METRO PACIFIC INVESTMENTS CORPORATION ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT POLICY¹

A. Background

Metro Pacific Investments Corporation ("MPIC") conducts due diligence on potential acquisitions and projects in order to identify various risks including environmental and social impacts.

Environmental, social and governance factors are key considerations in MPIC's investment decision making process and in guiding existing portfolio of companies.

This ESIA Policy seeks to formalize ESIA as a mandatory item in MPIC's M&A due diligence.

B. ESIA and Sustainability

MPIC has an Enterprise Risk Management framework to minimize environmental and social risks while being mindful of the economic realities of the country. It has also implemented Environmental Management Systems to facilitate its environmental program management.

The inclusion of ESIA as a mandatory part of M&A Due Diligence should identify risks and potential adverse consequences of the proposed transaction as well as strengthen MPIC's commitment to sustainable development.

C. Overview of ESIA

1. Definition of ESIA

ESIA is a process for assessing the potential environmental and social impacts of a proposed transaction, evaluating alternatives and designing appropriate mitigation, management and monitoring measures.

2. Procedure

- i. Identification of Potential Risks, and Opportunities. Risk, impact, and opportunity identification will depend primarily on what is known about the: (a) physical environmental and social footprint of the target entity; (b) particular business sector, or range of sectors, of the target entity; and (c) in the absence of a physical footprint, risk context of the future environmental and social setting or location of the activity of the target entity in conjunction with the industry sector. Sectors and settings with potentially high inherent risks should be noted at this early stage.
- **ii. Provisional Categorization and Tiering.** MPIC categorizes the magnitude of potential impacts associated with a transaction as follows:

¹ A guideline will be adopted to provide information and material considerations in implementing the policy requirements of the ESG Policy.

- (a) **Category A:** Projects with potentially significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
- (b) Category B: Projects with potentially limited adverse environmental or social risks and/or impacts that are few in number, generally sitespecific, largely reversible, and readily addressed through mitigation measures.
- (c) **Category C:** Projects with minimal or no adverse environmental or social risks and/or impacts, including projects with positive environmental and social impacts.

Investments in sectors that are of inherent high risk will be categorized as A.

Investments in sectors with high inherent risk but where investments are likely to take place in low risk context will be categorized as A or B.

Where the physical assets have yet to be identified, but the proposed transaction includes a strong likelihood that high risk projects such as large hydro plants in ecologically sensitive areas, greenfield thermal power plants or industrial complexes, or transport projects involving sizeable resettlement, the project is categorized as A.

In processing Category C Transactions, no environmental and social due diligence is required.

Figure 1 below categorizes the level of social risk and impact posed by specific stakeholders to the proposed transaction.

Figure 1. Levels of Stakeholder Engagement

Level of Risk /	Stakeholders		
Impact			
Significant	Indigenous Peoples ("IP") under these circumstances: (i) Impact on Lands/Natural Resources; (ii) Resettlement of IPs; (iii) Impacts on critical cultural heritage, including commercial use of cultural heritage. Impacts on critical cultural heritage, including use for commercial purposes involving Non-IP Affected Communities. (i) Adversely affected Indigenous Peoples; (ii) Potentially significantly adversely affected		
	communities.		
Moderate	Adversely affected communities and stakeholders		
Little / No Effect	General Public		

- **iii. Appraisal.** MPIC shall review information regarding the target entity's corporate management system including the following:
 - Policies and objectives for environmental and social performance;
 - Procedures for identifying and assessing the environmental and social risks and impacts of each project to be developed, acquired, or operated;
 - Environmental and social management programs and their mitigation measures;
 - Organizational structure and indicate the resources and capacity necessary to implement the environmental and social management programs;
 - Environmental and social performance monitoring reports; and
 - Processes for ongoing stakeholder engagement including engagement with communities affected by individual project developments and operations and on-going disclosure of information.

MPIC shall also undertake the following where relevant:

- On-site inspection of:
 - Project locations and/or operating facilities;
 - Associated facilities, and/or supply chain operations; and
 - Third-party operations and activities;
- Interviews with the target company and contractor's staff, representatives of affected communities, key stakeholders, and local authorities; and
- Environmental and Social Assessment for each proposed transaction of Category A and B by filling-up questionnaire (see attached Annex "A") to highlight where more information and further action may be required.
- **iv. Finalizing Categorization and Completing Appraisal.** The company shall complete the analysis and confirm or modify, if needed, the provisional categorization of the transaction.
- v. Approval of the Transaction. The appraisal shall be presented to senior management and the Board (as the case may be) for approval of the transaction.

3. Subsidiaries and Investee Companies

MPIC shall endeavour its operating subsidiaries and investee-companies to adopt an ESG Policy under terms which are similar as those provided in this Policy, taking into account the nature and circumstances of the specific industry they are operating and legal requirements.

Annex A

MPIC Environmental and Social questionnaire for A and B Category Transactions

Company Information:
Company Name:
Company Address:
Country:
Location:
Business Sector/Activities:

Note: For the purpose of this questionnaire:

- Company means the target company which MPIC is seeking to acquire/merge with;
- Transaction means the potential merger/acquisition; and
- Operation refers to the Company's business operation.

Please use as much space as needed. If particular questions are not relevant to the Company's operations, please write "Not applicable" or "N/A". If information is not available, write "No information" and explain why it is not available or when it will be available. Add appendices if necessary.

For any questions related to this questionnaire, please do not hesitate to contact Ricardo M. Pilares III at ESG@mpic.com.ph

Gene	General Information about the Company/Project			
1	Brief background of the target company or the project			
2	Background of operations			
3	Has the Company made an assessment of the environmental and social impacts of its operations? If yes, please provide copies of relevant supporting documentation.			
4	Please note if the Company/ Project: A. Involve works that will significantly disturb the environment B. Will result in the settlement of people or their economic displacement C. Impact any protected area (including land with claims from indigenous peoples) D. Operates in an area near a cultural heritage site, area that is noted in the community as important for its biodiversity or any area which the local community places significant value (such as churches or cemeteries). If the answer to any of the questions above is "Yes", please provide a brief discussion of steps that are taken or will be taken to minimize the adverse impact of the operations.			

Comp	Compliance with relevant environmental and social laws and regulations				
5	Please confirm if the Company/Project is fully compliant				
	with the relevant environmental, labor, health and				
	safety national and local laws and regulations?				
6	How does the Company/Project monitor				
	environmental, labor, health and safety issues in				
	connection with its operations (including its internal				
	policies)?				
7	Has the Company/Project conducted an audit of its				
	compliance with environmental, labor, health and				
	safety compliance in the last 3 years? If yes, please				
	provide copies of such reports, including summaries if				
	available.				
8	Please provide a list of all permits and licenses of the				
	Company/Project including their validity date. Please				
	confirm if all conditions for such permits are being met				
	and if there has been any breach of such permits for the				
	last 3 years.				
9	Have there been any non-compliance with				
	requirements of the environmental, labor, health and				
	safety permits, approvals, licenses or regulations? If				
	yes, have any operations been reduced, suspended or				
- "	closed down due to non-compliance reasons?				
	tion Prevention and Mitigation				
10	What are the measures undertaken to prevent and				
11	mitigate pollution?				
11	Confirm if the Company/Project have an emergency				
	response plan to deal with accidents involving any hazardous materials. If yes, please provide copies of				
	relevant supporting documentation.				
12	Please discuss if there been any environmental				
12	incidents or accidents such as spills, tank ruptures,				
	explosions etc. during the previous 3 years. If yes,				
	please explain how were these handled and whether				
	these resulted in contamination of soil and				
	groundwater.				
Comr	nunity Health and Safety				
13	Please discuss if the current Company's/Project's				
	activity pose any significant risk and impacts to the local				
	communities, their health, safety and security e.g.				
	traffic, noise, hazardous materials, air emissions,				
	discharges, access to resources? If yes, please provide				
	details.				
14	Please discuss if there are measures developed to				
	mitigate such risks and impact. Please provide copies of				
	relevant supporting documentation.				
15	List any protests/complaints made against the				
	Company/Project in the last 5 years. Please describe the				
	nature and reason for such protests/complaints and				
	how the Company/Project addressed the same.				