	<b>POLICY ON ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT</b>	
	Policy No.: PS-QSR-007-2022	Effective Date: May 6, 2022 Revision No.: 0

## I. PURPOSE AND SCOPE

This policy contains the general guidelines in the conduct of an Environment and Social Impact Assessment (“ESIA”) which shall become a mandatory component in Maynilad’s conduct of due diligence for its projects, to identify risks and potential adverse consequences of the proposed transaction, and strengthen Maynilad’s commitment to sustainable development.

## II. DEFINITION OF TERMS

- A. **Company or Maynilad** - refers to Maynilad Water Services, Inc.
- B. **DENR** refers to Department of Environment and Natural Resources
- C. **Employees** refers to probationary, regular, project-based employees, and consultants
- D. **ESIA** refers to a process for assessing the potential environmental and social impacts of a proposed transaction, evaluating alternatives, and designing appropriate mitigation, management and monitoring measures.
- E. **Enterprise Risk Management** refers to the strategic business discipline that supports the achievement of an organization's objectives by addressing the full spectrum of its risks and managing the combined impact of these risks as an interrelated risk portfolio.

## III. GENERAL POLICY STATEMENT

Maynilad recognizes the importance of environmental, social, and governance factors in its investment decisions. Towards this end, Maynilad shall endeavor to conduct due diligence on potential acquisitions and projects in order to identify various risks, including environmental and social impacts.

Maynilad shall utilize an Enterprise Risk Management framework to avoid, minimize, or eliminate environmental and social risks while being mindful of the economic realities of the country, and implement the appropriate environmental and social safeguards to facilitate its sustainability programs.


## IV. DISTRIBUTION

The policy shall apply to all Employees and Subsidiaries of Maynilad

## V. POLICIES AND STANDARDS

### A. Identification of Potential Risks and Opportunities

Risk, impact, and opportunity identification will depend primarily on available information on: (i) physical, environmental and social footprint of the target entity; (ii) particular business sector, or range of sectors, of the target entity; and (iii) 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.

	<b>POLICY ON ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT</b>	
	Policy No.: PS-QSR-007-2022	Effective Date: May 6, 2022 Revision No.: 0

## B. Provisional Categorization and Tiering

1. Quality, Sustainability and Resiliency Division (“QSR”) shall categorize all projects of the Company depending on the magnitude of potential environmental or social impacts associated with a transaction, as follows:

### a. Environmental Categorization


Type of Project	Environmental Categorization		
	A	B	C
Dams	≥ 25 hectares or ≥ 20 million m <sup>3</sup>	< 25 hectares or <20 million m <sup>3</sup>	None
Water Supply Projects	With water source and treatment facilities including desalination, reverse osmosis  ≥ 1 kilometer tunnel	Pump stations, reservoirs, pipe laying  < 1 kilometer tunnel	None
Wastewater treatment facilities	None	> 30 m <sup>3</sup>	≤ 30 m <sup>3</sup>
Commercial buildings, material depot, offices	None	≥ 1 hectare gross floor area	< 1 hectare gross floor area
Renewable energy projects	None	≥ 5MW	< 5 MW

### b. Social Categorization

Social Categorization		
A (Significant)	B (Moderate)	C (Minimal/ no effect)
Involves indigenous people or cultural heritage, regardless of number	Resettlement of project affected persons, regardless of number	No resettlement involved

Where:

- Category A: Projects with potentially significant adverse environmental or social risks and/or impacts that are diverse, irreversible or unprecedented.
- Category B: Projects with potentially moderate adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
- Category C: Projects with potentially minimal or no adverse environmental or social risks and/or impacts, including projects with positive environmental and social impacts.


	<b>POLICY ON ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT</b>	
	Policy No.: PS-QSR-007-2022	Effective Date: May 6, 2022 Revision No.: 0

2. Where the physical assets have yet to be identified, but the proposed transaction includes a strong likelihood that high risk projects, such as projects in ecologically sensitive areas, or projects involving indigenous people, the project is categorized as A.
3. For projects with multiple components falling in different categories, the higher category shall be considered.
4. For future project types not listed in Annex A, the Guidelines for Coverage Screening and Standardized Requirements of the DENR (DENR MC 2014-005) shall be followed.
5. Stakeholder engagement shall also be conducted for all types of project.

Category	Indigenous People	Project Affected Persons	General Public
A	ü	ü	ü
B		ü	ü
C			ü

#### C. Appraisal

1. QSR shall review information regarding the target entity's corporate management system, including the following:
  - (i) Policies and objectives for environmental and social performance;
  - (ii) Procedures for identifying and assessing the environmental and social risks and impacts of each project to be developed, implemented, acquired, or operated;
  - (iii) Environmental and social management programs and their mitigation measures;
  - (iv) Organizational structure and the corresponding resources and capacity necessary to implement the environmental and social management programs;
  - (v) Environmental and social performance monitoring reports; and
  - (vi) Processes for on-going stakeholder engagement including engagement with communities affected by individual project developments and operations, and on-going disclosure of information.
2. QSR shall also undertake the following, where relevant:
  - (i) On-site inspection of:
    - o project locations and/or operating facilities;
    - o associated facilities, and/or supply chain operations; and
    - o third party operations and activities.
  - (ii) Interviews with the target company/counterparty and its contractors' staff, representatives of affected communities, key stakeholders, and local authorities; and

	<b>POLICY ON ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT</b>	
	Policy No.: PS-QSR-007-2022	Effective Date: May 6, 2022 Revision No.: 0

- (iii) Environmental and Social Assessment for each proposed transaction of Category A and B by filling-up questionnaire to highlight where more information and/or further action may be required.

**D. Categorization and Completion of Appraisal**


QSR shall complete the analysis and confirm or modify, as needed, the provisional categorization of the transaction.

**E. Approval**

QSR shall present the appraisal to the Top Management Team and to the Board, as the case may be, for approval of the transaction.

**F. Subsidiaries**

Maynilad shall endeavor its subsidiaries to adopt an Environmental, Social and Governance (“ESG”) Policy under terms which are similar to those provided in this Policy, considering the nature and specific circumstances of the industry they are operating in, and the corresponding legal requirements

	<b>POLICY ON ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT</b>	
	Policy No.: PS-QSR-007-2022	Effective Date: May 6, 2022 Revision No.: 0

## Annex A

### Maynilad ESIA Questionnaire for Categories A and B Transactions


Company Registration:	
Company Name:	
Company Address:	
Country:	
Location(s) of Operations:	
Business Sector/Activities:	

For the purpose of accomplishing this ESIA Questionnaire:

- Company refers to the target company which Maynilad is seeking to acquire/invest in/transact with;
- Transaction refers to the potential business opportunity with the Company being considered by Maynilad;
- Operations refer to the Company's business operations.

If particular questions are not relevant to the Company's operations, please indicate "Not Applicable" or "N/A". If information is not available, indicate "No information available" and provide an explanation on why such information is not available or when the same will be available. Attach appendices if necessary.

General Information	
1. Brief Background of the Company and/or Transaction	
2. Background of operations	
3. Has the Company assessed the environmental and social impacts of its operations?	
4. Please note if the Company/Project:	
a) involves works that will significantly disturb the environment	
b) will result in the resettlement of people or their economic displacement	
c) will impact on any protected area (including ancestral domains of IPs, or with claims from IPs)	
d) operates in an area near a cultural heritage; an area important for biodiversity; or any area which the local community places significant value to (i.e., churches, cemeteries, etc.)	
If the answer to any of the questions under (4) is "Yes", please provide a brief discussion of steps taken or will be taken to minimize the adverse impact of the Project/Transaction/Operations.	
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)?	

	<b>POLICY ON ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT</b>	
	Policy No.: PS-QSR-007-2022	Effective Date: May 6, 2022 Revision No.: 0

7. Has the Company/Project conducted an audit of its compliance with environmental, labor, health and safety laws and regulations 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. Has there been any non-compliance with requirements of the environmental, labor, health and safety permits, approvals, licenses or regulations? If yes, has the operations been reduced, suspended, or closed down due to non-compliance reasons?	
<b>Pollution Prevention and Mitigation</b>	
10. What are the measures undertaken to prevent and mitigate pollution?	
11. Please confirm if the Company/Project has an emergency response plan/business continuity plan to deal with accidents involving any hazardous materials. If yes, please provide copies of relevant supporting documentation	
12. Please discuss if there have been any environmental incidents or accidents, such as spills, leaks, tank ruptures, explosions, etc., during the previous 3 years. If yes, please explain how these were handled, and whether these resulted in contamination of soil or groundwater.	
<b>Community Health and Safety</b>	
13. Please discuss if the Company's/ Project's current operations pose any significant risk and impacts to the local community, their health, safety and security, e.g., traffic, noise pollution, hazardous materials, air emissions, discharges, access to resources, etc. Please provide details on the indicated risks/impacts.	
14. Does the Company have existing ESH Policy/Guidelines? Please provide us a copy of the relevant supporting documentation.	
15. Does the Company conduct risk assessment and/or safety methodology prior to the start of work for the Project	
16. Please discuss if there are measures developed or implemented to mitigate the identified risks and impact. Please provide copies of the relevant supporting documentation.	
17. Please list any protest/complaint/ grievance/ charges made against the Company/Project in the last 5 years. Please describe the nature and reason of such protests/complaints / grievance/ charges and how the Company/Project addressed the same.	