2,268	2,183
Receivables	1,517	1,760
Real property	1,853	1,853
Others	1	1
Fair value of plan assets	P31,572	P34,567

Marketable equity securities, government securities, bonds and commercial notes are investments held by the trustee banks.

Other Long-term Post-employment Benefits (included as part of “Salaries, wages and employee benefits” account in the consolidated statements of income)

	2022	2021	2020
	<i>(Amounts in millions)</i>		
Interest costs	P104	P74	P88
Current service costs	51	27	26
	P155	P101	P114

Other Long-term Post-employment Benefits Liability

Changes in the present value of other long-term post-employment benefits liability are as follows:

	2022	2021
	<i>(Amounts in millions)</i>	
Balance at beginning of year	P2,091	P2,007
Interest costs	104	74
Current service costs	51	27
Benefits paid	(60)	(112)
Actuarial losses (gains) due to change in assumptions	(870)	95
Balance at end of year	P1,316	P2,091

Actuarial Assumptions

The principal assumptions used in determining retirement benefits and other long-term post-employment benefits obligations are shown below:

	2022	2021
Annual discount rate	7.12%	4.96%
Future range of annual salary increases	4.00%-10.00%	4.00%-10.00%

Sensitivity Analysis

The sensitivity analysis below has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The calculation of the defined benefit obligation is sensitive to the assumptions set above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting year would have increased (decreased) as a result of a change in the respective assumptions, keeping all other assumptions constant. There have been no changes in the method and assumptions used in the sensitivity analysis from prior year.

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

	% Change	Effect on Present Value of Defined Benefit Obligation	
		2022	2021
		<i>(Amounts in millions)</i>	
Annual discount rate	+1.0%	(P3,335)	(P4,450)
	-1.0%	3,955	5,672
Future range of annual salary increases	+1.0%	1,210	1,634
	-1.0%	(1,077)	(1,442)

Funding

MERALCO contributes to the *Retirement Fund* from time to time such amounts of money required under accepted actuarial principles to maintain the *Retirement Fund* in a sound condition, subject to the provisions of the *Plan*.

The amount of the annual contributions to the *Retirement Fund* is determined through an annual valuation report performed by an independent actuary.

The following is the maturity profile of the undiscounted benefit obligation (amounts in millions):

Less than one (1) year	₱3,889
One (1) year up to five (5) years	16,439
More than five (5) years up to 10 years	17,313
More than 10 years up to 15 years	13,481
More than 15 years up to 20 years	16,066
More than 20 years	34,964

Risk

The *Retirement Fund* is exposed to the following risks:

Credit Risk

The *Retirement Fund*'s exposure to credit risk arises from its financial assets which comprise of cash and cash equivalents, investments and receivables. The credit risk results from the possible default of the issuer of the financial instrument, with a maximum exposure equivalent to the carrying amounts of the instruments.

The credit risk is minimized by ensuring that the exposure to the various chosen financial investment structures is limited primarily to government securities and bonds or notes duly recommended by the Trust Committees of the appointed fund managers of the *Retirement Fund*.

Share Price Risk

The *Retirement Fund*'s exposure to share price risk arises from the shares of stock it holds and are traded at the PSE. The share price risk emanates from the volatility of the stock market.

The policy is to limit investment in shares of stock to blue chip issues or issues with good fair values or those trading at a discount to its net asset value so that in the event of a market downturn, the *Retirement Fund* may still consider to hold on to such investments until the market recovers.

By having a balanced composition of holdings in the equities portfolio, exposure to industry or sector-related risks is reduced. The mix of various equities in the portfolio reduces volatility and contributes to a more stable return over time. Equity investments are made within the parameters of the investment guidelines approved by the *BoT*. The *BoT* also meets periodically to review the investment portfolio based on financial market conditions. Share prices are also monitored regularly.

Liquidity Risk

Liquidity risk is the risk that the *Retirement Fund* is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. Liquidity risk is being managed to ensure that adequate fixed income and cash deposits are available to service the financial obligations of the *Retirement Fund*. The schedule of the maturities of fixed income investment assets are staggered by tenure or term. Policies are established to ensure that all financial obligations are met, wherein the timing of the maturities of fixed income investments are planned and matched to the due date of various obligations. Thus, for this investment class, maturities are classified into short-, medium- and long-term. A certain percentage of the portfolio is kept as cash to manage liquidity and settle all currently maturing financial obligations.

Defined Contribution Provident Plan

MERALCO has a defined contributory Provident Plan effective January 1, 2009, intended to be a supplemental retirement benefit for employees hired beginning 2004, the participation of which is voluntary. Each qualified employee-member who chooses to participate in the plan shall have the option to contribute up to a maximum of 25% of his base salary. *MERALCO* shall match the member’s contribution up to 100% of employee’s contribution or 10% of the member’s monthly base salary, subject to a certain threshold. Upon resignation, the member shall be entitled to the total amount credited to his personal retirement account immediately preceding his actual retirement date, subject to provisions of the Provident Plan. *MERALCO*’s contribution to the Provident Plan amounted to ₱61 million, ₱52 million and ₱47 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Consolidated Retirement Benefits Cost (included in “Salaries, wages and employee benefits” account in the consolidated statements of income)

	2022	2021	2020
<i>(Amounts in millions)</i>			
Expense recognized for defined benefit plans	₱1,470	₱2,088	₱1,449
Expense recognized for defined contribution plan	61	52	47
Retirement benefits expense	₱1,531	₱2,140	₱1,496

Long-term Incentive Plan (“LTIP”)

MERALCO’s *LTIP* covers qualified employees and is based on *MERALCO Group*’s achievement of specified level of *CCNI* approved by the *BOD* and determined on an aggregate basis for a three (3)-year period as well as employees’ attainment of a minimum level of performance rating. Employees invited to *LTIP* must serve a minimum uninterrupted period to be entitled to an award. Further, the employee should be on active employment at the time of pay-out.

27. **Financial Assets and Financial Liabilities**

Financial assets consist of cash and cash equivalents, short-term investments and trade and other receivables, which are generated directly from operations, advance payments to a supplier, financial assets at *FVOCI* and debt securities at amortized cost. The principal financial liabilities consist of bank loans, redeemable preferred shares, trade and nontrade payables, which are incurred to finance operations in the normal course of business. Accounting policies related to financial assets and financial liabilities are set out in *Note 4 – Significant Accounting Policies, Changes and Improvements*.

The following table sets forth the financial assets and financial liabilities:

	Financial Assets at Amortized Cost	<i>FVOCI</i> Financial Assets	Liabilities Carried at Amortized Cost	Total Financial Assets and Liabilities
<i>(Amounts in millions)</i>				
Assets as at December 31, 2022				
<i>Noncurrent</i>				
Financial and other noncurrent assets	₱24,342	₱4,140	₱–	₱28,482
<i>Current</i>				
Cash and cash equivalents	55,832	–	–	55,832
Trade and other receivables	51,589	–	–	51,589
Financial and other current assets	18,196	–	–	18,196
Total Financial Assets	₱149,959	₱4,140	₱–	₱154,099
Liabilities as at December 31, 2022				
<i>Noncurrent</i>				
Interest-bearing long-term financial liabilities - net of current portion	₱–	₱–	₱68,757	₱68,757
Customers’ deposits - net of current portion	–	–	31,590	31,590
Refundable service extension costs - net of current portion	–	–	4,653	4,653
<i>Current</i>				
Notes payable	–	–	29,491	29,491
Trade payables and other current liabilities	–	–	91,739	91,739
Customers’ refund	–	–	2,905	2,905
Current portion of interest-bearing long-term financial liabilities	–	–	5,585	5,585
Total Financial Liabilities	₱–	₱–	₱234,720	₱234,720

	Financial Assets at Amortized Cost	<i>FVOCI</i> Financial Assets	Liabilities Carried at Amortized Cost	Total Financial Assets and Liabilities
<i>(Amounts in millions)</i>				
Assets as at December 31, 2021				
<i>Noncurrent</i>				
Financial and other noncurrent assets	P29,561	P8,467	P–	P38,028
<i>Current</i>				
ash and cash equivalents	55,007	–	–	55,007
Trade and other receivables	42,386	–	–	42,386
Financial and other current assets	17,747	–	–	17,747
Total Financial Assets	P144,701	P8,467	P–	P153,168
Liabilities as at December 31, 2021				
<i>Noncurrent</i>				
Interest-bearing long-term financial liabilities - net of current portion	P–	P–	P52,720	P52,720
Customers' deposits - net of current portion	–	–	30,901	30,901
Refundable service extension costs - net of current portion	–	–	5,334	5,334
<i>Current</i>				
Notes payable	–	–	28,834	28,834
Trade payables and other current liabilities	–	–	71,602	71,602
Customers' refund	–	–	2,929	2,929
Current portion of interest-bearing long-term financial liabilities	–	–	9,114	9,114
Total Financial Liabilities	P–	P–	P201,434	P201,434

Fair Values

The fair values of the financial assets and financial liabilities are amounts that would be received to sell the financial assets or paid to transfer the financial liabilities in orderly transactions between market participants at the measurement date. Set out below is a comparison of carrying amounts and fair values of the *MERALCO Group's* financial instruments:

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(Amounts in millions)</i>				
Financial assets				
Debt securities at amortized cost	P37,296	P36,122	P41,461	P42,856
Financial assets at <i>FVOCI</i>	4,140	4,140	8,467	8,467
Financial assets at amortized cost -				
Restricted cash	4,478	4,478	4,698	4,698
Advance payments to a supplier	560	596	705	768
	P46,474	P45,336	P55,331	P56,789
Financial liabilities				
Financial liabilities carried at amortized cost -				
Interest-bearing-long-term financial liabilities	P72,875	P73,600	P60,364	P61,135

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

Cash and Cash Equivalents, Trade and Other Receivables, Short-term Investments, Trade Payables and Other Current Liabilities and Notes Payable

Due to the short-term nature of transactions, the fair values of these instruments approximate their carrying amounts as at reporting date.

Advance Payments to a Supplier

The fair values of advance payments to a supplier were computed by discounting the instruments' expected future cash flows using the rates of 6.39% and 4.31% as at December 31, 2022 and 2021, respectively.

Financial Assets at FVOCI

The fair values were determined by reference to market bid quotes as at reporting date.

Debt Securities at Amortized Cost

The fair values were determined by discounting the expected future cash flows using the interest rate as at reporting date.

Meter Deposits and Customers' Refund

Meter deposits and customers' refund are due and demandable. Thus, the fair values of these instruments approximate their carrying amounts.

Bill Deposits

The carrying amounts of bill deposits approximate their fair values as bill deposits are interest-bearing.

Interest-bearing Long-term Financial Liabilities

The fair values of interest-bearing long-term debt (except for redeemable preferred stock) were computed by discounting the instruments' expected future cash flows using the rates ranging from 4.08% to 7.01% and 0.82% to 4.33% as at December 31, 2022 and 2021, respectively.

Redeemable Preferred Stock

The carrying amount of the preferred stock represents the fair value. Such preferred shares have been called and are payable anytime upon presentation by the shareholder of their certification. This is included under “Interest-bearing long-term financial liabilities” account.

Refundable Service Extension Costs

The fair values of refundable service extension costs cannot be reliably measured since the timing of related cash flows cannot be reasonably estimated and are accordingly measured at cost.

Fair Value Hierarchy

Below is the list of financial assets and financial liabilities that are classified using the fair value hierarchy:

	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Amounts in millions)							
Financial assets								
Advance payments to a supplier	P–	P596	P–	P596	P–	P768	P–	P768
Restricted cash	–	4,478	–	4,478	–	4,698	–	4,698
Financial assets at FVOCI	2,673	–	1,467	4,140	6,935	–	1,532	8,467
Debt securities at amortized cost	36,122	–	–	36,122	42,856	–	–	42,856
	P38,795	P5,074	P1,467	P45,336	P49,791	P5,466	P1,532	P56,789
Financial liabilities								
Interest-bearing long-term financial liabilities	P–	P73,600	P–	P73,600	P–	P61,135	P–	P61,135

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies

The main risks arising from the financial instruments are interest rate risk, foreign currency risk, commodity price risk, credit risk, and liquidity risk. The importance of managing these risks has significantly increased in light of the considerable change and volatility in the Philippine and international financial markets. The BOD reviews and approves policies for managing each of these risks. Management monitors the market price risk arising from all financial instruments. The policies for managing these risks are as follows:

Interest Rate Risk

The MERALCO Group’s exposure to the changes in market interest rates relate to changes of fair value of its long-term financial assets and to the fluctuation of future cash flows in relation to its long-term interest-bearing financial liabilities.

MERALCO’s policy is to manage its interest rate risk exposure using a mix of fixed and variable rate debts. The strategy, which yields a reasonably lower effective cost based on market conditions, is adopted. Refinancing of fixed rate loans may also be undertaken to manage interest cost. All borrowings bear fixed interest rate as at December 31, 2022 and 2021.

The exposure of GBPC and its subsidiaries to the risk of changes in market interest rate relates primarily to its long-term debt obligations with variable interest rates. GBPC and its subsidiaries’ loans bear fixed interest rates subject to repricing after a minimum of five years for CEDC and PEDC and seven years for TPC.

Foreign Currency Risk

The revaluation of any of foreign currency-denominated financial assets and financial liabilities as a result of the appreciation or depreciation of the Philippine peso is recognized as foreign exchange gains or losses as at the end of each reporting year. The extent of foreign exchange gains or losses is largely dependent on the amount of foreign currency-denominated financial instruments. While an insignificant percentage of the MERALCO Group’s revenues and liabilities is denominated in U.S. dollars, a substantial amount of the MERALCO Group’s expenditures for electricity capital projects and a portion of the operating expenses are denominated in foreign currencies, mostly in U.S. dollars. As such, a strengthening or weakening of the Philippine peso against the U.S. dollar will decrease or increase in Philippine peso terms, the principal amount of the MERALCO Group’s foreign currency-denominated liabilities and the related interest expense, foreign currency-denominated capital expenditures and operating expenses.

The following table shows the consolidated foreign currency-denominated financial assets and financial liabilities as at December 31, 2022 and 2021, translated to Philippine peso at ₱55.76 and ₱51.00 to US\$1, respectively.

	2022		2021	
	U.S. Dollar	Peso Equivalent	U.S. Dollar	Peso Equivalent
	(Amounts in millions)			
Financial assets:				
Cash and cash equivalents	\$63	₱3,491	\$83	₱4,217
Debt securities at amortized cost	41	2,286	24	1,224
Financial assets at <i>FVOCI</i>	30	1,693	21	1,070
Advance payments to a supplier	11	596	14	727
Short-term investments	6	335	9	444
	151	8,401	151	7,682
Financial liabilities -				
Trade payables and other liabilities	(7)	(374)	(5)	(240)
	\$144	₱8,027	\$146	₱7,442

All of the MERALCO Group’s long-term financial liabilities are denominated in Philippine peso. However, an insignificant portion of its trade payables are denominated in U.S. dollar. Thus, the impact of ₱1 movement of the Philippine peso against the U.S. dollar will not have a significant impact on the MERALCO Group’s obligations.

The following table demonstrates the sensitivity to a reasonably possible change in the *U.S.* dollar exchange rate vis-a-vis the Philippine peso, with all other variables held constant, of the *MERALCO Group’s* income before income tax due to changes in the fair value of financial assets and financial liabilities. There is no other impact on the *MERALCO Group’s* equity other than those already affecting the consolidated statements of income.

	2022		2021	
	Appreciation (Depreciation) of U.S. Dollar	Effect on Income before Income Tax	Appreciation (Depreciation) of U.S. Dollar	Effect on Income before Income Tax
	(In %)	(In millions)	(In %)	(In millions)
U.S. dollar-denominated financial assets and financial liabilities	+5 -5	₱401 (401)	+5 -5	₱372 (372)

Foreign exchange gain or loss for the year is computed based on management’s best estimate of a +/-5 percent change in the closing Philippine peso to *U.S.* dollar conversion rate using the balances as at financial reporting date of *U.S.* dollar-denominated cash and cash equivalents, receivables and other assets and liabilities. There has been no change in the methods and assumptions used by management in the above analysis.

Commodity Price Risk

Commodity price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in world prices or index of the commodity. The exposure of *MERALCO* and *Clark Electric* to price risk is minimal. The cost of fuel is part of *MERALCO’s* and *Clark Electric’s* generation costs that are recoverable through the generation charge in the billings to customers.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The *MERALCO Group* is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade and Other Receivables and Contract Assets

MERALCO as a franchise holder serving public interest cannot refuse customer connection. To mitigate risk, the *DSOAR* allows *MERALCO* to collect bill deposit equivalent to one (1) month’s consumption to secure credit. Also, as a policy, disconnection notices are sent three (3) days after the bill due date and disconnections are carried out beginning on the third day after receipt of disconnection notice.

Customer credit risk is managed by each business segment subject to *MERALCO Group’s* procedures and controls relating to customer credit risk management. The *MERALCO Group* manages and controls credit risk by setting limits on the amount of risk that it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss pattern (i.e. residential, industrial, commercial). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the *MERALCO Group* business segment’s historical observed default rates. Each business segment of the *MERALCO Group* will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assumptions used in determining the historical default rates, forecast of economic conditions, economic impact of *COVID-19* pandemic to *MERALCO Group* customers and *ECLs* involved significant estimation. The amount of *ECLs* is sensitive to changes in circumstances and forecast of economic conditions. The historical credit loss experience, expected deferred payment arrangements, expected default upon resumption of service disconnection activities and forecast of economic conditions may also not be representative of customers’ actual default in the future.

The subsidiaries of *MERALCO* trade only with recognized, creditworthy third parties. It is the *MERALCO Group’s* policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables are monitored on an ongoing basis to reduce exposure to bad debt. *GBPC* and its subsidiaries applied the simplified approach under *PFRS 9*, using a ‘provision matrix’, in measuring expected credit losses which uses a lifetime expected loss allowance for receivables. The expected loss rates are based on the payment profiles of revenues/sales over a period of at least 24 months before the relevant reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers/counterparties to settle the receivables. *GBPC* and its subsidiaries have identified the gross domestic product (“*GDP*”), consumer price index (“*CPI*”) and unemployment rate in the locations in which they sell their services to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

No impairment losses resulted from performing collective impairment test, due to the past experience of *GBPC* and its subsidiaries of realizing receivables within the credit period which help reduce the credit risk exposure in case of default by the customers.

Set out below is the information about the credit risk exposure of the *MERALCO Group*’s trade and other receivables and contract assets using a provision matrix:

2022								
Trade – electectricity distributed								
Contract Status								
	Active	Active - Disconnected	Active – Pending to Terminate	Terminated	Energy Generated	Other trade receivables	Nontrade receivables	Total
<i>(Amounts in millions, except ECL rate)</i>								
ECL Rate	1.79%	2.46%	2.14%	81.28%	14.59%	12.47%	7.28%	
Estimated total gross carrying amount at default	₱32,714	₱1,993	₱1,951	₱5,037	₱7,594	₱6,301	₱6,208	₱61,798
Expected credit loss	585	49	42	4,093	1,108	786	452	7,115
2021								
Trade – electectricity distributed								
Contract Status								
	Active	Active - Disconnected	Active – Pending to Terminate	Terminated	Energy Generated	Other trade receivables	Nontrade receivables	Total
<i>(Amounts in millions, except ECL rate)</i>								
ECL Rate	2.41%	5.39%	4.97%	83.61%	22.02%	12.15%	6.50%	
Estimated total gross carrying amount at default	₱24,432	₱3,404	₱4,109	₱3,319	₱5,087	₱6,461	₱4,125	₱50,937
Expected credit loss	589	183	204	2,775	1,120	785	268	5,924

Financial Instruments and Cash and Cash Equivalents

With respect to placements of cash with financial institutions, these institutions are subject to the *MERALCO Group*’s accreditation evaluation based on liquidity and solvency ratios and on the bank’s credit rating. The *MERALCO Group* transacts derivatives only with similarly accredited financial institutions. In addition, the *MERALCO Group*’s deposit accounts in banks are insured by the Philippine Deposit Insurance Corporation up to ₱500,000 per bank account.

The *MERALCO Group* invests only in quoted debt securities with very low credit risk. The *MERALCO Group*’s debt instruments at *FVOCI* comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by credit rating agencies and therefore, are considered to be low credit risk investments.

Finally, credit quality review procedures are in place to provide regular identification of changes in the creditworthiness of counterparties. Counterparty limits are established and reviewed periodically based on latest available financial information of counterparties, credit ratings and liquidity. The *MERALCO Group*’s credit quality review process allows it to assess any potential loss as a result of the risks to which it may be exposed and to take corrective actions.

There are no significant concentrations of credit risk within the *MERALCO Group*.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is equivalent to the nominal amount of the accounts.

Gross Maximum Exposure		
2022		
2021		
<i>(Amounts in millions)</i>		
Cash and cash equivalents:		
Cash in banks	₱16,966	₱20,518
Cash equivalents	38,634	34,119
Trade and other receivables:		
Electricity sold	36,926	31,513
Energy generated	6,486	3,967
Service contracts	2,421	3,049
Nontrade receivables	5,756	3,857
Other current financial assets:		
Debt securities at amortized cost	17,793	17,121
Short-term investments	204	444
Current portion of advance payments to a supplier	199	182
Other noncurrent financial assets:		
Debt securities at amortized cost	19,503	24,340
Restricted cash	4,478	4,698
Financial assets at <i>FVOCI</i>	4,140	8,467
Advance payments to a supplier	361	523
	₱153,867	₱152,798

The credit quality of financial assets is managed by *MERALCO* using “High Grade”, “Standard Grade” and “Sub-standard Grade” for accounts, which are neither impaired nor past due using internal credit rating policies

The following tables show the credit quality by asset class:

2022						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Sub- standard Grade	Past Due but not Impaired	Impaired Financial Assets	Total
<i>(Amounts in millions)</i>						
Cash in banks and cash equivalents	₱55,600	₱–	₱–	₱–	₱–	₱55,600
Trade and other receivables:						
Electricity sold	8,031	2,868	12,728	13,299	4,769	41,695
Energy generated	6,485	–	–	1	1,108	7,594
Service contracts	1,175	–	–	1,246	762	3,183
Nontrade receivables	5,252	–	–	504	452	6,208
Financial and other current assets:						
Debt securities at amortized cost	17,793	–	–	–	–	17,793
Current portion of advance payments to a supplier	199	–	–	–	–	199
Short-term investments	204	–	–	–	–	204
Financial and other noncurrent assets:						
Debt securities at amortized cost	19,503	–	–	–	–	19,503
Financial assets at <i>FVOCI</i>	4,140	–	–	–	–	4,140
Restricted cash	4,478	–	–	–	–	4,478
Advance payment to a supplier	361	–	–	–	–	361
	₱123,221	₱2,868	₱12,728	₱15,050	₱7,091	₱160,958

	2021					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Sub- standard Grade	Past Due but not Impaired	Impaired Financial Assets	Total
	(Amounts in millions)					
Cash in banks and cash equivalents	P54,637	P–	P–	P–	P–	P54,637
Trade and other receivables:						
Electricity sold	6,539	2,732	12,116	10,126	3,751	35,264
Energy generated	3,963	–	–	4	1,120	5,087
Service contracts	986	–	–	2,063	765	3,814
Nontrade receivables	3,246	–	–	611	268	4,125
Financial and other current assets:						
Debt securities at amortized cost	17,121	–	–	–	–	17,121
Current portion of advance payments to a supplier	182	–	–	–	–	182
Short-term investments	444	–	–	–	–	444
Financial and other noncurrent assets:						
Debt securities at amortized cost	24,340	–	–	–	–	24,340
Financial assets at <i>FVOCI</i>	8,467	–	–	–	–	8,467
Restricted cash	4,698	–	–	–	–	4,698
Advance payment to a supplier	523	–	–	–	–	523
	P125,146	P2,732	P12,116	P12,804	P5,904	P158,702

Credit ratings are determined as follows:

■ High Grade

High grade financial assets include cash in banks, cash equivalents, short-term investments, debt securities at amortized cost investments, *FVOCI* financial assets and advance payments to a supplier transacted with counterparties of good credit rating or bank standing. Consequently, credit risk is minimal. These counterparties include large prime financial institutions, large industrial companies and commercial establishments, and government agencies. For trade receivables, these consist of current month’s billings (less than 30 days) that are expected to be collected within 10 days from the time bills are delivered.

■ Standard Grade

Standard grade financial assets include trade receivables that consist of current month’s billings (less than 30 days) that are expected to be collected before due date (10 to 14 days after bill date).

■ Sub-standard Grade

Sub-standard grade financial assets include trade receivables that consist of current month’s billings, which are not expected to be collected within 60 days.

Liquidity Risk

Liquidity risk is the risk that the *MERALCO Group* will be unable to meet its payment obligations when these fall due. The *MERALCO Group* manages this risk through monitoring of cash flows in consideration of future payment of obligations and the collection of its trade receivables. The *MERALCO Group* also ensures that there are sufficient, available and approved working capital lines that it can draw from at any time.

The *MERALCO Group* maintains an adequate amount of cash, cash equivalents and *FVOCI* financial assets, which may be readily converted to cash in any unforeseen interruption of its cash collections. The *MERALCO Group* also maintains accounts with several relationship banks to avoid significant concentration of funds with one (1) institution.

The following table sets out the maturity profile of the financial liabilities and contract liabilities based on contractual undiscounted payments plus future interest:

	2022				
	Less than 3 Months	Over 3–12 Months	Over 1–5 Years	More than 5 Years	Total
	(Amounts in millions)				
Notes payable	P2,047	P28,004	P–	P–	P30,051
Trade payables and other current liabilities	86,726	–	–	–	86,726
Customers’ refund	2,905	–	–	–	2,905
Interest-bearing long-term financial liabilities:					
Fixed rate borrowings	958	4,937	31,187	33,259	70,341
Floating rate borrowings	163	590	2,972	12,501	16,226
Redeemable preferred stock	1,467	–	–	–	1,467
Customers’ deposits	505	2,736	6,907	24,683	34,831
Refundable service extension costs	345	1,427	4,405	248	6,425
Non-refundable liability related to asset funded by customers	127	127	127	488	869
Total undiscounted financial liabilities	P95,243	P37,821	P45,598	P71,179	P249,841

	2021				
	Less than 3 Months	Over 3–12 Months	Over 1–5 Years	More than 5 Years	Total
	<i>(Amounts in millions)</i>				
Notes payable	P1,402	P28,529	P–	P–	P29,931
Trade payables and other current liabilities	67,166	–	–	–	67,166
Customers’ refund	2,929	–	–	–	2,929
Interest-bearing long-term financial liabilities:					
Fixed rate borrowings	5,359	3,321	20,514	33,957	63,151
Redeemable preferred stock	1,470	–	–	–	1,470
Customers’ deposits	720	2,055	6,754	24,147	33,676
Refundable service extension costs	345	1,315	4,405	929	6,994
Non-refundable liability related to asset funded by customers	127	127	127	485	866
Total undiscounted financial liabilities	P79,518	P35,347	P31,800	P59,518	P206,183

The maturity profile of bill deposits is not determinable since the timing of each refund is linked to the cessation of service, which is not reasonably predictable. However, *MERALCO* estimates that the amount of bill deposits (including related interests) of ₱2,925 million will be refunded within a year. This is shown as part of “Trade payables and other current liabilities” account in the consolidated statement of financial position as at December 31, 2022.

Capital Management

The primary objective of the *MERALCO Group*'s capital management is to enhance shareholder value. The capital structure is reviewed with the end view of achieving a competitive cost of capital and at the same time ensuring that returns on, and of, capital are consistent with the levels approved by its regulators for its core distribution business.

The capital structure optimization plan is complemented by efforts to improve capital efficiency to increase yields on invested capital. This entails efforts to improve the efficiency of capital assets, working capital and non-core assets.

The *MERALCO Group* monitors capital using, among other measures, debt to equity ratio, which is gross debt divided by equity attributable to the holders of the parent. The *MERALCO Group* considers long-term debt, redeemable preferred stock and notes payable as debt.

	2022	2021
	<i>(Amounts in millions, except debt to equity ratio)</i>	
Long-term debt	P72,875	P60,364
Notes payable	29,491	28,834
Redeemable preferred stock	1,467	1,470
Debt (a)	P103,833	P90,668
Equity attributable to the holders of the parent (b)	P109,664	P95,204
Debt to equity ratio(a)/(b)	0.95	0.95

28. Income Taxes and Local Franchise Taxes

Income Taxes

The components of net deferred income tax assets and liabilities are as follows:

		2022	2021
	Note		(As restated – see Note 3)
		<i>(Amounts in millions)</i>	
Deferred income tax assets:			
Provisions for probable losses and expenses from claims	19 and 22	P25,464	P29,147
Unfunded retirement benefits cost and unamortized past service cost	26	2,563	2,259
Accrued employee benefits	26	1,395	1,067
Allowance for expected credit losses	13	1,188	1,184
Decommissioning liability		223	219
Actuarial losses		–	89

(Forward)

		2022	2021
	Note		(As restated – see Note 3)
		<i>(Amounts in millions)</i>	
Allowance for excess of cost over net realizable value of inventories	14	P48	P48
Others		1,151	564
		32,032	34,577
Deferred income tax liabilities:			
Revaluation increment in utility plant, generation plant and others	16	5,483	5,519
Fair value of net assets from acquisition of GBPC	3	5,343	5,558
Actuarial gains		2,329	922
Capitalized interest		792	700
Capitalized duties and taxes deducted in advance		398	412
Others		457	282
		14,802	13,393
		P17,230	P21,184

The deferred income tax assets and liabilities are presented in the consolidated statements of financial position as follows:

	2022	2021
		(As restated – see Note 3)
	<i>(Amounts in millions)</i>	
Deferred income tax assets – net	P22,657	P27,143
Deferred income tax liabilities – net	(5,427)	(5,959)
	P17,230	P21,184

Provision for (benefit from) income tax consists of:

	2022	2021	2020
	<i>(Amounts in millions)</i>		
Current	P4,122	P8,728	P10,295
Deferred	2,526	184	(4,029)
	P6,648	P8,912	P6,266

The deferred tax assets charged directly to *OCI* amounted to P1,544 million, P2,172 million and P1,557 million for the years ended December 31, 2022, 2021 and 2020, respectively.

A reconciliation between the provision for income tax computed at statutory income tax rates of 25%, 25% and 30% for the years ended December 31, 2022, 2021 and 2020, and provision for income tax as shown in the consolidated statements of income is as follows:

	2022	2021	2020
	<i>(Amounts in millions)</i>		
Income tax computed at statutory tax rate	₱8,809	₱8,249	₱6,724
Impact of <i>CREATE</i> bill on provision for:			
Current income tax	–	(824)	–
Deferred income tax	–	4,525	–
Income tax effects of:			
Interest income subjected to lower final tax rate	(486)	(478)	(691)
Nondeductible interest expense	121	119	285
Nondeductible expense	25	–	1,038
Nontaxable income	(75)	(93)	(94)
Equity in net earnings of associates and joint ventures	(3,009)	(782)	(370)
Difference in calculation of tax deductible costs and expenses	–	(1,526)	(3,621)
Unrecognized deferred tax assets	860	(677)	2,772
Others	403	399	223
	₱6,648	₱8,912	₱6,266

MERALCO elected to adopt the itemized deductions in 2022 and Optional Standard Deductions (“*OSD*”) in lieu of itemized deductions in 2021 and 2020 beginning with its first quarter income tax return.

Certain deferred tax assets and liabilities expected to be recovered or settled in subsequent taxable years, for which the related income and expense were not considered in determining gross income for income tax purposes, were not recognized. This is because the manner by which *MERALCO* expects to recover or settle the underlying assets and liabilities would not result in any future tax consequence under the current method of computing taxable income.

MERALCO’s net deferred tax assets which were not recognized as at December 31, 2022 and 2021 are as follows:

	2022	2021
	<i>(Amounts in millions)</i>	
Deferred tax assets:		
Net operating loss carryover (“ <i>NOLCO</i> ”)	₱2,030	₱964
Provisions for various claims	664	480
	2,694	1,444
Deferred tax liabilities:		
Revaluation increment in utility plant, generation plant and others	–	13
Capitalized interest	–	8
Capitalized duties and taxes deducted in advance	–	6
Others	–	5
	–	32
	₱2,694	₱1,412

The temporary differences for which deferred tax assets have not been recognized pertain to the tax effect of *NOLCO* of *MGen* amounting to ₱8,121 million and ₱3,856 million as at December 31, 2022 and 2021, respectively. These are not recognized because *MGen* does not expect to utilize such deferred tax assets against sufficient taxable profit.

NOLCO totaling to ₱8,121 million may be claimed as deduction against taxable income as follows:

Date Incurred	Expiry Date	Amount
		<i>(In millions)</i>
December 31, 2020	December 31, 2025	₱1,288
December 31, 2021	December 31, 2026	1,945
December 31, 2022	December 31, 2025	4,888
		₱8,121

NOLCO amounting to ₱623 million, ₱862 million and ₱613 million expired in 2022, 2021 and 2020, respectively.

On September 30, 2020, the *BIR* issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the *NOLCO* incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

On November 26, 2020, the Senate approved on 3rd and final reading Senate Bill No. 1357, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” (“*CREATE*”), which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performed-based.

MERALCO’s consolidated financial statements as at and for the years ended December 31, 2020 and 2019 were released on March 1, 2021, prior to the signing of the *CREATE* bill into law by President Duterte on March 26, 2021. As such, *MERALCO*’s provision for income tax in 2020 was computed on the basis of the income tax rate of 30% and tax laws that were enacted at the reporting date. The impact of the *CREATE* bill, mainly the difference between the 30% and 25% income tax rates are adjusted in the 2021 provision for current and deferred income tax.

LFT

Consistent with the decisions of the *ERC*, *LFT* is a recoverable charge of the *DU* from the particular province or city imposing and collecting the *LFT*. It is presented as a separate line item in the customer’s bill and computed as a percentage of the sum of generation, transmission, distribution services and related *SL* charges.

The Implementing Rules and Regulations (“*IRR*”) issued by the *ERC* provide that *LFT* shall be paid only on its distribution wheeling and captive market supply revenues. Pending the promulgation of guidelines from the relevant government agencies, *MERALCO* is paying *LFT* based on the sum of the foregoing charges in the customers’ bill.

In *ERC* Resolution No. 2, Series of 2021, or the Rules on Recovery of Pass-Through Taxes (Real Property, Local Franchise, and Business Taxes) of *DUs*, the *ERC* amended and modified the rules with respect to the recovery of any local franchise tax, including the filing of applications for recovery.

29. Contingencies and Legal Proceedings

Overpayment of Income Tax related to SC Refund

With the decision of the *SC* for *MERALCO* to refund ₱0.167 per *kWh* to customers during the billing period February 1994 to May 2003, *MERALCO* overpaid income tax in the amount of ₱7,107 million for taxable years 1994 to 1998 and 2000 to 2001. Accordingly, on November 27, 2003, *MERALCO* filed a claim for the recovery of such excess income taxes paid. After examination of the books of *MERALCO* for the covered periods, the *BIR* determined that *MERALCO* had in fact overpaid income taxes in the amount of ₱6,690 million. However, the *BIR* also maintained that *MERALCO* is entitled to a refund amount of only ₱894 million, which pertains to taxable year 2001, claiming that the period for filing a claim had prescribed in respect to the difference between *MERALCO*’s overpayment and the refund amount *MERALCO* is entitled to.

The *BIR* then approved the refund of ₱894 million for issuance of tax credit certificates (“*TCCs*”), proportionate to the actual refund of claims to utility customers. The *BIR* initially issued *TCCs* amounting to ₱317 million corresponding to actual refund to customers as at August 31, 2005. In May 2014, the *BIR* issued additional *TCCs* amounting to ₱396 million corresponding to actual refund to customers as at December 31, 2012.

As at December 31, 2022 and 2021, the amount of unissued *TCCs* of ₱181 million is presented as part of “Financial and other noncurrent assets” account in the consolidated statements of financial position.

See Note 11 – Financial and other Noncurrent Assets.

MERALCO filed a Petition with the Court of Tax Appeals (“*CTA*”) assailing the denial by the *BIR* of its income tax refund claim of ₱5,796 million for the years 1994 - 1998 and 2000, arising from the *SC* decision (net of ₱894 million as approved by the *BIR* for taxable year 2001 “Overpayment of Income Tax related to *SC* Refund”). In a Decision dated December 6, 2010, the *CTA*’s Second Division granted *MERALCO*’s claim and ordered the *BIR* to refund or to issue *TCC* in favor of *MERALCO* in the amount of ₱5,796 million in proportion to the tax withheld on the total amount that has been actually given or credited to its customers.

On appeal by the *BIR* to the *CTA* En Banc, *MERALCO*’s petition was dismissed on the ground of prescription in the Decision of the *CTA* En Banc dated May 8, 2012. On a *MR* by *MERALCO* of the said dismissal, the *CTA* En Banc partly granted *MERALCO*’s motion and issued an Amended Decision dated November 13, 2012, ruling that *MERALCO*’s claim was not yet barred by prescription and remanding the case back to the *CTA* Second Division for further reception of evidence.

The *BIR* filed a *MR* of the above Amended Decision, while *MERALCO* filed its Motion for Partial Reconsideration or Clarification of Amended Decision. Both parties filed their respective Comments to the said motions, and these were submitted for resolution at the *CTA* En Banc.

In a Resolution promulgated on May 22, 2013, the *CTA* denied the said motions of the *BIR* and *MERALCO*, and the *CTA* Second Division was ordered to receive evidence and rebuttal evidence relating to *MERALCO*’s level of refund to customers, pertaining to the excess charges it made in taxable years 1994-1998 and 2000, but corresponding to the amount of ₱5,796 million, as already determined by the said court.

On July 12, 2013, the *BIR* appealed the *CTA* En Banc’s Amended Decision dated November 13, 2012 and Resolution dated May 22, 2013 via Petition for Review with the *SC*. As at February 27, 2023, the case is pending resolution by the *SC*.

LFT Assessments of Municipalities

Certain municipalities have served assessment notices on *MERALCO* for *LFT*. As provided in the Local Government Code (“*LGC*”), only cities and provincial governments may impose taxes on establishments doing business in their localities. On the basis of the foregoing, *MERALCO* and its legal counsel believe that *MERALCO* is not subject or liable for such assessments.

RPT Assessments

On October 22, 2015, the *SC* ruled on an appeal of *MERALCO* declaring, among others, that the transformers, electric posts, transmission lines, insulators and electric meters are not exempted from *RPT* under the *LGC*. Thereafter, *MERALCO* began the process of settlement with the affected *LGUs* and filed for the recovery of the resulting *RPT* payments with the *ERC*.

With the development, *PEPOA* and *PHILRECA* filed separate petitions for rule-making proposing the pass-through of *RPT*.

In 2021, acting on petitions filed by *PEPOA* and *PHILRECA*, which proposed the pass-through of *RPT*, *ERC* issued Resolution No. 2, Series of 2021, “Rules on Recovery of Pass-Through Taxes (Real Property, Local Franchise, and Business Taxes”. Under such resolution, the *ERC* approved the recovery of *RPT*, *LFT* and Business Taxes as pass-through charges and therefore excluded among the financial building blocks in the annual revenue requirement of *PBR*.

Accordingly, *MERALCO* filed for recovery of such *RPT* paid and intends to recover the same in the regulatory reset process.

Subsequently, *PEPOA* filed another petition for rule-making to amend certain provisions of Resolution No. 2, Series of 2021 to cover full recovery as pass-through costs of: (i) local taxes (*RPT*, *LFT* and business tax) levied by *LGUs* during the years prior to the Resolution to address tax arrearages; (ii) *RPT* assessed by *LGUs* on assets located outside the *DU*’s franchise area but are used to provide public service within the franchise area. *MERALCO* had submitted its comments and several public consultations were conducted. As at February 27, 2023, the Petition is pending with the *ERC*.

See Note 19 – Provisions.

Mediation with NPC

The *NPC* embarked on a Power Development Program (“*PDP*”), which consisted of contracting generating capacities and the construction of its own, as well as private sector, generating plants, following a crippling power supply crisis. To address the concerns of the creditors of *NPC*, namely, Asian Development Bank and the World Bank, the Department of Energy (“*DOE*”) required that *MERALCO* enter into a long-term supply contract with the *NPC*.

Accordingly, on November 21, 1994, *MERALCO* entered into a 10-year Contract for Sale of Electricity (“*CSE*”) with *NPC* which commenced on January 1, 1995. The *CSE*, the rates and amounts charged to *MERALCO* therein, were approved by the *BOD* of *NPC* and the then Energy Regulatory Board, respectively.

Separately, the *DOE* further asked *MERALCO* to provide a market for half of the output of the Camago-Malampaya gas field to enable its development and production of natural gas, which was to generate significant revenues for the Philippine Government and equally significant foreign exchange savings for the country to the extent of the fuel imports, which the domestic volume of natural gas will displace.

MERALCO’s actual purchases from *NPC* exceeded the contract level in the first seven (7) years of the *CSE*. However, the 1997 Asian crisis resulted in a significant curtailment of energy demand.

While the events were beyond the control of *MERALCO*, *NPC* did not honor *MERALCO*’s good faith notification of its off-take volumes. A dispute ensued and both parties agreed to enter into mediation.

The mediation resulted in the signing of a Settlement Agreement (“*SA*”) between the parties on July 15, 2003. The *SA* was approved by the respective *BODs* of *NPC* and *MERALCO*. The net settlement amount of ₱14,320 million was agreed upon by *NPC* and *MERALCO* and manifested before the *ERC* through a Joint Compliance dated January 19, 2006. The implementation of the *SA* is subject to the approval of the *ERC*.

Subsequently, the *OSG* filed a “Motion for Leave to Intervene with Motion to Admit Attached Opposition to the Joint Application and Settlement Agreement between *NPC* and *MERALCO*”. As a result, *MERALCO* sought judicial clarification with the Regional Trial Court (“*RTC-Pasig*”). Pre-trials were set, which *MERALCO* complied with and attended. However, the *OSG* refused to participate in the pre-trial and opted to seek a Temporary Restraining Order (“*TRO*”) from the *CA*.

In a Resolution dated December 1, 2010, the *CA* issued a *TRO* against the *RTC-Pasig*, *MERALCO* and *NPC* restraining the respondents from further proceeding with the case. Subsequently, in a Resolution dated February 3, 2011, the *CA* issued a writ of preliminary injunction enjoining the *RTC-Pasig* from conducting further proceedings pending resolution of the Petition. In a Decision dated October 14, 2011, the *CA* resolved to deny the Petition filed by the *OSG* and lifted the injunction previously issued. The said Decision likewise held that the *RTC-Pasig* committed no error in finding the *OSG* in default due to its failure to participate in the proceedings. The *RTC-Pasig* was thus ordered to proceed to hear the case *ex-parte*, as against the *OSG*, and with dispatch. The *OSG* filed a *MR* which was denied by the *CA* in its Resolution dated April 25, 2012. The *OSG* filed a Petition for Review on Certiorari with the *SC*. *MERALCO*’s Comment was filed on October 29, 2012. Subsequently, a Decision dated December 11, 2013 was rendered by the First Division of the *SC* denying the Petition for Review on Certiorari by the *OSG* and affirming the Decision promulgated by the *CA* on October 14, 2011.

With the dismissal of the petition filed by the Office of the Solicitor General (“*OSG*”) with the *CA*, *MERALCO* filed a motion for the reception of its evidence *ex-parte* with the *RTC-Pasig* pursuant to the ruling of the *CA*. In a Decision dated May 29, 2012, the *RTC-Pasig* declared the *SA* valid and binding, independent of the pass-through for the settlement amount which is reserved for the *ERC*. The *OSG* has filed a Notice of Appeal with the *RTC-Pasig* on June 19, 2012. After both parties filed their respective appeal briefs, the *CA* rendered a Decision dated April 15, 2014 denying the appeal and affirming the *RTC* Decision, which declared the *SA* as valid and binding. The *OSG* filed a Petition for Review with the *SC*. On November 10, 2014, *MERALCO* filed its comment to the Petition. *PSALM* likewise filed its comment to the Petition. In a Resolution dated July 8, 2015, the *SC* resolved to serve anew its Resolutions requiring *NPC* to comment on the Petition. In compliance, *NPC* submitted its Comment dated September 8, 2015. *MERALCO* submitted its Motion for Leave to File and to Admit Attached Reply on October 12, 2015. Pursuant to the *SC* Resolution dated November 11, 2015, the *OSG* filed a Consolidated Reply to the comments filed by *NPC*, *MERALCO* and *PSALM*. *MERALCO* then filed a Motion for Leave to File and to Admit the Attached Rejoinder. The parties have filed their respective memoranda. In a Resolution dated September 28, 2022, the *SC* denied the Petition filed by the *OSG* and affirmed the validity of the Settlement Agreement. The implementation of the *SA* is subject to the approval of the *ERC*.

Sucat-Araneta-Balintawak Transmission Line

The Sucat-Araneta-Balintawak transmission line is a two (2)-part transmission line, which completed the 230 *kV* line loop within Metro Manila. The two (2) main parts are the Araneta to Balintawak leg and the Sucat to Araneta leg, which cuts through Dasmariñas Village, Makati City.

On March 10, 2000, certain residents along Tamarind Road, Dasmariñas Village, Makati City “the *Plaintiffs*”, filed a case against *NPC* with the *RTC-Makati*, enjoining *NPC* from further installing high voltage cables near the *Plaintiffs*’ homes and from energizing and transmitting high voltage electric current through said cables because of the alleged health risks and danger posed by the same through the electromagnetic field emitted by said lines.

Following its initial status quo Order issued on March 13, 2000, *RTC-Makati* granted on April 3, 2000 the preliminary injunction sought by the *Plaintiffs*. The decision was affirmed by the SC on March 23, 2006, which effectively reversed the decision of the CA to the contrary. The *RTC-Makati* subsequently issued a writ of execution based on the Order of the SC. *MERALCO*, in its capacity as an intervenor, was constrained to file an Omnibus Motion to maintain status quo because of the significant effect of a de-energization of the Sucat-Araneta line to the public and economy. Shutdown of the 230 kV line will result in widespread and rotating brownouts within *MERALCO*'s franchise area with certain power plants unable to run at their full capacities.

On September 8, 2009, the *RTC-Makati* granted the motions for intervention filed by intervenors, *MERALCO* and *NGCP* and dissolved the Writ of Preliminary Injunction issued, upon the posting of the respective counter bonds by defendant *NPC*, intervenors *MERALCO* and *NGCP*, subject to the condition that *NPC* and intervenors will pay for all damages, which the *Plaintiffs* may incur as a result of the Writ of Preliminary Injunction.

In its Order dated February 5, 2013, the *RTC-Makati* granted the *Plaintiffs'* motion and directed the re-raffle of the case to another branch after the judicial dispute resolution failed.

This case remains pending and is still at the pre-trial stage. During the pre-trial stage, *Plaintiffs* filed a Manifestation stating that they are pursuing the deposition of a supposed expert in electromagnetic field through oral examination without leave of court in late January or early February 2016 or on such date as all the parties may agree amongst themselves at the Consulate Office of the Philippines in Vancouver, Canada. *NPC* and intervenors filed their Opposition and Counter-Manifestation. Intervenor *NGCP* filed a Motion to Prohibit the Taking of the Deposition of the said expert. Intervenor *MERALCO* intends to file its Comment/Opposition in due course. As at February 27, 2023, *MERALCO* is awaiting further action of the SC on the matter.

Petition for Dispute Resolution against PEMC, TransCo, NPC and PSALM

On September 9, 2008, *MERALCO* filed with the *ERC* a Petition for Dispute Resolution, against *PEMC*, *TransCo*, *NPC* and *PSALM*, as a result of the congestion in the transmission system of *TransCo* arising from the outages of the San Jose-Tayabas 500 kV Line 2 on June 22, 2008, and the 500 kV 600 Mega Volt-Ampere Transformer Bank No. 2 of *TransCo*'s San Jose, Bulacan substation on July 11, 2008. The Petition seeks to, among others, direct *PEMC* to adopt the *NPC*- Time-of-Use (“*TOU*”) rate or the new price determined through the price substitution methodology of *PEMC* as approved by the *ERC*, as basis for its billing during the period of the congestion and direct *NPC* and *PSALM* to refund the transmission line loss components of the line rentals associated with *NPC/PSALM* bilateral transactions from the start of *WESM* operation on June 26, 2006.

In a Decision dated March 10, 2010, the *ERC* granted *MERALCO*'s petition and ruled that there is double charging of the transmission line costs billed to *MERALCO* by *NPC* for the Transition Supply Contract (“*TSC*”) quantities to the extent of 2.98% loss factor, since the effectivity of the *TSC* in November 2006. Thus, *NPC* was directed to refund line rental adjustment to *MERALCO*. In the meantime, the *ERC* issued an Order on May 4, 2011 allowing *PEMC* to submit an alternative methodology for the segregation of line rental into congestion cost and line losses from the start of the *WESM*. *PEMC* has filed its compliance submitting its alternative methodology.

On September 8, 2011, *MERALCO* received a copy of *PEMC*'s compliance to the *ERC*'s directive and on November 11, 2011, *MERALCO* filed a counter-proposal which effectively simplifies *PEMC*'s proposal.

In an Order of the *ERC* dated June 21, 2012, *MERALCO* was directed to submit its computation of the amount of the double charging of line loss on a per month basis from June 26, 2006 up to June 2012. On July 4, 2012, *MERALCO* filed its Compliance to the said Order. Thereafter, the *ERC* issued an Order directing the parties to comment on *MERALCO*'s submissions. Hearings were conducted on October 2, 2012 and October 16, 2012 to discuss the parties' proposal and comments.

In an Order dated March 4, 2013, the *ERC* approved the methodology proposed by *MERALCO* and *PEMC* in computing the double charged amount on line losses by deducting 2.98% from the *NPC-TOU* amount. Accordingly, the *ERC* determined that the computed double charge amount to be collected from *NPC* is ₱5.2 billion, covering the period November 2006 to August 2012 until actual cessation of the collection of the 2.98% line loss charge in the *NPC-TOU* rates imposed on *MERALCO*. In this regard, *NPC* was directed by the *ERC* to refund said amount by remitting to *MERALCO* the equivalent amount of ₱73.9 million per month until the over-recoveries are fully refunded. In the said Order, the *ERC* likewise determined that the amount to be collected from the successor generating companies (“*SGCs*”) is ₱4.7 billion. Additionally, *MERALCO* was directed to file a petition against the following *SGCs*: *MPPCL*, Aboitiz Power Renewables, Inc. (“*APRI*”), *TLI*, *SMEC* and *Sem-Calaca*, within 30 days from receipt thereof, to recover the line loss collected by them. On April 19, 2013, *MERALCO* filed a Motion for Clarification with the *ERC* regarding the directives contained in the March 4, 2013 Order. On April 30, 2013 and May 8, 2013, *PSALM* and *NPC*, respectively, filed motions seeking reconsideration of the March 4, 2013 Order. *MERALCO* filed a motion seeking for an additional 15 days from its receipt of the *ERC*'s Order resolving its Motion for Clarification, within which to file its Petition against the *SGCs*.

In an Order dated July 1, 2013, the *ERC* issued the following clarifications/resolutions: (i) *SPPC* should be included as one of the *SGCs* against whom a petition for dispute resolution should be filed by *MERALCO*; (ii) amount to be refunded by *NPC* is not only ₱5.2 billion but also the subsequent payments it received from *MERALCO* beyond August 2012 until the actual cessation of the collection of the 2.98% line loss charge in its *TOU* rates; (iii) petition to be filed by *MERALCO* against the *SGCs* should not only be for the recovery of the amount of ₱4.7 billion but also the subsequent payments beyond August 2012 until the actual cessation of the collection of the 2.98% line loss charge in its *TOU* rates; (iv) “*SCPC Ilijan*” pertains to *SPPC* instead. Thus, the refundable amount of ₱706 million pertaining to “*SCPC Ilijan*” should be added to *SPPC*'s refundable amount of ₱1.1 billion; (v) grant the Motion for Extension filed by *MERALCO* within which to file a petition against the following *SGCs*: *MPPCL*, *APRI*, *TLI*, *SMEC*, *Sem-Calaca* and *SPPC*; and (vi) deny the respective *MRs* filed by *NPC* and *PSALM*.

On September 12, 2013, *MERALCO* filed a Manifestation with Motion with the *ERC* seeking approval of its proposal to offset the amount of ₱73.9 million per month against its monthly remittances to *PSALM*. *PSALM* and *NPC* filed their comments *Ad Cautelam* and Comment and Opposition *Ad Cautelam*, respectively, on *MERALCO*'s Manifestation with Motion. On November 4, 2013, *MERALCO* filed its reply. As at February 27, 2023, *MERALCO*'s Manifestation with Motion is pending resolution by the *ERC*.

On October 24, 2013, *MERALCO* received *PSALM*'s Petition for Review on Certiorari with the CA (With Urgent *TRO* and/or Writ of Preliminary Mandatory Injunction Applications) questioning the March 4, 2013 and July 1, 2013 Orders of the *ERC*.

On February 3, 2014, *MERALCO* filed a Comment with Opposition to the Application for *TRO* or Writ of Preliminary Injunction dated January 30, 2014. *PEMC* filed a Comment and Opposition Re: Petition for Certiorari with Urgent *TRO* and/or Writ of Preliminary Mandatory Injunction dated January 6, 2014. On June 4, 2014, the *CA* issued a Resolution declaring that *PSALM* is deemed to have waived the filing of a Reply to the comment and opposition of *MERALCO* and *PEMC* and directing the parties to submit their simultaneous memoranda within 15 days from notice. On December 1, 2014, the *CA* issued a decision dismissing the Petition for Certiorari filed by *PSALM* against the *ERC*, *MERALCO* and *PEMC* and affirming the *ERC*'s ruling on the refund of the ₱5.2 billion of transmission line losses double charged by *PSALM* and *NPC*. On January 30, 2015, *PSALM* filed its *MR* on the December 1, 2014 Decision of the *CA*. *MERALCO* has filed its Opposition to the *MR*. In a Resolution dated August 11, 2015, the *CA* denied *PSALM*'s *MR*. On October 27, 2015, *MERALCO* received *PSALM*'s Petition for Review with the *SC*. The Petition has been given due course and the parties have filed their respective memoranda. As at February 27, 2023, *MERALCO* is still awaiting further action of the *SC* on the Petition.

Petition for Dispute Resolution against SPPC, MPPCL, APRI, TLI, SMEC and Sem-Calaca

On August 29, 2013, *MERALCO* filed a Petition for Dispute Resolution against *SPPC*, *MPPCL*, *APRI*, *TLI*, *SMEC* and *Sem-Calaca*. Said Petition seeks the following: 1) refund of the 2.98% transmission line losses in the amount of ₱5.4 billion, inclusive of the ₱758 million line loss for the period September 2012 to June 25, 2013, from said *SGCs*; and 2) approval of *MERALCO*'s proposal to correspondingly refund to its customers the aforementioned line loss amounts, as and when the same are received from the *SGCs*, until such time that the said over-recoveries are fully refunded, by way of automatic deduction of the amount of refund from the computed monthly generation rate. On September 20, 2013, *MERALCO* received the *SGCs*' Joint Motion to Dismiss. On October 7, 2013, *MERALCO* filed its Comment on the said Joint Motion.

On October 8, 2013, *MERALCO* received the *SGCs* Manifestation and Motion, which sought, among other things, the cancellation of the scheduled initial hearing of the case, including the submission of the parties respective Pre-trial Briefs, until the final resolution of the *SGC*'s Joint Motion to Dismiss. On October 11, 2013, *MERALCO* filed its pre-trial brief. On October 14, 2013, *MERALCO* filed its Opposition to the *SGC*'s Manifestation and Motion. On October 24, 2013, *MERALCO* received the *SGC*'s Reply to its Comment on the Joint Motion to Dismiss. On October 29, 2013, *MERALCO* filed its Rejoinder. Thereafter, the *SGC*'s filed their Sur-Rejoinder dated November 4, 2013. As at February 27, 2023, the Joint Motion to Dismiss is pending resolution by the *ERC*.

Petition for Dispute Resolution with NPC on Premium Charges

On June 2, 2009, *MERALCO* filed a Petition for Dispute Resolution against *NPC* and *PSALM* with respect to *NPC*'s imposition of premium charges for the alleged excess energy it supplied to *MERALCO* covering the billing periods May 2005 to June 2006. The premium charges amounting to ₱315 million during the May-June 2005 billing periods have been paid but are the subject of a protest by *MERALCO*, and premium charges of ₱318 million during the November 2005, February 2006 and April to June 2006 billing periods are being disputed and withheld by *MERALCO*. *MERALCO* believes that there is no basis for the imposition of the premium charges. The hearings on this case have been completed. As at February 27, 2023, the Petition is pending resolution by the *ERC*.

SC TRO on MERALCO's December 2013 Billing Rate Increase

On December 9, 2013, the *ERC* gave clearance to the request of *MERALCO* to implement a staggered collection over three (3) months covering the December 2013 billing month for the increase in generation charge and other bill components such as *VAT*, *LFT*, transmission charge, and *SL* charge. The generation costs for the November 2013 supply month increased significantly because of the aberrant spike in the *WESM* charges on account of the non-compliance with *WESM* Rules by certain plants resulting in significant power generation capacities not being offered and dispatched, and the scheduled and extended shutdowns, and the forced outages, of several base load power plants, and the use of the more expensive liquid fuel or bio-diesel by the natural gas-fired power plants that were affected by the Malampaya Gas Field shutdown from November 11 to December 10, 2013.

On December 19, 2013, several party-list representatives of the House of Representatives filed a Petition against *MERALCO*, *ERC* and *DOE* before the *SC*, questioning the *ERC* clearance granted to *MERALCO* to charge the resulting price increase, alleging the lack of hearing and due process. It also sought for the declaration of the unconstitutionality of the *EPIRA*, which essentially declared the generation and supply sectors competitive and open, and not considered public utilities. A similar petition was filed by a consumer group and several private homeowners' associations challenging also the legality of the *AGRA* that the *ERC* had promulgated. Both petitions prayed for the issuance of *TRO*, and a Writ of Preliminary Injunction.

On December 23, 2013, the *SC* consolidated the two (2) Petitions and granted the application for *TRO* effective immediately and for a period of 60 days, which effectively enjoined the *ERC* and *MERALCO* from implementing the price increase. The *SC* also ordered *MERALCO*, *ERC* and *DOE* to file their respective comments to the Petitions. Oral Arguments were conducted on January 21, 2014, February 4, 2014 and February 11, 2014. Thereafter, the *SC* ordered all the Parties to the consolidated Petitions to file their respective Memorandum on or before February 26, 2014 after which the Petitions will be deemed submitted for resolution of the *SC*. *MERALCO* complied with said directive and filed its Memorandum on said date.

On February 18, 2014, acting on the motion filed by the Petitioners, the *SC* extended for another 60 days or until April 22, 2014, the *TRO* that it originally issued against *MERALCO* and *ERC* on December 23, 2013. The *TRO* was also similarly applied to the generating companies, specifically *MPPCL*, *SMEC*, *SPPC*, *FGPC*, and the *NGCP*, and the *PEMC* (the administrator of *WESM* and market operator at that time) who were all enjoined from collecting from *MERALCO* the deferred amounts representing the ₱4.15 per *kWh* price increase for the November 2013 supply month.

In the meantime, on January 30, 2014, *MERALCO* filed an Omnibus Motion with Manifestation with the *ERC* for the latter to direct *PEMC* to conduct a re-run or re-calculation of the *WESM* prices for the supply months of November to December 2013. Subsequently, on February 17, 2014, *MERALCO* filed with the *ERC* an Application for the recovery of deferred generation costs for the December 2013 supply month praying that it be allowed to recover the same over a six (6)-month period.

On March 3, 2014, the *ERC* issued an Order voiding the Luzon *WESM* prices during the November and December 2013 supply months on the basis of the preliminary findings of its Investigating Unit ("*IU*") that these are not reasonable, rational and competitive, and imposing the use of regulated rates for the said period. *PEMC*

was given seven (7) days upon receipt of the Order to calculate these regulated prices and implement the same in the revised *WESM* bills of the concerned *DUs* in Luzon. *PEMC*’s recalculated power bills for the supply month of December 2013 resulted in a net reduction of the December 2013 supply month bill of the *WESM* by ₱9.3 billion. Due to the pendency of the *TRO*, no adjustment was made to the *WESM* bill of *MERALCO* for the November 2013 supply month. The timing of amounts to be credited to *MERALCO* is dependent on the reimbursement of *PEMC* from associated generator companies. However, several generating companies, including *MPPCL*, *SN Aboitiz Power, Inc.*, *Team (Philippines) Energy Corporation*, *PanAsia Energy, Inc.* (“*PanAsia*”), and *SMEC*, have filed *MRs* questioning the Order dated March 3, 2014. *MERALCO* has filed a consolidated comment to these *MRs*. In an Order dated October 15, 2014, the *ERC* denied the *MRs*. The generating companies have appealed the Orders with the *CA*. *MERALCO* has filed a motion to intervene and a comment in intervention. The *CA* consolidated the cases filed by the generation companies. In a Decision dated November 7, 2017, the *CA* set aside *ERC* Orders dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 and declared the orders null and void. The Decision then reinstated and declared valid *WESM* prices for the November and December 2013 supply months. *MERALCO* and the *ERC* have filed their respective motions for reconsideration. Several consumers also intervened in the case and filed their respective motions for reconsideration. In a Resolution dated March 29, 2019, the *CA* denied the motions for reconsideration and upheld its Decision dated November 7, 2017.

MERALCO and several consumers have elevated the *CA* Decision and Order to the *SC* where the case is pending. In a Resolution dated November 4, 2020, the *SC* consolidated *ERC*’s and *MERALCO*’s petitions and transferred *MERALCO*’s petition to the member-in-charge of *ERC*’s petition which was the lower-numbered case. The petitions filed by the consumers were denied by the *SC*.

In view of the pendency of the various submissions before the *ERC* and mindful of the complexities in the implementation of the *ERC*’s Order dated March 3, 2014, the *ERC* directed *PEMC* to provide the market participants additional 45 days to comply with the settlement of their respective adjusted *WESM* bills. In an Order dated May 9, 2014, the parties were then given an additional non-extendible period of 30 days from receipt of the Order within which to settle their *WESM* bills. However, in an Order dated June 6, 2014 and acting on an intervention filed by *Angeles Electric Corporation*, the *ERC* deemed it appropriate to hold in abeyance the settlement of *PEMC*’s adjusted *WESM* bills by the market participants.

On April 22, 2014, the *SC* extended indefinitely the *TRO* issued on December 23, 2013 and February 18, 2014 and directed generating companies, *NGCP* and *PEMC* not to collect from *MERALCO*. In a Decision promulgated on August 3, 2022, the *SC* affirmed the December 9, 2013 *ERC* letter approving *MERALCO*’s proposal to implement a staggered collection over three (3) months covering the December 2013 billing month. However, it voided the *ERC* March 3, 2014 Order which voided the Luzon *WESM* prices during the November and December 2013 supply months and imposed the use of regulated rates for said period. The *ERC* and the petitioners filed motions for reconsideration which were denied with finality in the *SC* Resolution dated October 11, 2022. The implementation of any staggered collection is subject to the approval of the *ERC*.

ERC IU Complaint

On December 26, 2013, the *ERC* constituted the *IU* under its Competition Rules to investigate possible anti-competitive behavior by the industry players and possible collusion that transpired in the *WESM* during the

supply months of November 2013 and December 2013. *MERALCO* participated in the proceedings and submitted a Memorandum.

An investigating officer of the *IU* filed a Complaint dated May 9, 2015 against *MERALCO* and *TMO* for alleged anti-competitive behavior constituting economic withholding in violation of Section 45 of the *EPIRA* and Rule 11, Section 1 and 8(e) of the *EPIRA IRR*. In an Order dated June 15, 2015, the *ERC* directed *MERALCO* to file its comment on the Complaint. *MERALCO* and *TMO* have filed their respective answers to the Complaint.

In an Order dated September 1, 2015, the *ERC* directed the investigating officer to file his reply to *MERALCO*. In a Manifestation and Motion to Set the Case for Hearing dated November 9, 2015, the investigating officer manifested that he would no longer file a reply and that the case be set for hearing.

On May 24, 2016, the *ERC* promulgated Resolution No. 14, Series of 2016, which resolved to divide the Commission into two (2) core groups for the conduct of hearings and to designate the commissioners to act as presiding officers in anti-competition cases. The raffle pursuant to said Resolution was conducted on June 15, 2016.

In a Notice of Pre-Trial Conference dated June 16, 2016, the *ERC* set the pre-trial conference on August 18, 2016 and required *MERALCO* and *TMO* to submit their respective pre-trial briefs. However, on July 27, 2016, the complainant filed two (2) omnibus motions for the consolidation and deferment of the pre-trial conferences. Hence, in an Order dated August 1, 2016, the respondents were given 10 days to submit their comments on the Motion for Consolidation, with the complainant given five (5) days to file his reply. As such, the pre-trial conferences as scheduled were deferred until further notice and all parties were granted 20 days to submit their respective pre-trial briefs.

In the meantime, *MERALCO* likewise filed an Urgent Motion to Dismiss with Motion to Suspend Proceedings which was adopted by *TMO* in its Manifestation and Motion filed on July 28, 2016. *MERALCO* maintained that the Complaint should be dismissed due to the absence of subject matter jurisdiction as it is now the Philippine Competition Commission (“*PCC*”) which has original and primary jurisdiction over competition-related cases in the energy sector. On August 23, 2016, *MERALCO* filed an Urgent Motion Ad Cautelam for suspension of proceeding including period to file pre-trial brief and judicial affidavit.

In a Motion dated August 25, 2016, complainant filed a Motion to defer the submission of the complainant’s pre-trial brief and judicial affidavit. In an Order dated June 13, 2017, the *ERC* denied the motion to consolidate but upheld the authority of private counsel to represent the complainants. *MERALCO* filed a Motion for Partial Reconsideration to question such authority.

In an Order dated February 2, 2017, the *ERC* denied the motion to dismiss and asserted jurisdiction over the Complaint. *MERALCO* filed its *MR* to the Order on February 23, 2017. In an Order dated June 20, 2017, the *ERC* denied the *MR*. On September 19, 2017, *MERALCO* filed a Petition for Certiorari with the *CA*. In a Resolution dated October 2, 2017, the *CA* required respondents to file their Comment on the Petition within 10 days and held in abeyance its resolution on the prayer for injunctive relief until the comments have been filed. *MERALCO* was likewise given five (5) days to file its reply. In a Manifestation dated October 23, 2017, the *ERC* stated that it is a nominal party in the case as the quasi-judicial tribunal that issued the assailed ordinances. The *IU* filed its own

Comment dated December 19, 2017. In a Manifestation and Motion dated December 22, 2017, the *OSG* informed the *CA* that it will no longer represent the *IU* and will instead participate as “tribune of the people”. In the meantime, *TMO* also filed a separate Petition for Review on Certiorari with the *CA*. In a Resolution dated January 10, 2018, the *CA* ordered the consolidation of the petitions of *TMO* and *MERALCO*. In a Decision dated May 23, 2018, the *CA* denied the consolidated Petitions filed by *MERALCO*, *TMO*, and *APRI*, and ruled that the jurisdiction to resolve the *IU* cases remains with the *ERC* because the Philippine Competition Act (“*PCA*”) does not apply retroactively.

On June 20, 2018, *MERALCO* filed an *MR* with the *CA*. The *ERC* likewise filed its Motion for Partial Reconsideration on the ground that it retained concurrent jurisdiction together with the *PCC* over cases involving alleged anti-competitive conduct supposedly because the *PCA* did not repeal Section 45 of the *EPIRA*.

In Resolution dated January 28, 2019, the *CA* denied the motions for reconsideration filed by all of the parties. While it sustained its finding that the *PCC* now holds original, exclusive, and primary jurisdiction over all competition-related cases, the *CA* reiterated its view that the *PCA* has no retroactive effect.

The *ERC* has elevated the matter to the *SC*. *MERALCO*, *TMO* and *APRI* have all filed their respective manifestations before the *SC*. In a Resolution dated September 29, 2021, the *SC* affirmed the *CA* in that the *ERC* had jurisdiction over these cases as they were filed before the enactment of the *PCA*. However, the *SC* did not rule on whether the *PCC* and the *ERC* now have concurrent jurisdiction as these issues were not fully litigated.

In the meantime, the *ERC* called for a conference on March 26, 2021 in order to discuss updates and developments regarding the case. On April 14, 2021, *MERALCO* filed an Urgent Motion Ad Cautelam to Suspend Proceedings in view of the pendency of the case before the *SC*. The *ERC* then issued an Order dated August 13, 2021, setting the pre-trial conference on August 27, 2021. *MERALCO* filed a Manifestation and Urgent Omnibus Motion Ad Cautelam to (A) Resolve the Urgent Motion Ad Cautelam to Suspend Proceedings dated April 14, 2021 and (B) Cancel the August 27, 2021 Pre-Trial Conference dated August 20, 2021. The pre-trial conference proceeded on August 27, 2021. However, the *ERC* stated that, after the pre-trial conference and before the case can proceed with trial on the merits, the *ERC* will first resolve *MERALCO*’s motions. The *ERC* also issued an open court order denying the motion of the *ERC IU* that the case be resolved through the submission of the position papers and other supporting documents. The *ERC IU* filed a Motion for Reconsideration to which *MERALCO* filed an opposition. As at February 27, 2023, *MERALCO* is awaiting further action by the *ERC* on the matter.

Ombudsman Cases Against MERALCO Directors

On January 30, 2018, *MERALCO* received an Order dated January 22, 2018 from the Office of the Ombudsman directing *MERALCO*’s directors to comment on a complaint-affidavit for syndicated estafa filed by certain consumer group which charged that there was conspiracy between *MERALCO* directors and the *ERC* regarding the alleged misappropriation of the bill deposits received from *MERALCO* consumers. On February 9, 2018, *MERALCO*’s directors filed their Counter-Affidavits where they refuted the arguments of the consumer group. In a Resolution dated May 18, 2018, the criminal complaint for syndicated estafa was dismissed for insufficiency of evidence. The case was referred to the *COA* for the conduct of audit on the bill deposits collected by *MERALCO* from the public consumers and to inform the Ombudsman of the compliance therewith. The consumer group filed a Motion for Partial Reconsideration dated June 16, 2018 to which *MERALCO* filed its Comment. The

consumer group’s Motion for Partial Reconsideration was denied through an Order dated July 30, 2018. *NASECORE* filed an *Urgent Motion for Immediate Execution* dated September 21, 2018 praying that the Ombudsman issue a writ of execution to implement the *Resolution* dated May 18, 2018.

On February 28, 2018, *MERALCO* received an Order dated February 20, 2018 from the Office of the Ombudsman directing *MERALCO*’s directors to comment on a complaint-affidavit for syndicated estafa filed by certain consumer group which charged that there was conspiracy between *MERALCO* directors and the *ERC* regarding the *MERALCO*’s investment activities in other businesses for being violative of its legislative franchise and the *EPIRA*. On March 12, 2018, *MERALCO*’s directors filed their Counter-Affidavits where they refuted the arguments of the consumer group. On May 4, 2018, *MERALCO* filed a Manifestation with Motion for Early Resolution of even date. Another Motion to Resolve and Dismiss was also filed by *MERALCO* on June 2, 2021. In a Joint Resolution dated February 22, 2022, the Ombudman dismissed the cases.

Others

Liabilities for certain local taxes amounting to ₱535 million and ₱423 million as at December 31, 2022 and 2021, respectively, are included in the “Other noncurrent liabilities” account in the consolidated statements of financial position.

Management and its internal and external counsels believe that the probable resolution of these issues will not materially affect *MERALCO*’s financial position and results of operations.

30. **Significant Contracts and Commitments**

MERALCO

Independent Power Producers (“IPPs”)

FGPC and FGP

In compliance with the *DOE*’s program to create a market for Camago-Malampaya gas field and enable its development, *MERALCO* contracted 1,500 *MW* of the 2,700 *MW* output of the Malampaya gas field.

Accordingly, *MERALCO* entered into separate 25-year *PPAs* with *FGPC* (March 14, 1995) and *FGP* (July 22, 1999) for a minimum number of *kWh* of the net electric output of the Sta. Rita and San Lorenzo power plants, respectively, from the start of their commercial operations. The *PPA* with *FGPC* terminates on August 17, 2025, while that of *FGP* ends on October 1, 2027.

On January 7, 2004, *MERALCO*, *FGP* and *FGPC* signed an Amendment to their respective *PPAs*. The negotiations resulted in certain new conditions including the assumption of *FGP* and *FGPC* of community taxes at current tax rate, and subject to certain conditions increasing the discounts on excess generation, payment of higher penalties for non-performance up to a capped amount, recovery of accumulated deemed delivered energy until 2011 resulting in the non-charging of *MERALCO* of excess generation charge for such energy delivered beyond the

contracted amount but within a 90% capacity quota. The amended terms under the respective *PPAs* of *FGP* and *FGPC* were approved by the *ERC* on May 31, 2006.

Under the respective *PPAs* of *FGP* and *FGPC*, the fixed capacity fees and fixed operating and maintenance fees are recognized monthly based on the actual Net Dependable Capacity tested and proven, which is usually conducted on a semi-annual basis.

QPPL

MERALCO entered into a *PPA* with *QPPL* on August 12, 1994, which was subsequently amended on December 1, 1996. The *PPA* is for a period of 25 years from the start of commercial operations up to May 31, 2025.

In a Letter Agreement signed on February 21, 2008, the amount billable by *QPPL* included a transmission line charge reduction in lieu of a previous rebate program. The Letter Agreement also provides that *MERALCO* shall advance to *QPPL* US\$2.85 million per annum for 10 years beginning 2008 to assist *QPPL* in consideration of the difference between the transmission line charge specified in the Transmission Line Agreement (“*TLA*”) and the *ERC*-approved transmission line charge in March 2003. *QPPL* shall repay *MERALCO* the same amount at the end of the 10-year period in equal annual payments without adjustment. However, if *MERALCO* is able to dispatch *QPPL* at a plant capacity factor of no less than 86% in any particular year, *MERALCO* shall not be required to pay US\$2.85 million on that year. In January 2018, *QPPL* began repayment of the amount advanced by *MERALCO*. As at December 31, 2022, the remaining amount for repayment by *QPPL* is US\$7.125 million. This arrangement did not have any impact on the rates to be charged to consumers and hence, did not require any amendment in the *PPA*, as approved by the *ERC*.

See Note 11 – Financial and other Noncurrent Assets.

Committed Energy Volume to be Purchased

The following are forecasted purchases/payments to *FGPC*, *FGP* and *QPPL* corresponding to the Minimum Energy Quantity (“*MEQ*”) provisions of the contracts. The forecasted fixed payments include capacity charge and fixed operation and maintenance cost escalated using the U.S. and Philippine Consumer Price Index.

Year	MEQ	Equivalent Amount
	(In million kwh)	(In Millions)
2023	15,346	₱31,297
2024	15,379	30,712
2025	10,739	19,088
2026	4,042	6,226
2027-2032	3,367	5,224

PSAs with Privatized Plants and IPPAs

MERALCO has a *PSA* with *MPPCL* which was approved by the *ERC* on December 17, 2012, and entered into Supplemental Agreement on April 8, 2016, for the extension of the term of the *PSA* for an additional period of three (3) years up to December 25, 2022.

On December 6, 2019, *MERALCO* and *TLI* executed a new short-term *PSA* for the purchase of 250 *MW* capacity and energy from *TLI*'s power plant for the period of December 26, 2019 to December 25, 2020. On December 19, 2019, the *DOE* issued a Certificate of Exemption from *CSP* in favor of *MERALCO* for the new short-term *PSA*. On December 23, 2019, *MERALCO* filed an application with the *ERC* for the approval of its new short-term *PSA* with *TLI*. On August 7, 2020, *MERALCO* and *TLI* filed a Joint Manifestation with Motion with the *ERC* seeking approval of the extension of the *PSA* for five days or until December 30, 2020. As at February 27, 2023, hearings have been completed. The case, including the motion, is still pending approval of the *ERC*.

The *ERC*, for the *MPPCL* case, issued an Order dated October 11, 2016 resolving to consider *MERALCO*'s “Manifestation and Motion” as a new application for approval of *PSA*. In view of the said Order, *MERALCO* and *MPPCL* filed a Joint Application for approval of the Supplemental Agreement extending the term of their *PSA* for an additional three (3) years. On December 19, 2019, *MERALCO* and *MPPCL* entered into an Agreement to Amend the Supplemental Agreement, whereby the Parties resolved to extend the *PSA* for an additional period of one (1) year reckoned from the date of the approval by the *ERC* of the said Agreement to Amend. On June 8, 2020, *MERALCO* and *MPPCL* filed a Joint Manifestation and Omnibus Motion to seek *ERC* approval of said Agreement to Amend. On April 14, 2021, due to exigent and emergency reasons (e.g. unforecasted supply deficiency and to account for outages of power plants with bilateral contracts with *MERALCO*), *MERALCO* and *MPPCL* further agreed to enter into an Amendment Agreement to amend the December 19, 2019 Agreement to Amend, to instead extend the *PSA* for an additional period of one (1) year from May 26, 2021. On even date, (a) *MERALCO* and *MPPCL* filed a Joint Manifestation and Omnibus Motion to seek *ERC* approval of the said Amendment Agreement; and (b) *MERALCO* sought confirmation from the *DOE* that the extension of the *ERC*-approved 2011 *PSA*, as embodied in the Amendment Agreement, is exempted from the conduct of a *CSP*. In its letter dated July 30, 2021, the *DOE* denied *MERALCO*'s request for certificate of exemption from *CSP*. As at February 27, 2023, the *ERC* has yet to act on the parties' Joint Manifestation and Omnibus Motion.

Philippine Power and Development Company (“Philpodeco”)

On May 15, 2014, *MERALCO* and *Philpodeco* executed a *PSA*. *Philpodeco* operates three (3) run-of-river hydro power plants, namely: (i) Palakpakin, a 448 *kW* hydro power plant located at Barangay Prinza, Calauan, Laguna; (ii) Calibato, a 75 *kW* Calibato hydro power plant located at Barangay Sto. Angel, San Pablo City, Laguna; and (iii) Balugbog, a 528 *kW* hydro power plant located at Barangay Palina, Nagcarlan, Laguna. The *PSA* has a term of five (5) years from the delivery period commencement date.

On June 2, 2014, *MERALCO* filed an application with the *ERC* for the approval of its *PSA* with *Philpodeco*. This *PSA* provides that *MERALCO* shall accept all the energy deliveries of *Philpodeco* as measured by the latter's billing meter. Hearings on this case have been completed and *MERALCO* has submitted its *FOE*. On January 25, 2019, *MERALCO* filed an Urgent Motion to Resolve the case. On May 22, 2019, *MERALCO* filed a Manifestation with Motion to Resolve seeking *ERC* confirmation of the extension of the term of the *PSA* with *Philpodeco* from May 15, 2019 to October 25, 2019. On October 24, 2019, *MERALCO* wrote *DOE* asking for exemption from the

requirement for *CSP* for a further extension of the term of the *PSA* with *Philpodeco* from October 25, 2019 to May 15, 2020. On the same date, *MERALCO* also filed a Manifestation with Motion to Resolve seeking *ERC* confirmation of the said extension of term. In its letter to *Philpodeco* dated December 18, 2019, the *DOE* has taken the position that “xxx [u]nder Section 45(b) of Republic Act No. 9136, *ERC* is the sole authority mandated to review and approve *PSAs*.” On May 15, 2020, the *PSA* with *Philpodeco* expired. As at February 27, 2023, the case is pending decision by the *ERC*.

Bacavalley Energy Inc. (“BEI”)

MERALCO signed a *CSE* with *BEI* on November 12, 2010. *BEI* owns and operates a four (4) *MW* renewable energy generation facility powered by landfill gas in San Pedro, Laguna. The *CSE* has a term of two (2) years from the delivery period commencement date.

Purchases from *BEI*, an embedded renewable energy generator, are *VAT* zero-rated and exempt from power delivery service charge. *MERALCO* filed an application for the approval of the *CSE* with the *ERC*, for the provisional implementation of the contract on December 15, 2010. In an order dated January 31, 2011, the *ERC* provisionally approved the said application.

After a series of negotiations, *MERALCO* and *BEI* signed the Letter Agreements dated March 1, 2013 and March 5, 2013, extending the *CSE* between said parties for another two (2) years from March 16, 2013, or until March 15, 2015. In its Order December 9, 2013, the *ERC* allowed the *CSE* to be extended until March 15, 2015. On March 12, 2015, *MERALCO* and *BEI* executed a Letter of Agreement extending the *CSE* until March 15, 2016. On March 16, 2015, *MERALCO* filed a Manifestation with Motion to the *ERC* for approval of the extended term. On March 1, 2016, *BEI* requested for the extension of the *CSE* for another two (2) years. In its letter dated April 7, 2016, *MERALCO* denied *BEI*’s request to extend the *CSE*. On May 18, 2018 and January 25, 2019, *MERALCO* filed Urgent Motions to Resolve the case. As at February 27, 2023, the contract term has expired and the case is pending decision by the *ERC*.

Pangea Green Energy Philippines, Inc. (“PGEP”)

On May 31, 2012, *MERALCO* signed a *CSE* with *PGEP*, a biomass power plant located in Payatas, Quezon City using methane gas extracted from the Payatas landfill as its fuel. Its plant has a total nominal generating capacity of 1,236 *kW*. The *CSE* is for a period of two (2) years from the delivery period commencement date.

On June 15, 2012, *MERALCO* filed an application for approval of the *CSE*. On August 28, 2012, the *ERC* issued an Order provisionally approving the application. On August 29, 2013, the *ERC* extended the provisional authority in its Order dated August 12, 2013. On March 2, 2015, *MERALCO* and *PGEP* executed a Letter of Agreement extending the *CSE* until February 29, 2016. On March 4, 2015, *MERALCO* filed a Manifestation with Motion with the *ERC* for the approval of the extended term. On September 16, 2015, *MERALCO* received a letter from *PGEP* seeking the termination of the *CSE* effective October 15, 2015. The termination of the *CSE* was thereafter formalized in the Letter Agreement dated October 29, 2015 where the parties agreed to terminate the *CSE* effective October 9, 2015, which was *PGEP*’s Facility Registration Date with the *WESM*. On January 8, 2016, *MERALCO* filed a Manifestation with Motion with the *ERC* seeking approval of the extended term of March 4, 2015 until October 9, 2015. On May 17, 2018 and January 25, 2019, *MERALCO* filed Urgent Motions to Resolve the case. In its Order dated February 18, 2019, the *ERC* directed *MERALCO* to submit certain documents to facilitate its

evaluation of the application. On March 29, 2019, *MERALCO* filed its Compliance with Manifestation. As at February 27, 2023, the contract term has expired and the case is pending decision by the *ERC*.

TMO

On March 4, 2013, *MERALCO* signed an Interconnection Agreement with *TMO* for their 243 *MW* generating facility at the Navotas Fish Port Complex, Navotas City, which is an interconnection at *MERALCO*’s Grace Park-Malabon 115 *kV* line. *TMO* is an embedded generator. *TMO* shall construct at its own cost, operate and maintain the 115 *kV* line connecting its generating facility to *MERALCO*’s system. *TMO* and *MERALCO* subsequently signed a Supplement to the Interconnection Agreement dated July 3, 2014 covering the construction of a second line from the connection point at the Grace Park-Malabon 115 *kV* line to the *TMO* switchyard.

On September 27, 2013, *MERALCO* signed a *PSA* with *TMO* for the output of the barge-mounted, bunker oil-fired diesel engines moored at the Fish Port Complex in Navotas, Manila. On September 30, 2013, *MERALCO* filed an application with the *ERC* for the approval of the *PSA*. In an Order dated November 4, 2013, the *ERC* granted the prayer for provisional authority. After hearing and submission of the required documents, including the *FOE*, the case is now submitted for decision.

On December 17, 2014, *MERALCO* and *TMO* entered into an Amendment to the *PSA* based on the power situation outlook for 2015 and 2016 issued by the *NGCP* that the reserve capacity will be below the Contingency Reserves due to the maintenance shutdowns and forced outages of major power plants in Luzon. The amendment to the *PSA* was filed for approval with the *ERC* on January 21, 2015. In an Order dated April 6, 2015, the *ERC* approved the amendment in the *PSA* between *MERALCO* and *TMO* with modification. In an Order dated July 1, 2015, the *ERC* clarified that the provisional approval, while not specifically modifying nor stating any condition with respect to the implementation of the outage provisions of the amendment, covers the increase in outage allowance and the minor change in operating procedures.

On June 16, 2015, *MERALCO* received the Omnibus Motion for Partial Reconsideration and Deferment of Implementation of the Order dated April 6, 2015; Urgent Resolution of the Application; and Confidential Treatment filed by *TMO*.

In an Order dated April 5, 2016, the *ERC* ruled that the provisional authority granted to *MERALCO* and *TMO* is extended unless revoked or made permanent. On June 10, 2016 and July 5, 2016, respectively, *MERALCO* and *TMO* filed a Motion for Clarification of the *ERC* Order dated April 5, 2016. Said motions are still pending decision by the *ERC*. On January 3, 2017, *MERALCO* filed a Manifestation with Motion informing the *ERC* of the extension of the term of the *PSA* from June 26, 2017 to June 25, 2018. In an Order dated June 6, 2017, the *ERC* noted *MERALCO*’s Manifestation and Motion and confirmed one (1) year extension of the *PSA*. *MERALCO* and *TMO* were further directed to strictly comply with the provisions of *ERC* Resolution No. 1, Series of 2016, in particular, the one (1) time limit for renewal of the *PSA*. As at February 27, 2023, the contract term has expired and the case is pending decision by the *ERC*.

SBPL

On September 26, 2019, *MERALCO* and *SBPL* began implementation of the *PSA* which was approved by the *ERC*, subject to *ERC*’s subsequent issuance of a certificate of compliance to replace the provisional authority to operate. The *PSA* is for a period of 20 years from the start of commercial operations up to September 25, 2039.

PEDC

To address the *SC* Decision in *Alyansa Para sa Bagong Pilipinas, Inc. vs. ERC, et al.* (G.R. No. 227670, 3 May 2019) that effectively required all *PSA* applications for *ERC* approval filed on or after June 30, 2015 to undergo *CSP*, which includes the 2016 20-year *PSA* between *MERALCO* and *PEDC*, a *CSP* was conducted in 2021 to cover the 70 *MW* required contract capacity of *MERALCO* for contract period ending January 25, 2037. The same capacity was won by *PEDC* under the new 15-year *PSA* with *MERALCO* (“*2021 PEDC PSA*”). The application for approval of the new *PSA* with *PEDC* was filed on January 22, 2022. Through a “Notice of Resolution” dated February 23, 2022, the *ERC* granted provisional authority to implement the *2021 PEDC PSA*, and on April 1, 2022, the *2021 PEDC PSA* was implemented by *MERALCO* and *PEDC*.

On March 18, 2022, *PEDC* issued to *MERALCO* a Notice of Change in Circumstance, claiming that the Ukraine-Russia conflict had a significant negative financial impact to *PEDC* due to the price spike in coal prices and if the current situation continues, *PEDC*’s losses will be massive and ruinous unless an adjustment in contract price pursuant to the *2021 PEDC PSA* is implemented. Thus, on April 13, 2022, *PEDC* (joined by *MERALCO*) filed an *Urgent Motion for Contract Price Adjustment* with the *ERC*. Meanwhile, on April 22, 2022, *MERALCO* received *PEDC*’s Notice of Termination, effective six months thereafter, or until October 22, 2022. After the lapse of October 22, 2022, with the *Urgent Motion for Contract Price Adjustment* still pending with the *ERC*, *PEDC* has continued with its obligations under the *2021 PEDC PSA*. On December 4, 2022, *PEDC* sent to *MERALCO* a Notice of End of Supply, which formally informed *MERALCO* of *PEDC*’s decision to cease supply of energy beginning midnight of December 5, 2022, because without the *ERC*’s action on the *Urgent Motion for Contract Price Adjustment*, *PEDC* was already placed in severe financial stress and in danger of breaching its financial covenants. As at February 27, 2023, further *ERC* action on the *Urgent Motion for Contract Price Adjustment* is pending.

First Bulacan

On May 12, 2021, *MERALCO* and *First Bulacan* began implementation of the *PSA* which was approved by the *ERC*, subject to *ERC*’s subsequent issuance of a certificate of compliance to replace the provisional authority to operate. The *PSA* is for a period of 20 years from the start of commercial operations.

Solar Philippines Tanauan Corporation (“*Solar Philippines Tanauan*”)

On December 22, 2016, *MERALCO* signed a 20-year *PSA* with *Solar Philippines Tanauan* for the purchase of 50 *MW* of electric output from its solar plant in Tanauan, Batangas. On February 27, 2017, after conduct of a *CSP* wherein *Solar Philippines Tanauan* was declared as the winning power supplier, the application for approval of the *PSA* with *Solar Philippines Tanauan* was filed. In a Decision promulgated on February 28, 2020, the *ERC* approved the *PSA* with modification.

Solar Philippines Tarlac Phase 1

On October 6, 2017, after being declared the winning power supplier in a *CSP*, *MERALCO* signed a 20-year *PSA* with *Solar Philippines Tarlac* for the purchase of up to 85 *MW* of electric output from Phase one (1) of its solar plant in Tarlac. The application for approval of the *PSA* with *Solar Philippines Tarlac* was filed on October 19, 2017. Hearings have been completed and parties await *ERC* resolution on *Solar Philippines Tarlac*’s opposition to a consumer group’s intervention, which shall prompt submission of case for final decision. Meanwhile, in an Order promulgated on June 8, 2018, the *ERC* granted Interim Relief to provisionally implement the *PSA*. On July 3, 2018, *Solar Philippines Tarlac* filed a Motion for Partial Reconsideration of the said Order. *MERALCO* and *Solar Philippines Tarlac* agreed on a way forward, subject to resolution of the Motion for Partial Reconsideration, and began implementation of the *PSA* on August 20, 2018. On July 13, 2018, *MERALCO* filed its *Comment with Opposition* in so far as the adjustment of the timelines under the *PSA* is concerned. On November 26, 2018, a consumer group filed its *Comment with Opposition*, likewise with respect to *Solar Philippines Tarlac*’s motion for the adjustment of the timelines under the *PSA*. In its Order dated January 23, 2019, the *ERC* partially granted the Motion for Partial Reconsideration filed by *Solar Philippines Tarlac* and allowed the 2% annual escalation under the *PSA*. On June 25, 2019, the *ERC* promulgated its Order leaving the adjustment of the timelines set under the *PSA* to the discretion of *MERALCO* and *Solar Philippines Tarlac*. Meanwhile, the 20-year term of the *PSA* began on commencement date last August 20, 2018. As at February 27, 2023, the parties are awaiting *ERC*’s final decision on the Joint Application.

FNPC

Following conduct and completion of a *CSP*, *MERALCO* confirmed effectivity of the *PSA* with *FNPC* dated December 13, 2017, for the purchase of 414 *MW* electric energy generated by the San Gabriel Gas Plant beginning *ERC* approval and ending on February 23, 2024. A joint application for approval of the *PSA* with *FNPC* was filed on March 19, 2018. Pursuant to an *ERC* Order granting interim relief, on June 26, 2018, *MERALCO* and *FNPC* began implementing the *PSA*. On July 13, 2022, *MERALCO* received the *ERC* Decision approving the joint application subject to certain modifications and conditions. On July 28, 2022, *FNPC* filed a motion seeking reconsideration and to hold in abeyance the implementation of the *ERC* Decision. As at February 27, 2023, further *ERC* action remain pending on the *FNPC*’s Motion for Reconsideration and to Hold in Abeyance the Execution of the *ERC* Decision.

Solar Philippines Tarlac Phase 2

On February 22, 2019, after being declared the winning power supplier in a *CSP*, *MERALCO* signed a 20-year *PSA* with *Solar Philippines Tarlac* for the purchase of up to 50 *MW* of electric output from Phase 2 of its solar plant in Tarlac. The application for approval of the *PSA* with *Solar Philippines Tarlac* was filed on March 18, 2019. As at February 27, 2023, the case is pending decision by the *ERC*.

SMEC, AC Energy and SPPC – Baseload PSAs

On September 13, 2019, after being declared the winning power suppliers in a *CSP*, *MERALCO* signed three (3) *PSAs* for baseload capacity with *AC Energy* for 200 *MW*, *SMEC* for 330 *MW*, and *SPPC* for 670 *MW*. On October 22, 2019, the joint applications for approval of these three (3) baseload *PSAs* were filed before the *ERC*.

In its letters to *MERALCO*, all dated December 23, 2019, the *ERC* granted provisional authority to implement *MERALCO*’s three (3) *PSAs* for baseload capacity with *AC Energy*, *SPPC* and *SMEC*. On January 30, 2020, *MERALCO* received the orders of the *ERC* granting provisional authority to implement *MERALCO*’s *PSA* for baseload capacity with *AC Energy*. On March 16, 2020, *MERALCO* received the orders of the *ERC* granting provisional authority to implement *MERALCO*’s *PSAs* for baseload capacity with *SPPC* and *SMEC*. In its Orders dated November 26, 2020, the *ERC* granted interim relief authorizing continued implementation of the *PSAs*, until revoked or until the issuance of a final decision by the *ERC*. As at February 27, 2023, the three (3) *PSA* applications are pending final decision by the *ERC*.

On April 18, 2022, *SMEC* and *SPPC* issued to *MERALCO* Notices of Change in Circumstances, claiming that the worsening conflict between Russia and Ukraine and other geopolitical and economic factors related and/or emanating therefrom had impacted *SMEC* and *SPPC*’s capability to perform their obligations under the respective *PSAs* in terms of unexpected increase in fuel cost. Thus, on May 12, 2022, *SMEC* and *SPPC* (joined by *MERALCO*) filed Joint Motions for Price Adjustment with the *ERC*. On June 27, 2022 and July 22, 2022, *SMEC*, *SPPC* and *MERALCO* filed motions for urgent resolution of the Joint Motion. On August 30, 2022, the *ERC* conducted a clarificatory hearing with *SMEC*, *SPPC* and *MERALCO* to clarify several issues in connection with the Joint Motions for Price Adjustment. On October 3, 2022, the *ERC*, voting 3-2, promulgated its Orders dated September 29, 2022, denying the Joint Motions for Price Adjustment. On October 5, 2022, *SMEC* and *SPPC* notified *MERALCO* that it will continue with its obligations under their respective baseload *PSAs* with *MERALCO* under protest and without prejudice to their rights and remedies under pertinent laws and contract. On November 4, 2022, *SMEC* and *SPPC* filed Petitions for Certiorari with prayer for issuance of *TRO* and Writ of Preliminary Injunction (“*WPI*”) with the *CA*, assailing the *ERC* Orders dated September 29, 2022. On November 25, 2022, the *CA* issued a *TRO* for the *SPPC* case, hence, after the *TRO* bond was posted by *SPPC*, on December 7, 2022, *SPPC* stopped accepting *MERALCO* nominations. On January 25, 2023, the *CA* issued a *WPI* for the *SPPC* case, which shall remain in effect until the main case is finally decided. Meanwhile, for the *SMEC* case, on January 13, 2023, the *CA* denied *SMEC*’s prayer for *TRO* and *WPI*. As at February 27, 2023, *SPPC* has suspended its obligations under its baseload *PSA* with *MERALCO*, while *SMEC* has continued with its obligations under its baseload *PSA* with *MERALCO*.

FGHPC, AC Energy and SPPC – Mid-merit PSAs

On September 16, 2019, after being declared the winning power suppliers in a *CSP*, *MERALCO* signed three (3) *PSAs* for mid-merit capacity with *FGHPC* for 100 *MW*, *AC Energy* for 110 *MW*, and *SPPC* for 290 *MW*. On October 22, 2019, the joint applications for approval of these three (3) *PSAs* were filed before the *ERC*. On January 30, 2020, *MERALCO* received the orders of the *ERC* granting provisional authority to implement *MERALCO*’s the *PSA* for mid-merit capacity with *AC Energy*. On March 16, 2020, *MERALCO* received the orders of the *ERC* granting provisional authority to implement *MERALCO*’s other *PSAs* for mid-merit capacity with *FGHPC* and *SPPC*. In its Orders dated November 26, 2020, the *ERC* granted interim relief authorizing continued implementation of the *PSAs*, until revoked or until the issuance of a final decision by the *ERC*. As at February 27, 2023, the three (3) *PSA* applications are pending final decision by the *ERC*.

Excellent Energy Resources, Inc. (“EERI”) and MPPCL - Baseload PSAs

On March 2, 2021, after being declared the winning power suppliers in a *CSP* for 1,800 *MW* baseload capacity from greenfield power plants was conducted, *MERALCO* signed two (2) *PSAs* with *EERI* with commercial operations date in December 2024 for 1,200 *MW*, and with *MPPCL* with commercial operations date in May 2025 for 600 *MW*. The joint applications for approval of *MERALCO*’s *PSAs* with *MPPCL* and *EERI* were filed with the *ERC* on March 18, 2021 and March 24, 2021, respectively. As at February 27, 2023, the two (2) *PSA* applications are pending final decision by the *ERC*.

Under the *PSAs* approved by the *ERC*, fixed capacity fees and fixed operating maintenance fees are recognized monthly based on their contracted capacities. The annual projection of these payments is shown in the table below:

Year	Contracted Capacity	Fixed Payment Amount
	<i>(In Megawatt)</i>	<i>(In millions)</i>
2023	2,867	₱61,942
2024	2,967	64,887
2025	2,956	61,743
2026	3,455	74,383
2027-2032	17,130	339,573

Interim Power Supply Agreements (“IPSAs”)

On January 24, 2017, in view of the Malampaya shutdown that was to coincide with the scheduled outage of other plants, *MERALCO* signed an *IPSA* with Strategic Power Development Corporation (“*SPDC*”) for the supply of 100 *MW* per hour of electric power from 0901H to 1000H and from 2001H to 2100H, and 150 *MW* per hour of electric power from 1001H to 2000H, from January 28, 2017 until February 16, 2017. An application for approval of such *IPSA* was filed before the *ERC* on February 9, 2017. The said *IPSA* was effective immediately, on the condition that disallowances and penalties that the *ERC* may impose as a result thereof shall be for the account of *SPDC*. *MERALCO* and *SPDC*, in a letter agreement dated February 15, 2017, agreed to extend the term of the *IPSA* until March 25, 2017 under the same terms and conditions of the *IPSA*. On February 16, 2017, *MERALCO* and *SPDC* filed a Joint Manifestation with Motion with the *ERC* apprising the Honorable Commission of the extended term and praying that the same be duly considered and approved accordingly. The hearings on this case have been completed and *MERALCO* filed its *FOE* on July 21, 2017. As at February 27, 2023, the contract term has expired and *MERALCO* awaits the *ERC*’s final decision on the *IPSA*.

On April 15, 2019, with the *NGCP* forecast that of voltage situations occurring for the weekdays of May up to the first half of June 2019 every time the Luzon peak demand exceeds 11,200 *MW*, *MERALCO* signed two (2) separate *IPSA*s with: (i) *MEI* for the purchase of 70 *MW* of electric power, subject to a net dependable capacity test, from April 26, 2019 to June 25, 2019, from *MEI*’s Gas Turbine Power Plant in Navotas Fishport Complex, Navotas City; and (ii) *TMO* for the purchase of up to 200,000 *kW* contract capacity and associated energy, subject to restatement based on the results of capacity test, from April 26, 2019 to April 25, 2020, from *TMO*’s 242 *MW*-installed capacity, barge-mounted, bunker-fired diesel power generating and interconnection facilities in Navotas City. For the said *IPSA*s, *MERALCO* also received the *DOE*’s grant of exemption from the requirement for *CSP*. The applications for approval of said *IPSA*s were filed before the *ERC* on April 17, 2019. In accordance with the

said *IPSAs*, with the filing of the joint applications and *DOE’s* exemption, the mutual obligations to sell and purchase power under said agreements were implemented beginning April 26, 2019. On July 1, 2019, *MERALCO* filed its Compliance with *FOE* on the *TMO IPSA* Joint Application. In addition, in light of the declarations of yellow and red alerts in the *Luzon* Grid by *NGCP*, *MERALCO* and *MEI*, in a Letter Agreement dated June 20, 2019, agreed to extend their *IPSA* until September 25, 2019. Further, given continuing declarations of yellow and red alerts in the *Luzon* grid by *NGCP*, *MERALCO* and *MEI*, in a Letter Agreement dated September 23, 2019, agreed to further extend their *IPSA* until April 25, 2020. *MERALCO* also received the *DOE’s* grant of exemption from the requirement for *CSP* for said periods. In a Letter Agreement dated January 28, 2020, *MERALCO* and *MEI* agreed on another extension of their *IPSA* from April 26, 2020 to June 25, 2020 in view of *DOE’s* forecast, presented to *MERALCO* in a meeting with the *DOE* on January 16, 2020, which showed red alert situation in the *Luzon* grid for the period from April to June 2020. *MERALCO* wrote *DOE* on January 29, 2020 to request for exemption from the requirement for *CSP* for said period. However, the *PSA* with *MEI* was not extended as the *DOE* did not issue any exemption to be able to further extend the *PSA*. Thus, on April 25, 2020, the *PSA* with *MEI* expired. On even date, the *PSA* with *TMO* also expired. As at February 27, 2023, the cases remain pending with the *ERC*.

On September 28, 2021, in view of the Malampaya shutdown set for October 2021 that was to coincide with the scheduled outage of other plants, *MERALCO* signed a Contract for Supply of Electric Energy (“*CSEE*”) with *PSALM* for the supply of 90 *MW* for the period of ten (10) months from September 26, 2021 to July 25, 2022. On even date, the *DOE* issued a Certificate of Exemption from *CSP* in favor of *MERALCO* for the *CSEE*. With the *DOE’s* grant of exemption from the requirement for *CSP*, the parties began implementation of the *CSEE* on September 29, 2021. The application for approval of the *CSEE* with *PSALM* was filed on December 29, 2021. As at February 27, 2023, the contract term has expired and the case is pending decision by the *ERC*.

On February 4, 2022, after being declared the winning power supplier in a *CSP*, *MERALCO* signed a 5-month *PSA* with *SPPC* for 170 *MW* contract capacity. The application for approval of *MERALCO’s* emergency *PSA* with *SPPC* was filed with the *ERC* on March 22, 2022. On July 25, 2022, the contract term has expired, thus, on September 2, 2022, *MERALCO* and *SPPC* jointly filed a Manifestation with the *ERC*, informing it of the expiration of the *PSA’s* contract term and that the application for approval of the *PSA* is already deemed moot. As at February 27, 2023, the contract term has expired and the *ERC* has not issued its final decision on this *PSA*.

On December 14, 2022, in connection with the sudden and unforeseen suspension of *MERALCO’s* baseload *PSA* with *SPPC* for 670 *MW* and after receiving from the *DOE* a Certificate of Exemption from the conduct of a competitive selection process (“*COE-CSP*”) pursuant to the *2021 Revised CSP Circular*, *MERALCO* signed a 1-month *PSA* with *GNPower* Dinginin Ltd. Co. (“*GNPD*”). The *GNPD* emergency power supply agreement (“*EPSA*”) was implemented on December 15, 2022 and submitted to the *ERC* for assessment of the application for filing. As at February 27, 2023, the contract term has expired and the *ERC* has not set this *PSA* for hearing.

Clark Electric

SCPC

On August 28, 2020, *Clark Electric* conducted a *CSP* for the procurement of 20 *MW* of baseload power supply for a contract term of ten (10) years commencing on December 26, 2020. *SCPC* was selected as the winning bidder for submitting the least cost bid.

On October 26, 2020, *Clark Electric* executed a *PSA* with *SCPC*, the power generation company which owns, operates and maintains the 600 *MW* Batangas Coal-Fired Thermal Power Plant located in Calaca, Batangas. On October 30, 2020, *Clark Electric* and *SCPC* filed a Joint Application with Motion for Confidential Treatment of Information and Prayer for Provisional Authority for the approval of their *PSA*. Accordingly, the *ERC* has set the expository presentation and pre-trial conference on March 4 and 11, 2021, respectively.

On January 25, 2021, *Clark Electric* and *SCPC*, jointly filed an urgent ex-parte motion for the issuance of provisional authority to implement the *PSA*. On March 1, 2021, the *ERC* granted the provisional authority to implement the *PSA* between *Clark Electric* and *SCPC*.

On February 23, 2022, the *ERC* granted an Interim Relief upon the expiration of the provisional authority.

SPDC

On August 28, 2020, *Clark Electric* conducted a *CSP* for the procurement of its 25 *MW* of mid-merit power supply requirement for a contract term of five (5) years commencing on December 26, 2020. *SPDC* was selected as the winning bidder for submitting the least cost.

On October 23, 2020, *Clark Electric* executed a *PSA* with *SPDC* for the supply of 25 *MW* contract capacity and associated energy beginning December 26, 2020. The *PSA* was jointly filed by *Clark Electric* and *SPDC* on October 28, 2020 with Motion for Confidential Treatment of Information and Prayer for Provisional Authority for the approval of their *PSA*. Thus, the expository presentation and pre-trial conference was set by *ERC* on March 9 and 16, 2021, respectively.

On January 25, 2021, *Clark Electric* and *SPDC*, jointly filed an urgent ex-parte motion for the issuance of provisional authority to implement the *PSA*. The provisional authority was granted by the *ERC* through its Order which was promulgated on June 11, 2021.

On February 23, 2022, the *ERC* granted an Interim Relief upon the expiration of the provisional authority.

TransCo/NGCP

Clark Electric executed a Transmission Service Agreement on December 26, 2013 with *NGCP* for the provision of necessary transmission services in accordance with the *OATS* rules for five (5) years until December 25, 2018. This was renewed for another five years until December 25, 2023.

Supply and Equipment Loan Agreement with Shell

Panay Power Corporation (“PPC”) has a Supply and Equipment Loan Agreement with Shell, whereby Shell will supply PPC’s total requirements of petroleum products at prices based on the formula indicated in the agreement. The agreement also provides that Shell will install at PPC’s premises the equipment and facilities for the storage and servicing of products purchased at no cost to PPC. The agreement is effective for 15 years until 2013. As PPC has not utilized the contracted quantity, agreement was renewed for another five years or until the contracted quantity is fully utilized. Under the new agreement, pricing is subject to semi-annual review.

Long-term Coal Supply Agreements (“CSA”)

In order to ensure that there is an adequate supply of coal to operate the power plants, the following operating plants entered into several long-term contracts with local and foreign coal suppliers:

PEDC

Supplier	Coal Type	Contract Duration	Price Basis	Quantity per Year
PT Sakti Nusantara Bakti	Indonesia	2020 - 2026	ICI4	275,000 MT
PT Bayan Resources, TBK	Indonesia	2023-2024	GNewC and ICI4	220,000 MT
Semirara Mining and Power Corporation	Local	Annual Contract	Fixed Price	200,000 MT
Galaxy Energy and Resources Co. PTE, Ltd.	Indonesia	2020 - 2023	ICI4	110,000 MT
PT Kideco Jaya Agung	Indonesia	2021 - 2025	GNewC	110,000 MT
Vitol Asia PTE Ltd	Indonesia	2021-2023	GNewC	110,000 MT
Samsung C&T Corporation	Indonesia	2020 - 2024	GNewC Index	110,000 MT
Trafigura Asia Trading PTE, Ltd	Indonesia	2023 - 2024	ICI4	55,000 MT

CEDC

Supplier	Coal Type	Contract Duration	Price Basis	Quantity per Year
PT Antang Gunung Meratus	Indonesia	2020 - 2025	GNewC	385,000 MT
Semirara Mining and Power Corporation	Local	Annual Contract	Fixed Price	200,000 MT
PT Adaro Indonesia	Indonesia	2020 - 2024	GNewC Index	165,000 MT
PT Kideco Jaya Agung	Indonesia	2021 - 2025	GNewC	110,000 MT
Trafigura Asia Trading PTE, Ltd	Indonesia	2023 - 2024	ICI4	55,000 MT
RWood Resources DMCC	Indonesia	2021 - 2025	GNewC	55,000 MT

TPC

Supplier	Coal Type	Contract Duration	Price Basis	Quantity per Year
Semirara Mining and Power Corporation	Local	Annual Contract	Fixed Price	200,000 MT
PT Kideco Jaya Agung	Indonesia	2021 - 2025	GNewC	110,000 MT
RWood Resources DMCC	Indonesia	2021 - 2025	GNewC	110,000 MT
PT Antang Gunung Meratus	Indonesia	2020 - 2025	GNewC	55,000 MT
Galaxy Energy and Resources Co. PTE, Ltd.	Indonesia	2020 - 2023	ICI4	55,000 MT

GESC

Supplier	Coal Type	Contract	Price Basis	Quantity per Year
		Duration		
Bulk Bayan Resources, TBK	Indonesia	2023-2024	Fixed Price	220,000 MT
PT Bayan Resources, TBK	Indonesia	2023-2024	GNewC and ICI4	110,000 MT
Trafigura Asia Trading PTE, Ltd	Indonesia	2023 - 2024	ICI4	55,000 MT

Cagbalete Island Microgrid Electrification Expansion Capital Expenditure Project (“Cagbalete Microgrid Project”)

On July 23, 2019, MERALCO inaugurated the first phase of its power microgrid in Cagbalete Island, Quezon Province as part of its continuing initiative of rural energization using sustainable energy. The microgrid is a hybrid generating plant that features a 60 kW PV system, 150 kWh battery energy storage system and two (2) units of 30 kW diesel generators, which shall provide 24 x 7 power to the residents of the island.

On May 31, 2019, MERALCO filed an application dated May 29, 2019 to implement the proposed *Cagbalete Microgrid Expansion Project* to allow MERALCO to serve the rest of the residents in Cagbalete Island. The *Cagbalete Microgrid Expansion Project* with an estimated cost of ₱219 million, will utilize a scaled-up hybrid generation system by similarly using solar photovoltaic (“PV”) panels, diesel generators and lithium-ion battery storage as main components. Hearings have been completed and MERALCO filed its FOE on August 15, 2019. In an Order dated August 27, 2020, the ERC requested additional information regarding the *Cagbalete Microgrid Expansion Project*. MERALCO filed its Compliance on October 15, 2020. On November 20, 2020, MERALCO filed another Manifestation reiterating the urgency of immediately implementing the *Cagbalete Microgrid Expansion Project*. On May 12, 2021, MERALCO filed a Manifestation with Urgent Motion for Resolution to urge the ERC to resolve the instant Application. On May 19, 2021, MERALCO submitted the letter from the Office of Municipal Mayor of Mauban, Quezon Province which certified that no generation company has applied to the Municipality of Mauban to secure a permit in order to build and operate an electricity generating facility in the island of Cagbalete. On May 31, 2021, MERALCO filed a Supplemetal Submission and Very Urgent Motion for Resolution to urge the ERC to resolve the instant Application. As at February 27, 2023, MERALCO is awaiting further action by the ERC.

Lease Agreement with CDC

On June 23, 2004, *Clark Electric* entered into a lease agreement with CDC for the lease of land and structures for the period of 18 years beginning July 2005, renewable for 25 years upon mutual agreement of both parties.

Beginning July 2004, as stated in the lease agreement, CDC charges guarantee fees equivalent to ₱0.05 per kWh sold for the first eight (8) years, ₱0.075 per kWh for the next four (4) years, and ₱0.12 per kWh for the succeeding six (6) years.

IMC with PELCO II

On February 12, 2014, *Comstech* entered into an IMC with PELCO II for a period of 20 years. PELCO II is an electric cooperative with franchise to distribute electric power in certain municipalities of Pampanga.

Pursuant to the IMC, *Comstech* shall render technical and management services for the operation, maintenance and management and improvement of PELCO II’s electric distribution. As consideration for its technical, consultancy and management services, *Comstech* is entitled to a performance-based remuneration and management fee based on a certain percentage of the operating revenues of PELCO II.

Agreement and Registration with PEZA

MERALCO has a concession agreement with PEZA for 25 years, whereby MERALCO has been contracted to operate the distribution system of CEZ beginning May 26, 2014.

MERALCO executed a tripartite agreement with PEZA and TLI for the billing and settlement of the supply of power from TLI to CEZ and its locators. Said tripartite agreement is from December 26, 2019 until December 25, 2021. With the extension of the PSA of PEZA with TLI for another year to expire on December 25, 2022, the tripartite agreement is likewise extended until December 25, 2022.

On December 29, 2014, MERALCO secured its Certificate of Registration No.10-01-U from PEZA, which confirms MERALCO as an Ecozone Utilities Enterprise at the CEZ.

Joint Venture Agreement with New Clark City

On April 3, 2019, Shin Clark signed a Joint Venture Agreement with the BCDA for the construction, operation and maintenance of the electric distribution system in New Clark City.

Shin Clark completed the construction of Phase 1A of the Interim Electrical Distribution facilities, which consists of (i) a 33 MVA, 69 kV-13.8 kV interim substation; (ii) 2.2 kilometers of 13.8 kV overhead lines; and (iii) 1.5 kilometers of 13.8 kV underground line.

On September 15, 2021, BCDA secured the endorsement from the Governance Commission for Government Owned and Controlled Corporation for the incorporation of Shin Clark Power, the joint venture company. On May 10, 2022, the SEC approved the incorporation of Shin Clark Power. On June 30, 2022, Shin Clark Power filed its application for a CPCN with the ERC. As at February 27, 2023, the application is subject to the final decision of the ERC.

31. Earnings Per Share Attributable to Equity Holders of the Parent

Basic and diluted earnings per share are calculated as follows:

	2022	2021	2020
		(Amounts in millions)	
Net income attributable to equity holders of the Parent (a)	₱28,431	₱23,498	₱16,316
Weighted average common shares outstanding (b)	1,127	1,127	1,127
Per Share Amounts:			
Basic and diluted earnings per share (a/b)	₱25.23	₱20.85	₱14.48

Basic and diluted earnings per share amounts are calculated by dividing net income for the year attributable to common shareholders of the parent by the weighted average number of common shares outstanding during the year. There are no potential dilutive common shares in 2022 and 2021.

There are no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these consolidated financial statements.

32. Other Matters

RCOA

The transition period for RCOA commenced on December 26, 2012 in accordance with the joint statement released by the ERC and the DOE on September 27, 2012 and the Transitory Rules for the Implementation of RCOA (ERC Resolution No. 16, Series of 2012). The commercial operations of RCOA started on June 26, 2013.

On May 12, 2016, the ERC issued Resolutions No. 10 and 11, Series of 2016, which:

1. Provided for mandatory contestability. Failure of a contestable customer to switch to RES upon date of mandatory contestability (December 26, 2016 for those with average demand of at least one (1) MW and June 26, 2017 for at least 750 MW) shall result in the physical disconnection from the DU system unless it is served by the supplier of last resort (“SoLR”), or, if applicable, procures power from the WESM;
2. Prohibits DUs from engaging in the supply of electricity to the contestable market except in its capacity as a SoLR;
3. Mandates Local RESs to wind down their supply businesses within a period of three (3) years;
4. Imposes upon all RESs, including DU-affiliate RESs, a market-share cap of 30% of the total average monthly peak demand of all contestable customers in the competitive retail electricity market; and,
5. Prohibits RESs from transacting more than 50% of the total energy transactions of its supply business, with its affiliate contestable customers.

On November 29, 2017, the DOE issued two (2) DOE Circulars, namely: DC 2017-12-0013, entitled, Providing Policies on the Implementation of RCOA for Contestable Customers in the Philippines Electric Power Industry and DC 2017-12-0014, entitled Providing Policies on the Implementation of RCOA for RES in the Philippine Electric Power Industry. The DOE Circulars became effective on December 24, 2017.

Under the DOE Circular No. DC 2017-12-0013, it is provided that voluntary participation for contestable customers under RCOA-Phase 2 shall now be allowed upon effectivity of said Circular, while voluntary participation of contestable customers with a monthly average peak demand of 500 kW to 749 kW for the preceding 12 months and demand aggregation for electricity end users within a contiguous area with an aggregate average peak demand of not less than 500 kW for the preceding 12-month period, will also be allowed by June 26, 2018 and December 26, 2018, respectively.

On December 28, 2020, the ERC released Resolution No. 12, Series of 2020, entitled “A Resolution Prescribing the Timeline for the Implementation of Retail Competition and Open Access (“RCOA”)”. In said Resolution, the ERC expanded the coverage of RCOA for end-users with an average monthly peak demand of at least 500 KW in the preceding 12 months, on a voluntary basis.

On September 24, 2021, *MERALCO* received a copy of the SC Decision wherein, among other matters, the *ERC* was also directed to promulgate the supporting guidelines to *DOE* Circular No. DC 2017-12-0013 and DC 2017-12-0014.

Retail Aggregation

On June 16, 2022, the *ERC* issued Resolution No. 04, Series of 2022 entitled “*A Resolution Adopting the Rules for the Electric Retail Aggregation Program.*” Under said Resolution, the aggregation of the electricity requirements of end-users, whose total monthly average peak demand is at least 500 *kW*, is allowed to accommodate a wider consumer base availing of the benefits of *RCOA* to further promote competition in the Competitive Retail Electricity Market. Implementation of such aggregation shall become effective by December 26, 2022. Meanwhile, industry stakeholders are clarifying certain provisions in the Resolution to allow for the smooth implementation of Retail Aggregation.

Pre-Emptive Mitigating Measure in the WESM

In December 2014, in its Resolution No. 20, Series of 2014, the *ERC* adopted and established a permanent pre-emptive mitigation measure in the *WESM*. The *ERC* set a cumulative price threshold (“*CPT*”) amounting to an average spot price of ₱9,000 per *MWh* over a rolling 7-day period or 168-hour trading interval. Once this *CPT* for said period is breached, it triggers the imposition of a price cap amounting to ₱6,245 per *MWh*. The price cap shall be imposed until after a determination that succeeding *GWAP* rolling average is already below the *CPT*. The pre-emptive measure has taken effect beginning January 9, 2015.

The imposition of the mitigating measure was questioned by the Philippine Independent Power Producers Association (“*PIPPA*”) in the *RTC-Pasig* through a Petition for Declaratory Relief with Application for *TRO* and/or Writ of Preliminary Injunction. The Petition prayed for, among others, that the *ERC* Resolutions pertaining to the secondary cap mechanism be declared void *ab initio*. The original petition was subsequently amended to reflect the promulgation of the subsequent *ERC* resolutions extending the effectivity of the *WESM* price cap. On July 21, 2014, *MERALCO* filed its Motion for Leave to Intervene and to Admit Attached Comment in Intervention. The *RTC-Pasig* admitted *MERALCO*’s intervention and comment in its Order dated October 28, 2014. However, in a Motion for Leave to Admit Supplement Petition, *PIPPA* moved for leave to file a supplemental petition to include *ERC* Resolution No. 20, Series of 2014 which provides for a permanent mitigating measure in the *WESM*. In an Order dated May 5, 2015, the *RTC-Pasig* denied the Motion for Leave to File and Admit Supplemental Petition. *PIPPA* filed a Motion for Partial Reconsideration which was denied by the *RTC-Pasig* in its Resolution dated September 10, 2015. *PIPPA* filed a Petition for Certiorari with the *CA*. The *CA* denied the Petition for Certiorari in its Decision dated June 9, 2017. *PIPPA* filed a *MR* dated July 19, 2017. In a Resolution dated August 16, 2017, the parties were directed to file their comments to the *PIPPA*’s *MR*. *MERALCO* has filed its comment on the *MR*. On April 4, 2018, the *CA* rendered a resolution denying the *MR* filed by *PIPPA*.

On September 29, 2015, the *WESM* Tripartite Committee issued a Joint Resolution further extending the interim offer price cap of ₱32,000 per *MWh* until December 31, 2015. In its Joint Resolution No. 3, Series of 2015, the *WESM* Tripartite Committee resolved to set the *WESM* offer price cap at ₱32,000 per *MWh* and the *WESM* offer price floor of negative ₱10,000 per *MWh* effective January 2016, provided that an annual review shall be undertaken considering the relevant costs assumptions at the time of review.

On December 7, 2015, the *RTC-Pasig* rendered a Decision dismissing the Petition for Declaratory Relief. The *MR* filed by *PIPPA* was denied in a Resolution dated June 16, 2016. *PIPPA* appealed the *RTC-Pasig* Decision with the *SC*. *MERALCO* has filed its comment thereto. *PIPPA* filed a Consolidated Reply on July 17, 2017. As at February 27, 2023, the case is pending before the *SC*.

On May 9, 2017, the *ERC* issued Resolution No. 4, Series of 2017, entitled, “A Resolution Adopting Amendments to the Pre-emptive Mitigating Measure in the *WESM*”. They adopted a recalculated cumulative price threshold level of ₱1,080,000 and a shorter five (5)-day (120-hour) rolling average period. This is equivalent to ₱9,000 per *MWh* over said period.

The *ERC* has expressed its intent to further amend the pre-emptive mitigating measure in the *WESM* to increase consumer safety nets against price spikes. The highlight of the amendments would be the lowering of the rolling average period from five (5) days to three (3) days, and the regional/island imposition of the Secondary Price Cap mechanism when the grid interconnection is on outage. In its Resolution No. 7, Series of 2021, promulgated on July 28, 2021, the *ERC* shortened the rolling average period to seventy-two (72) hours and approved the regional/island imposition of the Secondary Price Cap mechanism.

PEZA – ERC Jurisdiction

On September 13, 2007, *PEZA* issued “Guidelines in the Registration of Electric Power Generation Facilities/Utilities/Entities Operating Inside the Ecozones” and “Guidelines for the Supply of Electric Power in Ecozones” (“*Guidelines*”). Under these Guidelines, *PEZA* effectively bestowed upon itself franchising and regulatory powers in Ecozones operating within the legislative franchise areas of *DUs* which are under the legislatively-authorized regulatory jurisdiction of the *ERC*. The *Guidelines* are the subject of an injunction case filed by the *DUs* in *RTC-Pasig*.

On February 4, 2015, the *RTC-Pasig* issued an Order setting a clarificatory hearing on April 15, 2015. During the said hearing, *MERALCO* manifested that it previously filed a Motion to Withdraw as plaintiff on the basis of letter agreements between *MERALCO* and *PEZA*, which is pending before the *RTC-Pasig*. *MERALCO* submitted the Tripartite Agreement among *PEZA*, *PEPOA* and *MERALCO* for approval of the *RTC-Pasig*. In a Decision dated July 3, 2015, the *RTC-Pasig* approved the Compromise Agreement between *PEZA*, *PEPOA* and *MERALCO*. In the hearing on February 10, 2016, the *RTC-Pasig* dismissed the petition upon motion by *PEZA*. The *ERC* filed a *MR* which is pending resolution by the *RTC-Pasig*.

Purchase of Subtransmission Assets (“STAs”)

On April 17, 2012, *MERALCO* and *TransCo* filed a joint application for the approval of the Batch 4 contract to sell with the *ERC*. On April 22, 2013, the *ERC* issued a Decision on *MERALCO*’s joint application for the acquisition of the Batch 4 contract to sell. On June 21, 2013 and July 3, 2013, *MERALCO* and *TransCo* filed a Motion for Partial Reconsideration and *MR*, respectively, regarding the exclusion of certain facilities for acquisition.

On May 22, 2014, *MERALCO* and *TransCo* received an *ERC* Order dated May 5, 2014 denying *MERALCO* and *TransCo*’s Motions. On June 5, 2014, *MERALCO* filed a clarificatory motion and a *MR* of the May 5, 2014 *ERC* Order, which was denied by the *ERC* through an Order dated June 16, 2014. On October 10, 2014, *MERALCO*

filed a Motion to Reopen Proceedings for the reception of new evidence to support *MERALCO*’s position on the acquisition of excluded *STAs*. The Motion was heard by the *ERC* on October 17, 2014. After the parties have submitted their respective comments and pleadings, the *ERC* conducted another hearing on February 23, 2015.

In an Order dated March 4, 2015, the *ERC* considered but denied the new and substantive allegations in *MERALCO*’s Motion to Reopen Proceedings. *MERALCO* then filed a Petition for Review with the *CA* to question the Orders of the *ERC*. In a Decision dated August 12, 2016, the *CA* dismissed the Petition. On September 17, 2016, *MERALCO* filed a *MR*. In an Amended Decision dated September 15, 2017, the *CA* granted *MERALCO*’s *MR* and approved the sale of the Dasmarinas-Abubot-Rosario 115 *kV* line and Rosario substation equipment in favor of *MERALCO*. *NGCP* filed a *MR* (of the Amended Decision) dated October 4, 2017. In a Resolution dated May 31, 2018, the *CA* denied the *MR*. *NGCP* filed a Petition for Review with the *SC*.

On March 20, 2015, *MERALCO* filed a case for “Interpleader with Consignation and Specific Performance” against *TransCo* and the Municipality of Labrador, Pangasinan (“*Labrador*”) with the *RTC*-Pasig, praying for the *RTC*-Pasig to (i) accept and approved the consignation of the amount of ₱194.1 million; (ii) declare *MERALCO* to have paid in full the purchase price of the sale of *TransCo*’s assets; (iii) direct *TransCo* to execute the corresponding Deeds of Absolute Sale; and (iv) direct *Labrador* and *TransCo* to interplead their respective claims. On April 14 and 20, 2015, *Labrador* and *TransCo* filed their respective Motions to Dismiss on the ground of impropriety of the filing of the Interpleader and on the ground of *litis pendentia*. *MERALCO* received an Order from *RTC*-Pasig granting the Motions to Dismiss of both *TransCo* and *Labrador*. *MERALCO* filed a *MR* which was denied by the *RTC*-Pasig. *MERALCO* appealed the Decision with the *CA*, which granted the appeal, and remanded the interpleader case to the trial court for proper disposition. The *CA* decision already attained finality as of May 25, 2018.

TransCo and *MERALCO* executed the Deeds of Absolute Sale (“*DOAS*”) on December 10, 2020, covering the Batch 2 and Batch 4 *STAs*. Hence, *MERALCO* has acquired and is in full possession of these assets. In a letter dated Octobre 26, 2021, *NGCP* likewise confirmed that, with the turn-over of these assets, the corresponding Connection Charges and Residual Sub-Transmission Charges (“*CC/RSTC*”) of *MERALCO* starting the December 2021 billing month will be correspondingly adjusted.

On December 15, 2016, *MERALCO* and *TransCo* filed a joint application for the approval of the Batch 3 contract to sell with the *ERC*. Hearings were conducted on August 10, 2018 and October 15, 2018. The *ERC* has yet to set the next scheduled hearing of the case.

FiT

Pursuant to *RA* No. 9513, or the Renewable Energy Act of 2008 (“*RE Act*”), the *ERC* issued Resolution No. 16, Series of 2010, Adopting the *FiT* Rules, on July 23, 2010. As defined under the *FiT* Rules, the *FiT* system is a renewable energy policy that offers guaranteed payments on a fixed rate per *kWh* for electricity from wind, solar, ocean, hydropower and biomass energy sources, excluding any generation for own use.

To fund the *FiT* payments to eligible *RE* developers, a *FiT-All* charge shall be imposed on all end-users. The *FiT-All* will be established by the *ERC* upon petition by *TransCo*, which had been designated as the *FiT* Fund Administrator.

On February 5, 2014, the *ERC* released the *FiT-All* disbursement and Collection Guidelines (“*FiT Guidelines*”) to supplement the *FiT* Rules. This set of guidelines will govern how the *FiT-All* will be calculated using the formulae provided. It will also outline the process of billing and collecting the *FiT-All* from the electricity consumers, the remittance to a specified fund, the disbursement from the *FiT-All* fund and the payment to eligible *RE* developers.

TransCo applied for *FiT-All* rates with the *ERC*, the *ERC* approval and status of applications are indicated in the table below:

Year	Applied Rate per <i>kWh</i>	Approved Rate per <i>kWh</i>	Date Approved / Status
2019	₱0.2780	₱0.0495	October 28, 2019
2020	₱0.2278	₱0.0983	November 23, 2020
2021	₱0.1881	₱0.0983	August 17, 2022
2022	₱0.3320 or ₱0.3165 (alternative rate in consideration of <i>Covid-19</i>)	₱0.0364	August 30, 2022
2023	₱0.2382	–	Pending final decision

On December 23, 2014, *MERALCO* received a copy of a Petition for Prohibition and Certiorari filed with the *SC* against the *ERC*, *DOE*, *TransCo*, *NREB* and *MERALCO*. The Petition seeks (i) the issuance of a *TRO* and/or *WPI*, and after giving due course to the Petition, a Writ of Prohibition to enjoin the respondents from implementing the *FiT-All*, the *FiT* Rules and *FiT* Guidelines; and (ii) the annulment of the *FiT* Rules and *FiT* Guidelines. With the parties’ submission of their respective memoranda, the case is now pending decision. As at February 27, 2023, the said petition is pending with the *SC*.

In a Decision dated October 6, 2015, the *ERC* set the Wind *FiT* at ₱7.40 per *kWh*. *MERALCO* filed a *MR* on the Decision. As at February 27, 2023, the *MR* is pending further action of the *ERC*.

On September 29, 2016, Alternergy Wind One Corporation, Petrowind Energy, Inc. and Trans-Asia Renewable Energy Corporation filed a Petition to Initiate Rule-Making to adjust the Wind *FiT* rate of ₱7.40 per *kWh* to ₱7.93 per *kWh*. *MERALCO* filed an intervention in the case. The hearing on the Petition was set on January 6, 2017. *MERALCO*’s motion on the propriety of the petition has been submitted for the resolution of the *ERC*. As at February 27, 2023, the said petition is ongoing and remains pending with the *ERC*.

On May 26, 2020, through Resolution No. 6, Series of 2020, the *ERC* issued the *FiT* adjustments for the years 2016, 2017, 2018, 2019 and 2020 using 2014 as the base year for the *CPI* and foreign exchange adjustments, pursuant to Section 2.10 of the *FiT* Rules. The said *FiT* adjustments are to be recovered for a period of five (5) years.

In its Decision dated November 28, 2020, the *ERC* set the modified *FiT2* rate to be applicable from January 1, 2018 to December 31, 2019. The modified Run of River (“*ROR*”) Hydro *FiT2* rate is ₱5.8705 per *kWh* while for Biomass *FiT2*, the rate is ₱6.19 *kWh*.

On November 26, 2022, the *ERC* issued Resolution No. 12, Series of 2022, "*A Resolution Adopting the Suspension of the Collection of Feed-in-Tariff Allowance (FiT-All)*", approving the temporary suspension in the collection of the *FiT-All* for a period of three (3) months, starting the December 2022 until the February 2023 billing months. According to the *ERC*, the *FiT-All* balance as of November 7, 2022, inclusive of the Cost Recovery Revenue

(“CRR”) collections in November 2022, shows a healthy fund balance that can sufficiently cover the *FiT-All* payment requirements for three (3) months, assuming the same average *CRR* collection. On February 23, 2023, *ERC* issued an advisory extending the temporary suspension in the collection of the *FiT-All* for six (6) months, starting the March 2023 to August 2023 billing months.

Renewable Portfolio Standards (RPS)

In accordance with the *RE* Act, the *DOE* issued Department Circular No. DC2017-12-0015 “Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas” or the *RPS* Rules on December 22, 2017. On June 30, 2020, *MERALCO* submitted its *RPS* Form for 2020 to the *DOE* as part of its compliance with the *RPS* Rules. The *RPS* form contains *MERALCO*’s computation of its requirements, as well as plans to comply with the requirements. *MERALCO* intends to fully comply with its *RPS* obligations while minimizing the rate impact to its customers.

MERALCO is also preparing to register with the Renewable Energy Market (“*REM*”). On August 18, 2020, the *DOE* issued an advisory on the Recalibration of the Commercial Operations of the *REM*. According to the advisory, the *REM* will be launched in June 2021. As at February 27, 2023, the *REM* is not yet operational.

Green Energy Option Program (GEOP)

Pursuant to the *RE* Act, the *DOE* issued Department Circular No. DC2018-07-0019 “Promulgating the Rules and Guidelines Governing the Establishment of the Green Energy Option Program Pursuant to the Renewable Energy Act of 2008” or the *GEOP* Rules on July 18, 2018. On April 22, 2020, the *DOE* also issued Department Circular No. DC2020-04-0009, “Guidelines Governing the Issuance of Operating Permits to Renewable Energy Suppliers under the *GEOP*” as a supplement to the *GEOP* Rules.

On November 24, 2020, the *ERC* released a draft “Resolution Adopting the *GEOP* Rules”. This is in accordance with Section 15(e) of the *DOE*’s *GEOP* Rules stating that “The *ERC* shall issue the necessary regulatory framework particularly in setting the technical and interconnection standards and wheeling fees, to effect and achieve the objectives of the *GEOP*.” On December 7 and 8, 2020, the *ERC* conducted public consultations on the draft. On August 17, 2021, the *ERC* released its *ERC* Resolution No. 8, Series of 2021 (dated April 22, 2021) and put into effect its regulatory framework to govern the *GEOP*. The rules became effective on September 3, 2021.

Recovery of NPC Stranded Contract Costs

In an Order dated May 22, 2018, the *ERC* approved *PSALM*’s petition for the recovery of *NPC*’s stranded contract costs portion of the universal charge (“*UC-SCC*”). Accordingly, *PSALM* is hereby authorized to recover the stranded contract costs for Luzon, Visayas and Mindanao grids totaling ₱8,547 million with a monthly rate of ₱0.1938 per *kWh* starting May 2018 billing period until the full amount has been recovered.

On January 14, 2019, *MERALCO* received a letter dated December 28, 2018 from *PSALM* advising *MERALCO* to cease the implementation of the collection of the ₱0.1938 per *kWh* for the recovery of the additional *SCC* effective January 2019 as it already recovered the full amount of the stranded contract costs. This was after *MERALCO* had already completed the billing program for January 2019. Accordingly, on February 6, 2019, *MERALCO* wrote the *ERC* proposing to reverse the said collections of the additional *UC-SCC*. On February 7, 2019, *MERALCO*

received a letter from the *ERC* which allowed the full reversal of the subject *UC-SCC* in its February billing equivalent to ₱0.3876 per *kWh*, without prejudice to further validation by the *ERC* as to the final amounts due.

In its letter dated January 15, 2020, *MERALCO* informed the *ERC* that it accumulated additional total excess *UC-SCC* collections in the amount of ₱545 million and proposed to implement another reversal to its customers in the amount of ₱0.1453 per *kWh* for the month of February 2020. In its letter dated February 6, 2020, the *ERC* directed *MERALCO* to implement the refund, subject to post-validation. *MERALCO* was then directed to provide additional information as well as status report to the *ERC* with respect to the implementation of refund. *MERALCO* implemented the refund starting its March 2020 billing.

On March 4, 2020, *MERALCO* received a letter dated March 3, 2020, directing it to comment on a petition filed by a consumer group which sought to stop the collection of *UC-SCC* and stranded debts portion of the universal charge (“*UC-SD*”) from consumers because of the Murang Kuryente Act. *MERALCO* filed its comment on March 16, 2020.

In a Decision dated April 10, 2019, the *ERC* approved with modification *PSALM*’s petition for the availment of the *NPC*’s stranded contract costs portion of the universal charge for calendar year 2014. *PSALM* is hereby authorized to recover the *UC-SCC* for Luzon, Visayas and Mindanao grids totaling ₱5,117 million with a monthly rate of ₱0.0543 per *kWh* within a period of 12 months.

In separate Orders dated May 28, 2020, the *ERC* dismissed *PSALM*’s petitions for the availment of the *NPC*’s stranded contract costs portion of the universal charge for calendar years 2015 to 2018 due to the promulgation of the Murang Kuryente Act.

Net Metering Program

The *RE* Act mandates the *DUs* to provide the mechanism for the “physical connection and commercial arrangements necessary to ensure the success of the *RE* programs”, specifically the Net Metering Program. The *RE* Act defines Net Metering as “a system, appropriate for distributed generation, in which a distribution grid user has a two-way connection to the grid and is only charged for his net electricity consumption and is credited for any overall contribution to the electricity grid”. By their nature, net metering installations will be small (less than 100 *kW*) and will likely be adopted by households and small business end-users of *DUs*.

After consultations with stakeholders, the *ERC* issued on July 3, 2013 its Resolution No. 09, Series of 2013, entitled, “A Resolution Adopting the Rules enabling the Net Metering Program for Renewable Energy”. The Rules will govern the *DUs*’ implementation of the Net Metering Program. Included in the Rules are the interconnection standards that shall provide technical guidance to address engineering, electric system reliability, and safety concerns for net metering interconnections. However, the final pricing methodology to determine the rate at which energy exported back to the distribution system by Net Metering Program participants will be addressed in another set of rules by the *ERC* in due course. In the meantime, the *DUs*’ blended generation cost equivalent to the generation charge shall be used as the preliminary reference price in the net metering agreement. The Rules took effect on July 24, 2013. Under *ERC* Resolution No. 6, Series of 2019, entitled, “A Resolution Adopting the Amendments to the Rules enabling the Net Metering Program for Renewable Energy”, the *ERC* adopted amendments to the Net Metering Rules. On June 23, 2020, the *ERC* issued Resolution No. 5, Series of 2020

entitled, “A Resolution Clarifying *ERC* Resolution No. 6, Series of 2019, entitled "A Resolution Adopting the amendments to the Rules Enabling the Net-Metering Program for Renewable Energy". As at December 31, 2022, *MERALCO* has already installed 7,590 meters and energized 7,304 net metering customers.

Interruptible Load Program (“ILP”)

In an *ERC* Order dated April 11, 2014, the *ERC* approved with modification *MERALCO*’s request that it be allowed to adopt and implement the *ILP*. *ILP* protocols, compensation and recovery mechanism are governed by *ERC* Resolution No. 5, Series of 2015 “A Resolution Adopting the Amended Rules to Govern the Interruptible Load Program”, *DOE* Circular No. DC2015-06-0003 “Providing the Interim Manner for Declaring Bilateral Contract Quantities in the Wholesale Electricity Spot Market and Directing the Philippine Electricity Market Corporation to Establish Necessary Protocols to Complement the Interruptible Load Program” and *ERC* Resolution No. 3, Series of 2019 “A Resolution Clarifying Section 3, Article III of the Amended Interruptible Load Program Rules”.

As at December 31, 2022, there are 117 companies with a total committed de-loading capacity of 560.59 *MW* that have signed up with *MERALCO*, *MPower* and with other retail electricity suppliers as *ILP* participants.

Long-Term Indebtedness Application

On June 25, 2015, *MERALCO* filed an application, with prayer for provisional authority, for continuing authority to (a) issue bonds or other evidence of indebtedness for as long as it maintains 50:50 long-term debt to equity ratio; and (b) whenever necessary, to mortgage, pledge or encumber any of its property to any creditor in connection with its authority to issue bonds or any other evidence of long-term indebtedness. The hearing on the application was conducted on October 6, 2015. In an Order dated October 12, 2015, the *ERC* directed *MERALCO* to submit additional documents in support of its application which *MERALCO* complied with. However, due to changes in the financial climate which may affect the terms and conditions of any financial borrowings, *MERALCO* has filed a Motion to withdraw the application without prejudice to its refiling at a later date. In an Order dated March 22, 2016, the *ERC* granted *MERALCO*’s Motion to Withdraw but still required *MERALCO* to submit certain documents. *MERALCO* filed a Motion for Partial Reconsideration questioning the requirement which is pending before the *ERC*. As at February 27, 2023, the *ERC* has yet to resolve *MERALCO*’s Motion for Partial Reconsideration.

On October 29, 2019, *MERALCO* filed an application, with prayer for provisional authority, for continuing authority to (a) issue bonds or other evidence of indebtedness; and (b) whenever necessary, to mortgage, pledge or encumber any of its property to any creditor in connection with its authority to issue bonds or any other evidence of long-term indebtedness. Hearings have been completed and *MERALCO* filed its *FOE*. On January 21, 2021, *MERALCO* filed its Manifestation with Urgent Motion to Resolution. *MERALCO* has filed a Motion to Withdraw the Application to align with the changes brought about by the amended Public Service Act. As at February 27, 2023, *MERALCO* is awaiting the resolution of the *ERC* of its motion.

CSP Requirement for PSAs

On February 9, 2018, the *DOE* published the *2018 DOE Circular*. Upon effectivity of the Circular, all prospective *PSAs* in grid and off-grid areas shall be procured through *CSP*. The *CSP* under the *2018 DOE Circular* involves publication of invitation to bid, pre-bid conference, bid evaluation, and pre-/post-qualification of winning bidder. Exemption from *CSP* may be granted by the *DOE* in the following instances:

- i. Generation project owned by the *DU* funded by grant or donations
- ii. Negotiated procurement of emergency supply
- iii. Generation project embedded in the *DU*, utilizing indigenous energy resources in the franchise area of the *DU* and subject to a maximum capacity of 10 *MW* per Luzon *DU* and 5 *MW* per Visayas and Mindanao *DU* (introduced by the *2021 Revised CSP Circular*, see discussion below)
- iv. Provision of supply in off-grid areas prior to the entry of new power providers
- v. Provision of supply by *PSALM* through bilateral contracts for power produced from undisposed generating assets and *IPP* contracts sanctioned by *EPIRA*.

PSAs that were granted exemption from *CSP* by reason of need for emergency supply shall be implemented by the *DU* immediately without prejudice to the evaluation and final decision of the *ERC*.

The *DU*’s *CSP* may be managed by a Third Party Bids and Awards Committee (“*TPBAC*”) or a Third Party Administrator (“*TPA*”). The *DU*’s *TPBAC* shall be composed of the following (a) one (1) *DU* officer or employee knowledgeable in the technical operations of the *DU*; (b) One (1) *DU* officer or employee with knowledge and/or experience with any local or international competitive bidding procedures; (c) one (1) lawyer; (d) one (1) finance officer or accountant that has knowledge on electricity pricing; and (e) one (1) technical person, or a person with knowledge and/or experience with any local or international competitive bidding procedures. Any two of the last three (3) members shall be captive customer representatives. The selection process of the representatives of the captive customers to the *DU*’s *TPBAC* shall be submitted to the *DOE* for approval. The *DOE* has already approved the selection process of *MERALCO*’s *TPBAC* captive customer representatives.

Direct negotiations may be made by the *DUs* after at least two (2) failed *CSPs* and there is no outstanding dispute on the conducted *CSP*. A *CSP* is considered failed when during its conduct:

- i. No proposal was received by the *DU*
- ii. Only one (1) generator submitted an offer
- iii. Competitive offers of prospective generators failed to meet the requirements prescribed in the bid document

On October 14, 2021, the *DOE* published a *DOE Circular* entitled “Amending Certain Provisions of and Supplementing [the *2018 DOE Circular*] on the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market” (“*2021 Revised CSP Circular*”). The *2021 Revised CSP Circular* mainly improved the procedural process and flow prescribed under the *2018 DOE Circular* and, most importantly, introduced a new alternative mode of *CSP* – a competitive challenge for unsolicited proposals (“*USP*”), if the *USP* offers a New Technology and does not exceed twenty-five percent (25%) of the distribution utility’s peak demand for the year of the *USP*’s required commercial operations minus any capacity previously procured through *USP* for commercial operations in the same year.

New Technology is defined under the *2021 Revised CSP Circular* as referring to “a technology that is novel or a novel use or arrangement of existing technology that has not yet been commercially operating or applied in the country upon effectivity of the Circular. Such technology, whether in whole or in part, is compliant to international test standards in the power generation industry.”

Under the *2021 Revised CSP Circular*, each *CSP* shall be completed within seven (7) months from the time of the publication of the Invitation to Bid until filing of the *PSA* to the *ERC*.

Meanwhile, following the *2018 DOE Circular*, *MERALCO* constituted its *TPBAC* to conduct *CSP* in accordance with the *2018 DOE Circular* and its submitted Power Supply Procurement Plan.

SC Petitions on CSP

On September 5, 2019, representatives of the *Bayan Muna* partylist filed a petition with the *SC* claiming that the *2018 DOE Circular*, which repealed portions of the *2015 CSP Circular*, is void for violating policies/provisions intended to protect consumers under *EPIRA* and the Constitution (the “*Bayan Muna Petition*”). The *Bayan Muna Petition* also sought for the issuance of *TRO* and/or writ of preliminary injunction to prevent continuation of the on-going *CSPs* of *MERALCO* and some electric cooperatives. On December 17, 2019, *MERALCO* filed its Comment to the *Bayan Muna Petition*.

On March 3, 2021, *MERALCO* received a copy of the petition dated February 17, 2021 filed with the *SC* by representatives of various consumer groups led by the Power for People (P4P) Coalition (the “*P4P Petition*”) against the *DOE* and *MERALCO’s TPBAC*. The petition claims that the terms of reference for the 1,800 *MW* baseload *CSP* completed in March 2021 are unfavorable to the consumers and non-compliant with the *2018 DOE Circular* and that it would not result in the least cost of electricity. The *P4P Petition* also sought for the issuance of *TRO* and/or writ of preliminary injunction to prevent continuation and/or nullify the 1,800 *MW* baseload *CSP* of *MERALCO*. In a Resolution dated March 18, 2021, the *SC* dismissed the *P4P Petition*. The *SC* held that the issues raised by *P4P* are factual in nature, which require the *SC* to inquire into wisdom of the terms of reference. Hence, the petition was deemed premature as *P4P* itself admitted that *DOE* has yet to act on its protest letter and the *ERC* has yet to determine reasonableness of the rates resulting from the *CSP*.

True-up Adjustments of Fuel and Purchased Power Costs (“TAFPPC”) and Foreign Exchange-Related Costs (“TAFxA”)

On June 20, 2017, the *ERC* issued a Decision, a copy of which was received by *MERALCO* on December 29, 2017, authorizing *PSALM* to recover, within a 60-month period, the amount of ₱3,592 million in the Luzon grid, among others, as part of the *TAFPPC* and *TAFxA*; and directed all distribution utilities to comply with the directive.

On January 1, 2018, *MERALCO* filed a Motion for Partial Reconsideration praying for the suspension of the Order and requesting that *MERALCO* be allowed to charge the recovery to all types of customers, regardless of whether they were covered or not during the relevant test periods. As at February 27, 2023, the *ERC* has yet to act on the Motion.

Clean Air Act

The Clean Air Act and the related *IRR* contain provisions that have an impact on the industry as a whole and to *TPC*, *PPC*, *GRPI*, *PEDC* and *CEDC* (“the Operating Subsidiaries of *GBPC*”) in particular, that need to be complied with within 44 months from the effectivity date or by July 2004. Based on the assessment made on the Operating Subsidiaries of *GBPC’s* existing facilities, the Operating Subsidiaries of *GBPC* believe that they have complied with the provisions of the Clean Air Act and the related *IRR*.

Energy Regulation (ER) 1-94

Based on *ER 1-94* and the *IRR* of the *EPIRA*, generation companies are mandated to provide benefits to its host communities, equivalent to ₱0.01 per *kWh* of energy generated and sold. The operating subsidiaries of *GBPC* accrue the required benefits to their host community (included under “Trade payables and other current liabilities” account in the consolidated statements of financial position) prospectively from the date of effectivity of *ER 1-94*. Such amount accrued is remitted to the trust account of the *DOE* upon their audit.

33. Notes to Consolidated Statements of Cash Flows

	2022			2021		
	Interest-bearing long-term financial liabilities	Notes payable	Dividends payable	Interest-bearing long-term financial liabilities	Notes payable	Dividends payable
	<i>(Amounts in millions)</i>					
Balance at beginning of year	₱61,834	₱28,834	₱2,021	₱16,771	₱23,373	₱1,251
Payments	(18,676)	(2,263)	(17,213)	(7,388)	(17,419)	(13,748)
Availments	32,507	2,920	–	24,513	22,880	–
Dividend declarations	–	–	18,070	–	–	14,518
Preferred stock redemption	(3)	–	–	(2)	–	–
Reclassifications	–	–	–	–	–	–
Interest accretion	(577)	–	–	(153)	–	–
Effect of consolidation of <i>GBPC</i>	–	–	–	28,323	–	–
Amortization of fair value on the acquisition of <i>GBPC</i>	(743)	–	–	(230)	–	–
Balance at end of year	₱74,342	₱29,491	₱2,878	₱61,834	₱28,834	₱2,021

34. Event After the Financial Reporting Date

On February 27, 2023, the *BOD* of *MERALCO* approved the declaration of cash dividends of ₱11.028 a share to all shareholders of record as at March 29, 2023, payable on April 26, 2023.

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GRI 2-3

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COMMON STOCK

Meralco's common stock is listed on the Philippine Stock Exchange (ticker: MER).

Meralco 2022 Combined Annual and Sustainability Report

Meralco is the largest private sector electricity distribution utility company in the Philippines covering 38 cities and 73 municipalities. Its franchise area of over 9,685 km² is just 3% of the total land area of the Philippines, but accounts for 55% of the country's electricity output. Meralco celebrates 120 years of service in 2023, committed to providing reliable and affordable energy. For more information, visit www.meralco.com.ph

Concept and Design: Octopus and Whale

Text: One Meralco

Photography: Wig Tysmans, UxS

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