




**MERALCO**

# **Nomination and Election Policy**

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	<b>NOMINATION AND ELECTION POLICY</b>	<b>PM-CGO-2017-01</b> Rev. Code: 0	<b>Page 1 of 3</b>
<b>Section: Corporate Governance</b>		<b>Effectivity Date: October 10, 2017</b>	
<b>Subject: Nomination and Election Policy</b>		<b>Sensitivity Classification: Company Use</b>	

## I. BACKGROUND

Section 4.8 of the Meralco Revised Manual of Corporate Governance provides that the Board shall adopt a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. Its process of identifying the quality of directors should all be aligned with the strategic direction of the company. In conformity to such provision, the Nomination and Election policy is hereby established to set forth the procedures in the director selection process.

## II. PROCEDURES IN THE DIRECTOR SELECTION PROCESS


1. The Nomination and Governance Committee (the "Committee"), shall receive all letters nominating candidates for election, as directors/independent directors from stockholders, on or before the Record Date for the Annual Stockholders' Meeting.
  2. The nominating stockholder must indicate his or her complete name, address and/or other contact details, number of Company shares registered in his own name, stock and certificate number.
  3. The Committee shall evaluate and screen nominees for directors vis-à-vis the applicable qualifications and disqualifications as set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulations while ensuring that said qualifications are in line with the strategic objectives of the Company.
  4. For nominees for independent directors, the Committee shall determine whether or not the nominees meet the independence criteria set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulation.
  5. The Committee shall also consider other relevant factors, such as any conflict of interest and directorships and/or positions in other corporations, which may compromise their capacity to diligently and effectively serve and perform their duties to the Board, the Company and its stakeholders, when elected.
  6. With the assistance of an executive search firm, if necessary, the Committee shall develop a list of nominees to be recommended to the Board.
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7. Nominees for independent directors who accept the nomination are requested to submit to the Committee a Certification of Independent Director stating his/her qualification and a list of affiliations and positions that may directly or indirectly give rise to conflict of interest or may contravene applicable regulations.

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8. The Committee shall submit to the Board of Directors its recommended list of final nominees at least forty-five (45) business days prior to the Annual Stockholders' Meeting.
9. The nominees approved by the Board are recommended for election as directors at the meeting of the stockholders.

### III. EFFECTIVITY

The Nomination and Election Policy was approved by the Board of Directors upon endorsement of the Nomination and Governance Committee on September 25, 2017 and shall take effect on October 10, 2017.

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ENDORSED BY:

On behalf of the Nomination and Governance Committee



**MR. PEDRO E. ROXAS**

Chairperson, Nomination and Governance Committee

APPROVED BY:

On behalf of the MERALCO Board



**MR. MANUEL V. PANGILINAN**

Chairman of the Board