

Global-Estate Resorts, Inc.

ESG Report

Financial Year 2019



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Trucost is part of S&P Global. A leader in carbon and environmental data and risk analysis, Trucost assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. Companies and financial institutions use Trucost intelligence to understand their ESG exposure to these factors, inform resilience and identify transformative solutions for a more sustainable global economy. S&P Global's commitment to environmental analysis and product innovation allows us to deliver essential ESG investment-related information to the global marketplace. For more information, visit www.trucost.com.

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About Global-Estate Resorts, Inc.

Global-Estate Resorts, Inc. (Hereafter GERI) is a subsidiary of Megaworld Corporation and is based out of the Philippines. GERI is registered in the Philippines Stock Exchange. GERI's diverse portfolio of projects include residential communities integrated with golf, resort, leisure and commercial complexes, mixed-use condominium developments and a business park. GERI specializes in development of tourism estates with a vision to establish itself as a leading developer of master-planned and fully integrated tourism estates in the Philippines catering to both the domestic and foreign markets.

The real estate sector consumes significant amounts of energy primarily related to space heating, air conditioning, water heating, lighting and use of equipment and appliances. In addition, the sector consumes significant amounts of water in its operations through water fixtures, building equipment, appliances and irrigation. Moreover, the sector generates large amounts of waste through its operations that requires responsible disposal.

The real estate sector is subjected to stringent government rules and regulations. It is also exposed to a number of governance-related risks. In order to manage and avoid these risks, companies in the industry can implement a range of governance measures, including employee training, oversight, policies, procedures, and enforcement systems focused on transparency and appropriate disclosures. Effective management of these risks can lead to increased client trust and better brand value in the market, adding to long-term revenue growth. Inadequate management of risks may lead to regulatory fines and penalties, as well as decreased client trust and a loss of its social license to operate.

Introduction

GERI engaged Trucost to review reporting of its environmental, social and governance (ESG) impacts for the financial year of 2019 (FY2019), which comprised of January 2019-December 2019. GERI is interested in measuring its baseline ESG impact that it can use to track progress against ESG-related activities over time. The results from this report are in line with common sustainability reporting frameworks such as Global Reporting Initiative (GRI), Climate Disclosure Projects (CDP), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD), among others, and can satisfy the sustainability reporting requirements for the Philippines Stock Exchange.

Proactively identifying key materiality issues provides companies with the opportunity to increase their value, both in business and financial terms. Focusing on these material ESG issues can allow companies to positively impact their growth in terms of profit and customers, while failure to address these issues can have a negative effect on a company's reputation and profits. Through an ESG report, GERI can communicate the company's commitment to sustainable development and its key achievements, practices, and management approaches to its target audiences and stakeholders.

Scope

GERI assessed and disclosed environmental, social and governance impacts for its owned buildings and operations.

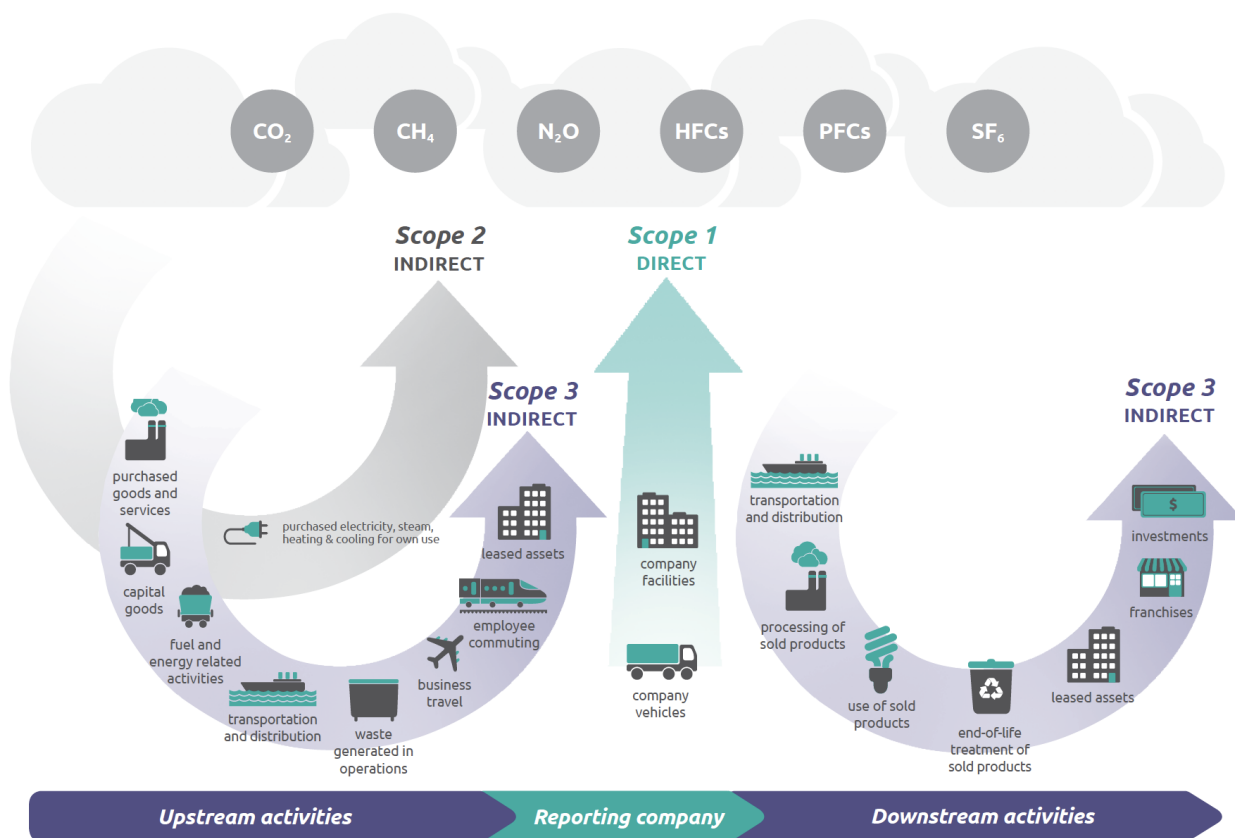
Environmental indicators covered include:

- GHG emissions, scope 1, 2 and select scope 3 (see exhibit 1 below)

- Electricity use
- Waste generation
- Water use
- Environmental standards

The figure below summarizes an organization's sources of GHG emissions, across scope 1 (direct emissions), scope 2 (indirect emissions, primarily purchased electricity) and scope 3 (indirect emissions from upstream suppliers and downstream customers).

FIGURE 1: SCOPE OF VALUE CHAIN GHG EMISSIONS FOOTPRINT



Source: WRI (2015) GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Social indicators covered include:

- Workforce diversity
- Employee training and development

Governance indicators covered include:

- Data privacy and security
- Electronic waste
- Stakeholder management
- Business ethics

Board Statement

The board of directors of the Company (the “Board” or the “Directors”) is committed to maintaining a high standard of corporate governance and transparency within the Group and adopt sustainability reporting practices based on the Securities Exchange Commission’s Sustainability Reporting Guidelines for Publicly-Listed Companies (“Guidelines”). The Board has adopted the Guidelines where appropriate so as to strengthen corporate governance and reporting practice and foster greater corporate disclosure.

In addition, it has embraced the SEC Memorandum Circular, which requires every listed issuer to prepare an annual sustainability report. This report is developed in line with the Guidelines on a ‘comply or explain’ basis. The policies, targets, risks and opportunities identified within an external independent review are monitored and reported within this ESG report and the Board commits to oversee the appropriate activities are undertaken to achieve the good practice targets set.

The Company recognizes the importance of good governance for continued growth and investors’ confidence. In line with the commitment by the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Guidelines. The Board confirms that for the financial year ended 31 December 2019 (“FY2019”), the Company has generally adhered to the principles and guidelines set out in the Guidelines, and where there are deviations from the Guidelines, appropriate explanations are provided.

ESG Materiality



Trucost considered sector-level materiality to identify all issues relevant to companies operating in the associated sectors. These themes were identified using SASB, investor trend review and a wider literature review. Sector-level materiality was identified and refined based on specific practices of the company. Many of these issues are not applicable to GERI due to its specific operations. Exhibit 1 highlights the material ESG issues identified for GERI. Sector level issues that are not relevant to GERI, but were considered, are represented with dark grey shading, while issues that are immaterial for the sector and operations are colored light grey.

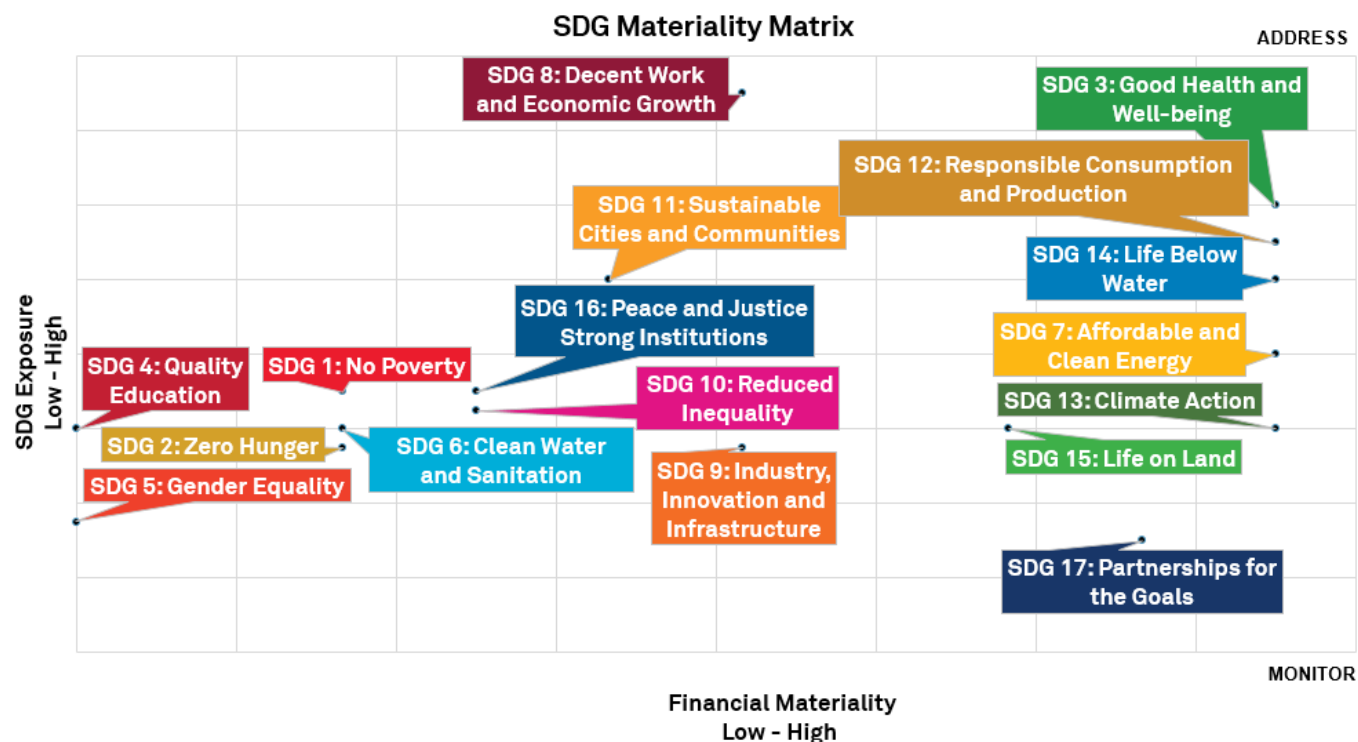
SDG Materiality

In 2015, the United Nations developed a blueprint for achieving peace and prosperity for people and the planet by 2030 in the form of 17 global goals and 169 targets for sustainable development. The United Nations Sustainable Development Goals (SDGs) are a call to action for governments, society and the private sector to achieve a more sustainable future. Since their launch in 2015, the SDGs have garnered widespread backing among companies and investors who have made progress towards aligning business strategies and capital allocation with the SDGs.

Exhibit 2 displays the top material SDGs for GERI based on the company's operating sector and geographies and financial materiality¹. The matrix ranks the SDGs for GERI based on the level of importance of SDG-related issues based on GERI's operating sectors and geographies and the degree of financial materiality of issues underlying each SDG. SDGs in the right-hand upper quadrant of the matrix are considered high in both financial materiality and potential risk exposure related to the SDGs; it is recommended that GERI prioritize activities related to addressing these SDGs in order to mitigate any adverse impacts to or by the company. These include SDG 3 (Good Health and Well-being), SDG 12 (Responsible Consumption and Production), and SDG 14 (Life Below Water). Areas to focus on related to these SDGs include healthcare access to employees, decreasing pollution from operations (SDG 3), reducing material use and increasing operational efficiencies (SDG 12), and reducing water pollution that runs off into marine waterways (SDG 14). In the right-hand lower quadrant are SDGs that are considered high in financial materiality, but lesser in magnitude in terms of SDG-related issues that may affect or be affected by GERI; it is recommended to monitor these SDG-related issues. These include SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), SDG 15 (Life on Land), and SDG 17 (Partnerships for the Goals). Areas to monitor related to these SDGs include energy consumption and efficiency, access to renewable energy (SDG 7), reduction of GHG emissions, resiliency planning for the impacts of climate change (SDG 13), practicing transparent and accountable tax disclosure, and becoming a signatory to the United Nations Global Compact (SDG 17).

¹ Top financial material issues are provided by the SASB Materiality Matrix (<https://materiality.sasb.org/>) and mapped by Trucost to associated SDGs.

EXHIBIT 2: SDG MATERIALITY MATRIX



Environmental Impact

Operational Greenhouse Gas Emissions

Trucost reviewed GERI's environmental data for FY2019. Exhibit 3 below relates the key findings for environmental impacts. These impacts are described in absolute terms, or their total volume, as well as in intensity terms by m² of GERI's floor area (556,641 m²), by employee (801 employees) and by revenue (4,159 mPHP).

EXHIBIT 3: COMBINED DIRECT AND INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2019

Scope	Absolute Emissions	Carbon Intensity		
		tCO ₂ e per m ² of floor area	tCO ₂ e per employee	tCO ₂ e per million PHP revenue
Scope 1	2,857	0.005	3.57	0.69
Scope 2 (Location-Based)	23,918	0.04	29.86	5.75
Scope 3 (Location-based)	95	0.0002	0.12	0.02
Total Emissions	26,869	0.05	33.54	6.46

Breakdown of emissions

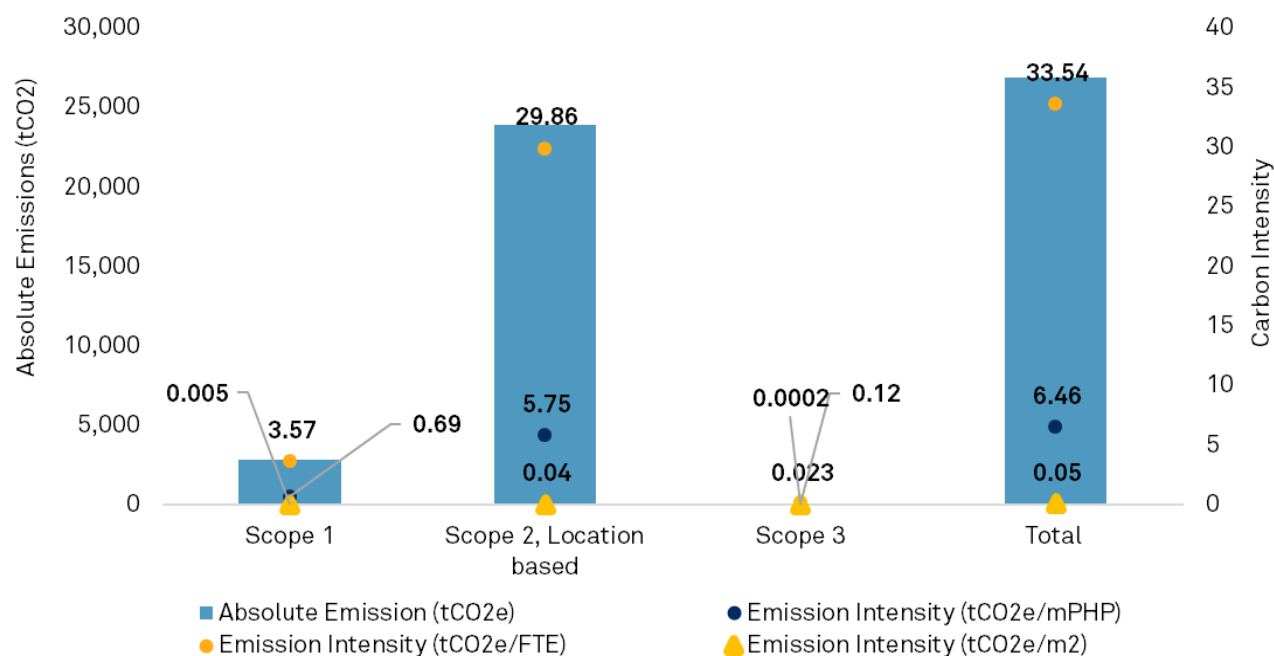
Scope	Category	Absolute emissions tCO ₂ e
Scope 1	Stationary Emissions	2,609

Scope 1	Mobile Emissions	248
Scope 2	Electricity: Location Based	23,918
Scope 3	Category 5: Waste generated in operations	17
Scope 3	Category 6: Business travel	77
Total Emissions		26,869

GERI has proactively taken measures to reduce emissions and protect the environment. The following are a sample of the initiatives taken by GERI:

- Installation and proper maintenance of gensets accredited by the Department of Environment and Natural Resources (DENR)
- Reduced/efficient usage of electricity
- Maximize the usage of company vehicles by planning trips efficiently
- Conduct tree planting activities to reduce GHG emissions by creating a carbon sink
- Use of solar powered LED streetlights

EXHIBIT 4: GHG EMISSIONS ABSOLUTE VALUES AND INTENSITY VALUES, FY2019



Direct (Scope 1) GHG Emissions

Direct emissions are GHG emissions from organizational operations are direct (or scope 1) emissions derived from propane, diesel, natural gas consumption for boiler, gas turbine, diesel generators, owned transportation and refrigeration processes. GERI's scope 1 emissions during FY2019 was 2,857 tCO2e, and the intensities of GHG emissions

normalized by square meter of floor area, employees and revenue were 0.005 tCO₂e/m², 3.57 tCO₂e/employee and 0.69 tCO₂e/PHP million, respectively.

Indirect (Scope 2) GHG Emissions

A second component of GHG emissions related to organizational operations are indirect (or scope 2) emissions primarily from the consumption of purchased electricity. GERI's scope 2 emissions (location-based) during FY2019 was 23,918 tCO₂e. 100% of the electricity was purchased from an electric grid. The intensities of GHG emissions normalized by square meter floor area, employees and revenue were 0.04 tCO₂e/m², 29.86 tCO₂e/employee and 5.75 tCO₂e/PHP million, respectively.

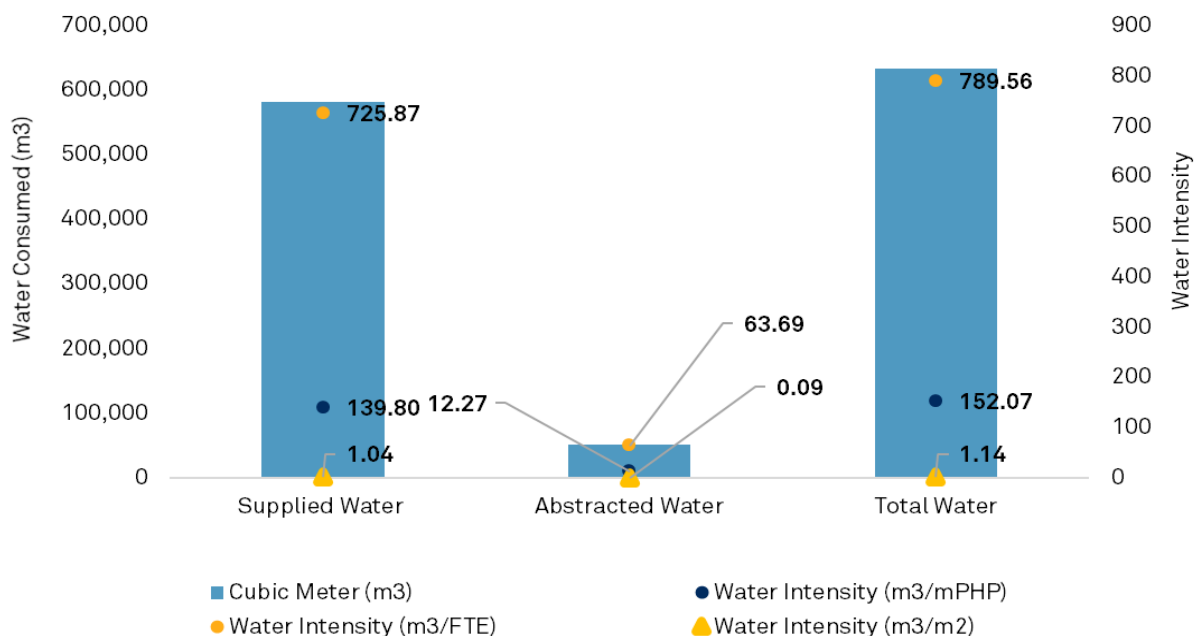
Indirect (Scope 3) GHG Emissions

A final component of GHG emissions related to organizational operations are indirect (or scope 3). GERI's scope 3 emissions during FY2019 were calculated for category 5, waste generated in operations, and category 6, business travel. The intensities of GHG emissions normalized by square meter floor area, employees and revenue were 0.0002 tCO₂e/m², 0.12 tCO₂e/employee and 0.023 tCO₂e/PHP million.

Water Use

In FY2019, absolute water use from supplied water from local utilities was 581,424 cubic meters. In addition, GERI extracts water for its operations. The amount of water abstracted is 51,017 cubic meters and GERI has received permits from the National Water Resource Board (NWRB) for water extraction. Water use intensity normalized by square meter of floor area, employee and revenue were 1.14 m³/m², 789.56 m³/employee and 152.07 m³/PHP million respectively.

EXHIBIT 5: WATER USE, FY2019



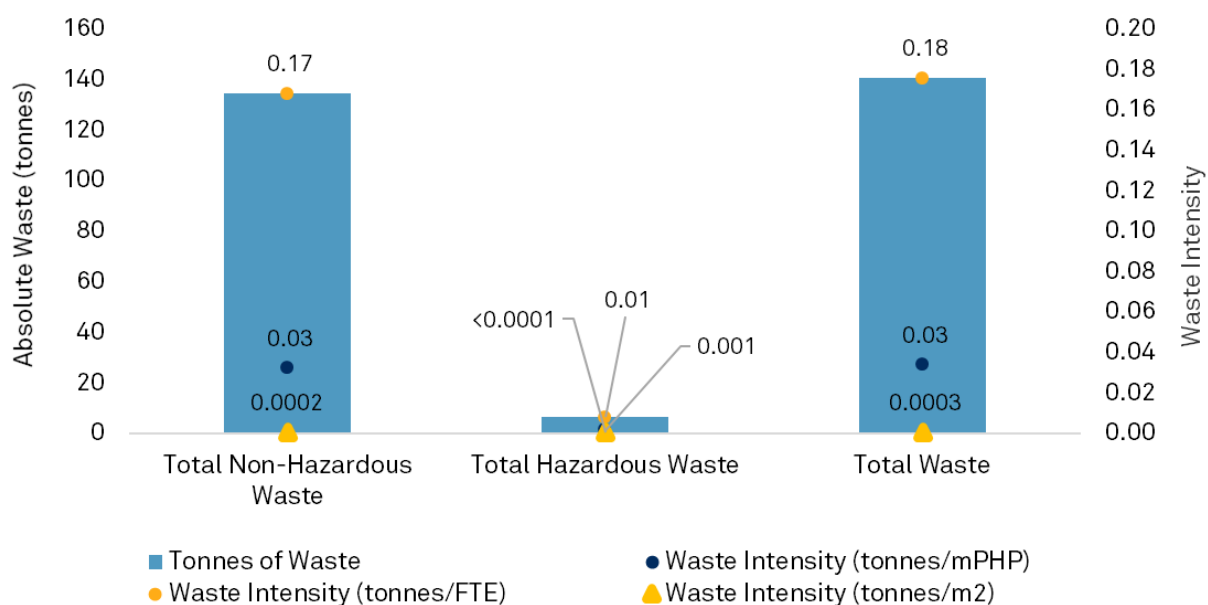
GERI has taken steps to safeguard the quantity and quality of water, a sample of which are listed below:

- Provision of Sewage Treatment Facility (with disinfection process)
- Installation of flowmeters to monitor discharge
- Use of environmentally friendly cleaning materials to lessen the nutrient load at source
- Implementation and practice of water conservation programs
- Strict compliance to RA 9275 and other water and wastewater related regulations
- Provision of sewerage line (force property locators to connect to sewer)

Waste Generation and Recycling

Absolute non-hazardous waste and hazardous waste generated in FY2019 was 134 and 6 tonnes (for two projects), respectively. Major types of waste that contributed to the total mass were solid waste, metal, plastic and paper. The intensity of total waste generated normalized by square meter of floor area, employee and revenue were 0.0003 tonnes/m², 0.18 tonnes/employee and 0.03 tonnes/PHP million.

EXHIBIT 6: LANDFILLED AND RECYCLED WASTE, FY2019



The following are sample measures taken by the management of GERI to handle waste generated in operations:

- Strict compliance to RA 6969, other hazardous waste-related policies & regulations and RA 9003 for non-hazardous waste

Environmental Standards

GERI aspires to be a leader in tourism real estate with properties designed to safeguard the environment. GERI has targets in place to craft environmental policies in the future. It also has considered accrediting facilities towards LEED

certification. Presently, Fairways and Bluewater Resort Golf and Country Club have been assessed and registered by Veritas Assurance International to be compliant to the requirements of ISO 14001:2015, ISO 9001:2015 and ISO 45001:2018. The certificates were issued last in December 17, 2018 and are valid until December 16, 2021.

Social Impact

Workforce Diversity

Overall, the company has 42% male and 58% female representation. The largest age group of all staff in the company is between the ages of less than 30 (64%), followed by 30-50 (30%), then over 50 (6%).

EXHIBIT 7: GROUP DIVERSITY AND EMPLOYEE REPRESENTATION, FY2019

Diversity		Number of Staff		
		Executive	Non-executive	Total
Gender	Male	12	322	334
	Female	13	454	467
Age group	Under 30	-	515	515
	30-50	12	226	238
	Over 50	13	35	48

Employee Training and Development

GERI recognizes that training and education form an important part in the development of employee skills and supporting career development. In 2019, the Company dedicated 6,408 hours on training employees, which entailed a total expenditure of 1,058,875 PHP.

Additionally, performance reviews are scheduled bi-annually to support in career development, promotion and merit enhancement. GERI also provides several government mandated and voluntary benefits to its employees such as leaves, salary loans, several loans options, medical benefits, etc.

EXHIBIT 8: EMPLOYEE TRAINING AND DEVELOPMENT, FY2019

Employee Training	
Number of hours of training completed	6,408
Total expenditure on employee training programs	1,058,875 PHP
Employee Development, % of employees receiving regular performance and career development reviews	
Male	42.12%
Female	53.29%

CSR Initiatives

GERI has the following CSR programs:

1. Blood Donation Program – Every year employees donate blood in partnership with Medicard (HMO) and the Philippine Red Cross
2. BYOU (Bring Your Own Utensils!) – Everyday program where employees are asked to bring their own stainless-steel utensils, in order to reduce plastic usage and safeguard environment
3. Earth Hour & GERI Unplugged – Earth hour is observed during lunch time wherein lights are switched off to conserve electricity. GERI Unplugged is a program where employees are asked to unplug cords after office hours to save on electricity
4. Creek & Coastal Clean-up and Tree Planting Activity – This program aims to promote a CARING culture within the company so that it becomes natural for employees to care for our customers when they care for the environment

EXHIBIT 9: CSR INITIATIVES, FY2019

CSR Initiatives	
Amount of donations	N/A
Volunteer hours	180

Governance

Data Privacy and Security

In FY2019, GERI has collected and stored data for 15,000 clients and three companies. Data was safely disposed of after it is utilized. Prior to discarding the hard disks, GERI formats and delete the data stored on the hard disks.

EXHIBIT 10: DATA PRIVACY AND SECURITY, FY2019

Data Management Practices	
Number of individual clients for whom data was primarily stored	15,000
Number of companies for which secondary data is stored	3
Data Breaches	
Number of data security breaches in financial year	None

Electronic Waste

GERI discards its electronic waste in a responsible manner. Outdated and defective electronic equipment are inspected and evaluated by the ITC Department prior to disposal. None of the electronic equipment was discarded in FY2019.

Electronic waste is not processed on site. All wastes are temporarily stored until collected by Department of Environment and Natural Resources (DENR) accredited transporters and treaters. No e-waste was transported in FY2019. As per RA 6969, hazardous wastes can be stored on site for up to a year for small and medium waste generators.

EXHIBIT 11: ELECTRONIC WASTE, FY2019

Electronic Waste Management	
Fate of electronic waste not processed at site	Sent for disposal to DENR accredited treaters
Record maintained regarding end fate of waste electronics	Certificate of treatment from a DENR-Accredited Treater
Disposal criteria	Disposed only through DENR accredited transporter and treaters

Stakeholder Management

GERI considers suppliers, communities and customers as its primary stakeholders. The company has a vendor code of conduct and suppliers must have relevant permits to operate with GERI. The company is committed in resolving issues raised by customers through its Accounts Management group. The company also has programs and initiatives for the betterment of the communities it operates within.

EXHIBIT 12: STAKEHOLDER MANAGEMENT, FY2019

Procurement and Supply Chain Management	
Supply chain procurement policies	Yes
Supplier code of conduct	Yes
Relationship with community	
Policy for development and maintenance of communities	Yes
Customer Satisfaction	
Policy for developing and maintaining customer satisfaction?	Tool for customer satisfaction

Business Ethics

GERI has implemented several policies to ensure that it conducts business in a fair manner. GERI has anti-money laundering policies, anti-corruption policies and mechanisms for raising grievances. All GERI projects have an Environmental Impact Assessment/Statement (EIS), and an Environmental Compliance Certificate from the Environmental Management Bureau of the Department of Environment & Natural Resources (EMB-DENR) on all its developments. In addition, GERI strictly complies with the following laws and other rules and regulations in the conduct of its business:

- Republic Act 6969: Control of toxic substances and hazardous and nuclear wastes
- Republic Act 8749: Clean Air Act of 1999

- Republic Act 9003: Ecological & Solid Waste Management Act of 2000
- Republic Act 9275: Clean Water Act of 2004

EXHIBIT 13: GOVERNANCE INDICATORS, FY2019

Anti-Money Laundering	
Total amount of monetary losses as a result of legal proceedings associated with money laundering	N/A
Anti-money laundering policy in place	Company's manual of corporate governance
Anti-corruption policy in place	Company's manual of corporate governance
Grievance mechanism in place	Company's manual of corporate governance
Environmental management policy	Environmental compliance certificate from EMB-DENR
Contamination management policy	Comply with Republic Act 6969
Contamination risk policy	GERI strictly complies with the: 1. Republic Act 8749: Clean Air Act of 1999 2. Republic Act 9003: Ecological & Solid Waste Act of 2000 3. Republic Act 9275: Clean Water Act of 2004

Appendix I – Setting Science-Based GHG Reduction Targets

Targets to reduce GHG emissions are considered science-based if they align with the level of decarbonization needed to keep global temperature increase <2°C compared to preindustrial temperatures, per the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)².

The Science Based Targets Initiative is a joint initiative of CDP, the UN Global Compact, the World Resources Institute, and WWF.² The initiative allows companies to choose from several target-setting methods, depending on the requirements of their sector. Researchers developed the Sectoral Decarbonization Approach through a multi-stakeholder process, which allocates the 2°C carbon budget to different sectors and limits any single company's GHG emissions to an amount based on its "fair share."²

This method takes account of inherent differences among sectors, such as how fast each sector can grow relative to economic and population growth. Within each sector, companies can derive their science-based emission reduction targets based on their relative contribution to the total sector activity and their carbon intensity relative to the sector's intensity in the base year.

Science-based GHG reduction targets are a natural next step and can assist a company in targeting improvement in the most-needed areas, such as the energy mix of power generation, transport and logistics. In addition, science-based targets will ensure that the company's reduction goals "are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures."²

As of December 2019, 742 companies have committed to science-based targets. While the Science Based Target Initiative accepts both absolute and intensity targets, there is a preference for setting absolute targets, as they ensure an overall reduction in GHG emissions relative to the remaining carbon budget. However, Trucost recommends that companies set both absolute and intensity targets to provide the most transparency to stakeholders. Using both targets also can help track real reductions in emissions and improvements to efficiency performance, while allowing for flexibility in addressing stakeholder needs.

² <https://www.ipcc.ch/assessment-report/ar5/>

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