

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	House of Investments Inc.
Location of Headquarters	9 th floor, Grepalife Building, Gil Puyat Ave, Makati City
Location of Operations	With operations in Luzon, Visayas, and Mindanao
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>This report includes information from the following subsidiaries and divisions unless otherwise stated:</p> <p>The following subsidiaries and divisions are included in this report:</p> <ul style="list-style-type: none"> • iPeople Inc. <ul style="list-style-type: none"> ○ Malayan Education Systems, Inc. (Operating under the name of “Mapúa University”) ○ Malayan Colleges Laguna, Inc. (A Mapúa School) ○ Malayan Colleges Mindanao (A Mapúa School), Inc. ○ Malayan High School of Science, Inc. ○ Affordable Private Education Center, Inc. (operating under the name of “APEC Schools”) ○ University of Nueva Carceres ○ National Teachers College • EEI Corporation • Landev Corporation <ul style="list-style-type: none"> ○ Greyhounds Security and Investigation Corporation ○ SECON Professional Training Academy • RCBC Realty Corporation • Hi-Eisai Pharmaceutical, Inc. • PetroEnergy Resources Corporation <ul style="list-style-type: none"> ○ PetroGreen Energy Corporation <ul style="list-style-type: none"> ▪ Maibarara Geothermal Inc. ▪ PetroWind Energy Inc. ▪ PetroSolar Corporation • Honda Cars Kalookan, Inc. • Honda Cars Quezon City Group • Isuzu Manila Group
Business Model, including Primary Activities, Brands, Products, and Services	<p>Throughout its history, House of Investments (HI) has successfully acquired, organized, invested, and divested in various corporate institutions and industries while focusing its corporate goal of contributing to the economic development of the country and providing employment while at the same time fostering a corporate culture of integrity and excellence.</p> <p>Using funding raised through various sources, House of Investments seeks to buy entire businesses (or take majority control or a significant minority in a friendly transaction) with a view towards increasing the returns from such enterprises. By investing in high return businesses, management seeks to</p>

increase the enterprise value of the company as the earnings stream and cash flows from such investments grow.

The Company's core business focus is organized into four main segments, namely: Automotive, Construction, Education, and Property Management Services. For Sustainability Reporting, the company will include its energy and pharmaceutical portfolio investments.

CONSTRUCTION

The Company owns a majority stake in EEI Corporation (PSE:EEI). EEI is one of the largest Philippine construction and general contracting firms. EEI also has international operations spanning from the Kingdom of Saudi Arabia and Asia. It is a market leader in the domestic construction and contracting sector. It also has a fabrication shop in Batangas.

EDUCATION

HI also owns a significant stake in iPeople, inc. (PSE:IPO). iPeople (IPO) is the holding company under House of Investments and the Yuchengco Group of Companies (YGC) that drives investments in the education sector. IPO wholly owns the Malayan Education System, Inc. (Operates under the name of Mapúa University). Mapúa University is widely considered to be the leading engineering and I.T. school in the country. The main campus is in Intramuros with an extension in Makati. Mapúa has three other campuses known as Malayan Colleges Laguna (MCL), Malayan Colleges Mindanao (MCM) and the Malayan High School of Science (MHSS).

On May 2, 2019, the merger by and between iPeople and AC Education, the wholly-owned education arm of Ayala Corporation, took effect with iPeople as the surviving corporation. The merger brought into iPeople the three (3) operating schools of AC Education, namely: University of Nueva Caceres (UNC) in Naga, National Teachers College (NTC) in Manila, and the APEC Schools in the Greater Metro Manila area.

iPeople, Inc. (IPO) provides quality and accessible education to students from kindergarten to post-graduate across all income segments.

IPO through its subsidiary schools, aims to promote research and innovation that addresses the concerns of communities and solve problems of industries. IPO also aims to become one of the best in the fields of Science, Technology, Engineering, and Mathematics (STEM) and leverage on the strength of its subsidiary schools in STEM, Outcomes-Based Education (OBE), distance learning, and cost-effective EdTech.

	<p>AUTOMOTIVE</p> <p>HI owns and operates car dealerships under the Honda, Isuzu and Geely brands. The Company's Honda dealerships are in Quezon Avenue, Manila and Tandang Sora. Hi also owns a major stake in Honda Cars Kalookan, Inc. that operates Honda Cars Greenhills. The Isuzu dealerships are in Manila, Quezon City and Leyte. Geely will soon have a dealership in Manila.</p> <p>PROPERTY MANAGEMENT SERVICES</p> <p>HI wholly owns Landev Corporation, which is primarily engaged in project, property, and facilities management. It also provides security services through its subsidiary Greyhounds Security and investigation Agency Corp.</p> <p>HI also owns a minority stake in RCBC Realty Corporation. RCBC Realty Corporation is the owner of RCBC Plaza.</p> <p>ENERGY</p> <p>HI has investments in the energy sector through its stake in PetroEnergy Resources Corporation (PSE:PERC) and EEI Power Corporation, a wholly-owned subsidiary of EEI.</p> <p>PetroEnergy is a publicly listed Philippine energy company founded in 1994 to undertake upstream oil exploration and development. Since then, it has diversified into renewable energy and power generation. PetroEnergy, through its renewable energy arm, PetroGreen Energy Corporation (PGEC), has investments in the following joint venture companies: PetroSolar Corporation, PetroWind Energy, Inc., and Maibarara Geothermal Inc.</p> <p>EEI Power Corporation engages in retail electricity supply and in the supply of electrical equipment and services, as well as electro-mechanical contracting works. It also has investments in renewable energy through its participation in Petro Green Energy Corporation, Petro Wind Energy, Inc. and PetroSolar Corporation.</p> <p>PHARMACEUTICALS</p> <p>HI-Eisai Pharmaceutical, Inc. is a joint venture with the Eisai Company of Japan. HI-Eisai imports pharmaceuticals from Japan which it sells in the Philippine market through established drug distributors. HI-Eisai has distinguished itself in the Philippines as the human healthcare corporation that markets high quality and innovative pharmaceutical products.</p> <p>https://hoi.com.ph/home/our-business/</p>
Reporting Period	January 1, 2020 to December 31, 2020
Highest Ranking Person responsible for this report	 Edgardo Grau Jr, HI Chief Risk Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

In 2019, the HI Group Senior Management and representatives from each of the divisions underwent several trainings and workshops to enhance their capability to assess the company’s material non-financial aspects, while finding opportunities where the company can contribute to sustainable development through its core business. The steps undertaken are summarized as follows:

- 1. **Understanding the Sustainability Context:** This step provides an overview of key societal challenges we are currently facing to provide better context in identifying which sustainability topics are material to the company, but also those that are material to society at large. This encouraged the Company to think beyond financial performance and explore how their core business can contribute to addressing these key societal challenges.

- 2. **Identifying material topics:** An initial list of material topics was put together by the HI Group Senior Management and validated through group discussions with sustainability point persons per division, including middle management. Discussions were also made with key officers who have regular touch points with stakeholders to inform the materiality with common stakeholder issues and expectations. In finalizing the material topics, we used the guide questions in the memorandum:
 - (a) Is it a key capital/risk/opportunity?
 - (b) Do our key business activities impact the sustainability topic?
 - (c) Do our major suppliers contribute significant impacts to this topic?
 - (d) Do our products and services contribute significant impacts to the topic?
 - (e) Is there a trend that points to a great likelihood that this topic will become material in the future?

- 3. **Defining Performance Metrics and Management Approach:** For each material topic we identified, we defined key metrics that effectively measure our performance on such topics. We used the GRI reporting standards as reference. We also identified management approaches that are already in place or those we think should be put in place to improve our performance on these sustainability areas.

We also used the UN Sustainable Development Goals (SDGs) as a guideline to identify the Company’s societal, environmental, and economic impact and value creation.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	₱22,723,020,143	Php
Direct economic value lost	- ₱2,652,120,265	Php
Direct economic value distributed	₱24,194,971,894	Php
a. Employee wages and benefits	₱9,455,214,098	Php
b. Payments to suppliers, other operating costs	₱13,915,980,320	Php
c. Dividends given to stockholders and interest payments to loan providers	₱712,728,651	Php
d. Taxes given to government	₱95,328,501	Php
e. Investments to community (e.g. donations, CSR)	₱15,720,322	Php

Direct economic value generated, retained, and distributed include the economic impacts of all subsidiaries of HI Group, including subsidiaries that are outside the scope of this report.

Direct Economic Value

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The economic impacts of the HI Group (“Company”, “HI”, and “Group”) are products of its business activities. The scale of the impact will increase or decrease according to the scale of the business of HI and its subsidiaries. Our contribution to increasing the economic activity in the areas where we operate is based on how we flow economic value to various stakeholders such as government, suppliers, employees, local communities, and investors. The extent of employment opportunities we create through our businesses and through our suppliers is also affected by our business performance and success. Similarly, how we deploy our products and services, such as construction, energy, Property Management Services, and pharmaceuticals also contribute in significant ways to economic growth and overall nation-building.

In 2020, HI Group generated Php 22,723,020,143 of direct economic value, all of which flowed back to the economy through our key stakeholders. Loss operations resulted in negative retained value for 2020.

The 2020 Economic Value for the group experienced a decline from 2019 due to the pandemic. In March 2020, the Philippine government through the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID), placed NCR and majority of the country under Enhanced Community Quarantine (ECQ). The pandemic resulted in a three month work stoppage for our construction business as we went into ECQ. Face-to-face classes was cancelled and our schools transitioned to fully online delivery of education. The gradual reopening of the economy towards the latter part of the year allowed our businesses to operate, provide jobs for our employees, meet commitments to the government and meet our CSR responsibility.

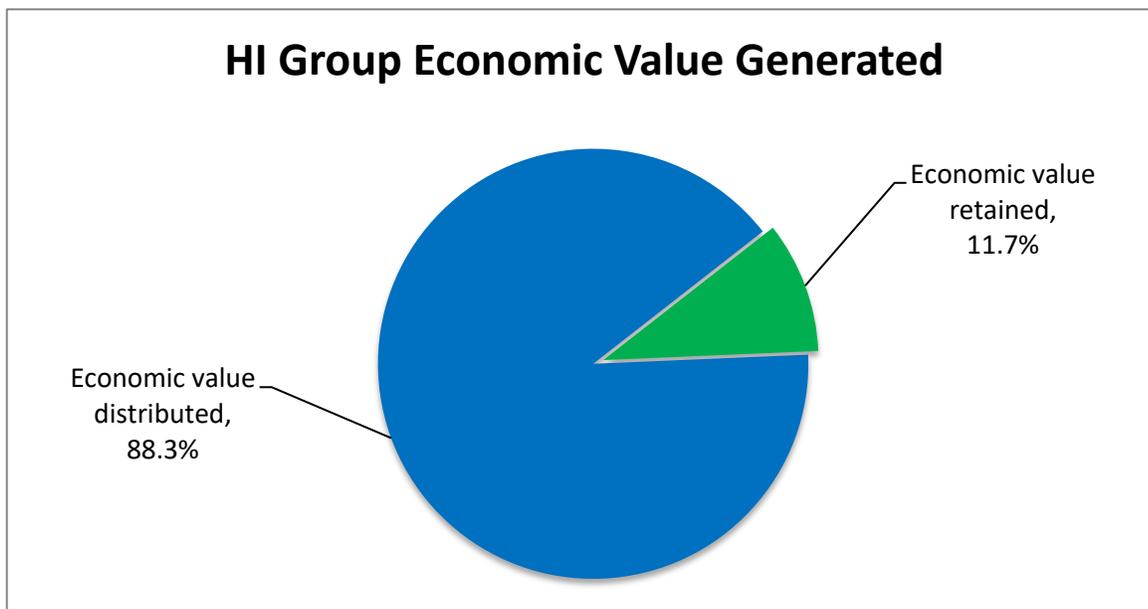


Figure 1. HI Group economic value generated. HI Group distributed 88.3% of its direct economic value and retained -11.7%.

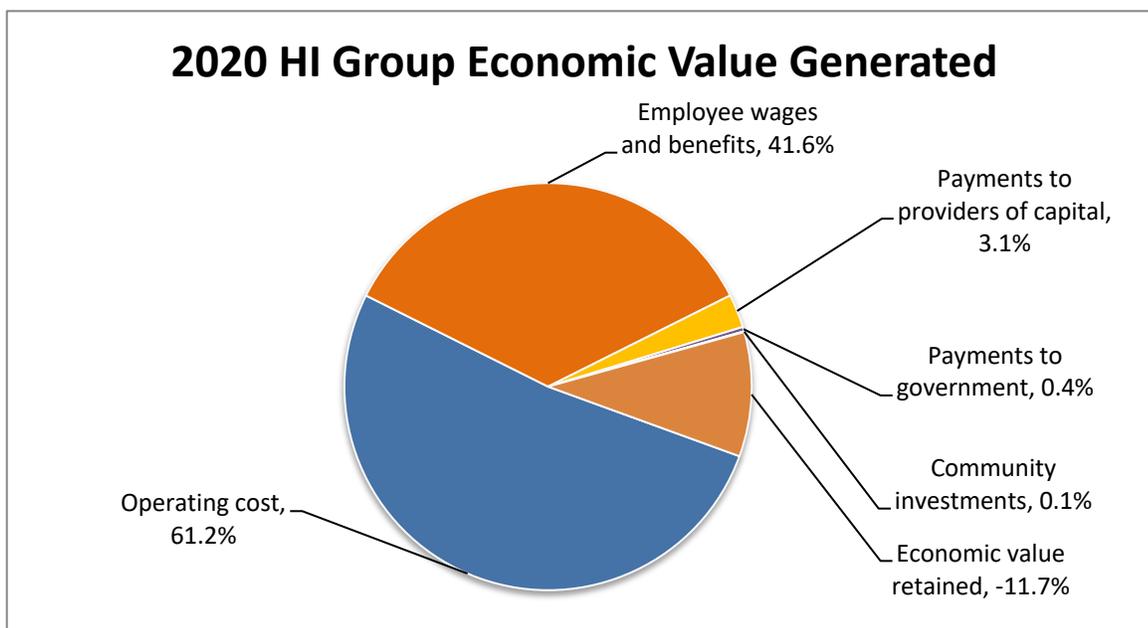


Figure 2. HI Group economic value generated, with breakdown of direct economic value distributed.

The majority (61.2%) of the revenue flows to suppliers. This means that our business supports a whole host of other businesses who also have their own employees and suppliers. This flow of value to our suppliers and their stakeholders create a significant ripple of economic activity that affects a vast number of people and enterprises operating in the country.

Investments to community for HI Group consist mainly of investments from EEI and IPO. Majority of IPO's investments to community are scholarships and discounts for students, but these are reflected in the revenues as deductions.

Discussion on Opportunities

Various opportunities exist for HI Group to increase its direct economic impact. These include the expansion and diversification of its portfolio, increasing funding from investors, and forging new partnerships.

The focus areas of the Philippine government are also an opportunity to expand HI Group's direct economic impact. An example of this is the government's *Build Build Build* program, as it greatly affects the operations of Construction Division, which is HI Group's largest subsidiary.

Climate-related risks and opportunities

At present, though climate-related risks are already being discussed by HI Group's Board Risk Oversight Committee (BROC), HI Group does not yet have a complete working plan for addressing climate-related risks. The Company continues to understand the impact of the pandemic on its businesses including vulnerabilities at different climate change scenarios to be able to fully disclose on this. The Company will begin work in 2021 and is working to disclose in 2022.

Governance – Disclose the organization's governance around climate-related risks and opportunities

- 1) Describe the board's oversight of climate-related risks and opportunities

HI has a Board Risk Oversight Committee (BROC), an extension of the full Board of Directors, which meets every quarter to discuss key risks and opportunities of the company. One of the BROC's main roles is to review management's effectiveness in managing risks. The BROC also provides direction and guidance on how the company will not only respond to risks, but also take advantage of opportunities.

For 2021 onwards, monitoring of efforts towards meeting Sustainability initiatives will be communicated and evaluated by the BROC.

- 2) Describe management's role in assessing and managing climate-related risks and opportunities

The company has a Risk Management Council (RMC) composed of the top management. It meets every quarter to discuss the top risks and opportunities of company and strategies needed to manage such risks. The RMC is also tasked to execute the direction set by the BROC regarding strategic risks and opportunities. For 2021, the top risks will be expanded to include climate change risk beyond natural events.

Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

- 1) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

Climate change has increased the severity of extreme weather events (e.g., droughts, typhoons, floods, storm surges, fires, etc.). Such phenomena impact business, industry, and employee safety and well-being. HI Group has policies and procedures in place to protect its businesses and employees.

- 2) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

The Company and its subsidiaries acknowledge the existence of climate change and its intensifying effect. The risks identified include the following: cancellation of classes; work stoppage in affected construction projects, offices, and service centers; and destruction of properties where there is an extreme weather event.

The Group has identified the following opportunities: investment in renewable power or clean energy (e.g. in solar power farms and wind power); development of capabilities to design and build structures for flood mitigation (e.g. flood gates) and enhancement of capabilities to perform green construction (e.g. LEED certified) for our construction group; fully online delivery of classes for our education group; and digitization of processes across the entire group, among others.

As awareness of climate change risk increases throughout HI, additional risks and opportunities identified and required funding (if necessary), are being integrated in the operations of the Group. The group of companies also have insurances and business continuity programs for managing the effects of these perils to the business units.

- 3) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario

Sustainability is still new for the HI Group. Awareness continues to grow, including the need to commit to ongoing reduction of environmental impacts. The HI Group is committed to doing its part in limiting a global rise in temperature to under 2° by 2030. The Company is putting together the system to understand our vulnerabilities at different climate change scenarios to be able to fully disclosure on this. HI Group will begin work in 2021 and is working to disclose hopefully in 2022.

Once the system is in place, the Company will establish an environmental plan, anchored on the 2°C scenario. The plan will include the metrics to be used, outline strategies to be implemented, and provide for constant feedback to determine if HI Group is on track in meet key targets. Adjustments will be made to ensure HI Group is on track to meet its commitment.

Risk Management – Disclose how the organization identifies, assesses, and manages climate-related risks

- 1) Describe the organization's processes for identifying and assessing climate-related risk

The company has a Risk Management Council (RMC) composed of HI top management. It meets every quarter to discuss the top risks and opportunities to the company and strategies needed to manage such risks. All risk-related concerns are presented to the BROCC. For 2021 HI top risks will incorporate climate change risk strategies, mitigation measures, and opportunities.

For the publicly listed subsidiaries of HI (EEI, IPO and PERC) each of these companies are required to manage climate risks per SEC guidelines.

2) Describe the organization's processes for managing climate- related risks

Managing climate risk will follow the HI process to risk management. Risk Management, with the help of the Sustainability Ad hoc Council, will identify climate change risk areas and present to Senior Management for discussion and strategic implementation. These risks will be presented at the quarterly Risk Management Council meetings, then at the Board Risk Oversight Committee meeting for review, clarification and guidance. As a holding company, the role of HI is to ensure covered business units continue to abide by their commitment to the environment.

3) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

For 2021, the HI Group will continue to develop strategies aimed at reducing the environmental impact of its operations, specifically those that would limit a rise in global temperatures by 2°C. The HI Group will commit to reducing its environmental impact by consistently reducing GHG emissions and materials consumption.

For 2021 we will continue to our Sustainability initiatives established in 2019. Data for 2020 show a decline in our carbon footprint, paper consumption, electricity etc. The decline was the result of work stoppage in the construction division, transition into working from home, our schools transitioning to fully online mode of education delivery, the closure of five of our auto dealerships, and acceleration of the digitization program of the Group as the pandemic dragged on. We are hoping that 2021 is more stable than 2020 to allow us to better benchmark our commitment to the environment.

Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material

1) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

For 2021, the definition of climate change risk will be expanded to include the need for HI to make a commitment in reducing the impact of its operations on the environment.

The year 2019 is the first year for HI to collect environmental data. Our environmental data for 2020 was significantly impacted by the pandemic. We are hoping that 2021 is more stable than 2020 to allow us to better benchmark our commitment to the environment. Management will then decide on the metrics that will be used to measure climate change impact.

2) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets

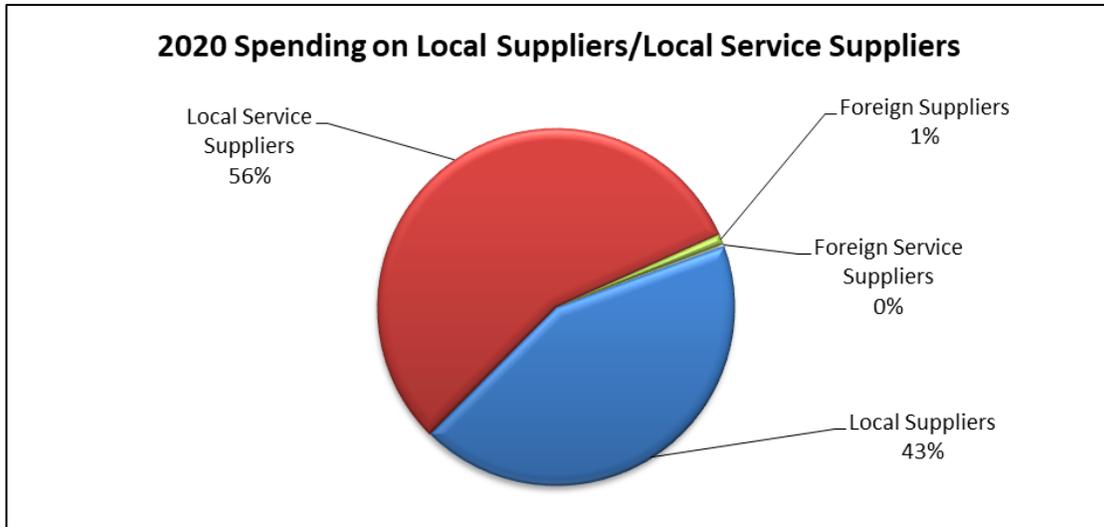
Performance targets for climate change risk are currently under evaluation by management. Current Risk Management process will be updated to integrate climate related risks. We believe climate change risk is an integral part our business and just like traditional risks, they must be prudently managed.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98.9%	%

“Local suppliers” were defined as suppliers with operations in the Philippines.



Procurement Practices

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Aside from providing quality products and services in construction, education, energy, property management, pharmaceuticals, and vehicles, HI further contributes to nation-building by purchasing from local suppliers when possible. By spending 98.9% of procurement spending on local suppliers, HI’s direct impact is on its suppliers and subsidiaries (who are the end-users of the products and services bought). But indirectly, HI impacts the suppliers’ own supply chain and their employees.

HI through its Procurement Department promotes fairness in dealings with the suppliers in all transactions of the YGC members. The department continues to develop, implement, and enforce procurement policies, procedures, guidelines, and practices to ensure that all YGC members and suppliers are compliant with principles under the YGC Code of Business Conduct and Ethics and the HI Code of Conduct, including but not limited to Conflicts of Interest, Related Party Transactions, among others. All vendors are vetted and screened. The Procurement Department also performs vendor management, strategic sourcing of repetitive items, management of big ticket purchases, enterprise spend analysis, and procurement risk management.

The primary risk to procurement is the unavailability of some important items locally, especially for PERC which uses specialized technology that must be imported. This leads to stockpiling risks, wherein PERC stockpiles items, and thus invest more capital in non-moving items, as future deliveries of these imported items may be delayed due to uncontrollable circumstances. This risk is managed by the Procurement Department and the Procurement groups of the respective companies by working to accredit more suppliers to improve choices. Another approach is to form partnerships with these suppliers to ensure the supply. An example of this is the joint venture between Equipment Engineers, Inc. (a subsidiary of EEI Corporation, the

parent company of HI Group’s Construction Division), Sansin Sangyo Co., Ltd, and KYC Machine Industry Co., Ltd to form JP Systems Asia, Incorporated, a scaffolding company. JPSAI is currently a subsidiary under Construction Division.

Discussion on Opportunities

While the preference to purchase from local suppliers when possible is being practiced, there is no formal policy nor target metric for this. A formal policy and target metric is under consideration.

Developing SME suppliers that employ PWDs and other vulnerable group to provide them access to economic opportunities may also be considered.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to ¹	85.67%	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to ²	87.50%	%
Percentage of directors and management that have received anti-corruption training ³	74.33%	%
Percentage of employees that have received anti-corruption training ⁴	33.67%	%

1 Simple average across the following units: Automotive, Pharmaceutical, Property Management Services (RCBC Realty), Energy, Construction, Education (MESI, MCL, MCM, MHS, UNC), HI Parent

2 Simple average across the following units: Automotive, Pharmaceutical, Property Management Services (RCBC Realty), Energy, Construction, Education (MESI), HI Parent

3 Simple average across the following units: Automotive, Pharmaceutical, Energy, Construction, Education (MESI, UNC), HI Parent

4 Simple average across the following units: Automotive, Pharmaceutical, Property Management Services (RCBC Realty), Energy, Construction, Education (UNC), HI Parent

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	5	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Anti-Corruption

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The YGC Code of Business Conduct and Ethics (“Code”) implicitly prohibits any form of corruption. HI employees are required to strictly abide by the Code. The Code is further supported by a Whistleblower Policy. The HI Group has zero tolerance for any form of corruption, fraud, and dishonesty. As such, anti-corruption protocols, and procedures, and training covers all employees, from directors to rank-and-file.

Any incidence of corruption within HI's ranks and operations has serious ramifications on the Company's reputation, our employees' morale, and the trust of our suppliers, as well as the legal sanctions imposed by the government and other regulatory bodies. Corruption also dilutes the Company's direct economic impact.

HI Group employees are made aware of the Company's anti-corruption policies, such as the YGC Code of Business Conduct and Ethics, HI Code of Conduct, Related Party Transactions, Conflict of Interest, Insider Trading, and Whistleblower Policy. All employees are briefed on these policies upon onboarding. Employees also review these policies annually and sign affirmations that they have read and will abide by these policies.

HI communicates its anti-corruption policies and procedures to external partners via the Group's Supplier Accreditation Policy. All potential and current suppliers must abide by the Accreditation Policy, which requires suppliers to declare relatives and friends employed within HI and its subsidiaries and affiliates. The subsidiaries may have their own specific anti-corruption policies that support the overall YGC policies.

In general, construction industry is operating in high corruption risk markets. The Corporation controls like internal audit, fraud risk management, and whistle-blowing systems or tip-offs detect far more incidents of economic crime.

Implementation of EEI Anti-Fraud Policy and Table of Offenses and System of Penalties. To manage the negative impact management ensures that the following policies are executed:

- Code of Conduct of Business Ethics
- Continuing education on best practices
- Governance orientation
- Orientation seminars which includes proper business conduct and ethical practices

The Anti-Fraud Services group conducts investigation on issues related to fraud, corruption and any integrity case in coordination with M-PERC. If fraud is established upon investigation, the M-PERC conducts administrative hearing and take appropriate administrative and legal action. The HR department handles the administrative case while the legal department takes charge of filing civil and/or criminal case.

The Board/Audit Committee through the Corporate Internal Audit Department (CIA) conducts assessments of internal controls, governance and risk management of the Company. The Anti-Fraud Group, administratively under the Corporate Internal Audit Department and functionally reporting to Management – Personnel Evaluation & Review Committee (M-PERC), is given the task to investigate fraud, corruption and integrity related issues, and to enhance the fraud risk management of EEI.

In 2020, EEI reports 5 incidents of corruption involving employees. These employees underwent company investigative process of EEI and were dismissed.

Discussion on Opportunities

Each HI subsidiary continues to improve anti-corruption policies and procedures as applicable in their operations. For example, Construction Division is looking to implement Governance, Risk, and Compliance (GRC) software that uses real-time data analytics to detect emerging risks, including irregularities in supplier contracts. In other subsidiaries, anti-corruption training may be included as a separate module in the employee onboarding program so that rank-and-file employees receive specific training. The scheduled training for 2020 did not materialize as the pandemic worsened. For 2021, HI will make arrangements with a third party to provide the latest anti-corruption training to its employees. The training will also be offered to other subsidiaries within the group

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units	Quantity	Units
Energy consumption (gasoline)	252,743.03	Liters	9,124.30	GJ
Energy consumption (LPG)	0	M3	0	GJ
Energy consumption (diesel)	2,435,449.70	Liters	93,671.14	GJ
Energy consumption (total electricity)	44,056,869.10	KwH	158,592.04	GJ

Reference for gigajoules conversion: Biomass Energy Data Book which refers to GREET, The Greenhouse Gases, Regulated Emissions, and Energy Use In Transportation Model, GREET 1.8d.1, developed by Argonne National Laboratory, Argonne, IL, released August 26, 2010.

1 Disclosure includes the electricity obtained by Energy Division from geothermal, wind, and solar power plants. No data was available for the electricity obtained by Construction Division from rooftop solar panels for their office.

2 Disclosure from Construction Division covers the head office and major projects of EEI Corporation: MRT7, Skyway, NCC, Bohol-Panglao Airport, and Petron Bataan.

Disclosure	2019 Quantity	2020 Quantity	Inc/(Dec)	Change %	Units
Energy Consumption (renewable resources)	21,338,142.80	20,825,481.56	-512,661.24	-2.4%	Kwh
Energy Consumption (gasoline)	402,883.84	252,743.03	-150,140.81	-37.3%	Liters
Energy Consumption (LPG)	0.00	0	0.00	0.0%	M3
Energy Consumption (diesel)	5,562,310.24	2,435,449.70	-3,126,860.54	-56.2%	Liters
Energy Consumption (Electricity)	69,392,904.77	44,056,869.10	-25,336,035.57	-36.5%	Kwh

As previously indicated, energy consumption for 2020 decline from 2019 levels due to from work stoppage in the construction division, transitioning to work from home for office based employees, and fully online delivery of education for our schools.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The Construction Division is the majority consumer of diesel due to its extensive use in construction vehicles and onsite electricity generators. Pharmaceutical division, Automotive Division, and HI parent company are the majority users of gasoline due to use of fleet vehicles in their operations.

Property Management Services, Energy, and Education Divisions are high users of electricity due to their facility operations. The disclosure for Property Management Services covers the common areas of managed properties that are owned or partially owned by HI. Properties that are not owned by HI are considered outside the scope of this report. Disclosures for Energy and Education are the whole facility consumption for their facilities.

For example, Property Management Services operates RCBC Plaza, an office skyscraper complex with 141,231 sqm of rentable space in the heart of Makati CBD. The complex consists of two towers (the Yuchengco Tower and Tower 2), a 3-level podium that features a chapel, banking chambers in both towers,

convenience and service shops, a food court, retail outlets, clinic, gym and health spa, the Yuchengco Museum which also features Y Space, an events place, the Yuchengco Institute for Advanced Studies which houses the De La Salle University Professional Schools, function rooms, the 450-seat Carlos P. Romulo Auditorium, an open-air courtyard, and seven levels of basement parking. Property Management Services also serves as the property manager for 10 other non-HI properties.

Education Division operates seven schools with various branches in Luzon and Mindanao that serve thousands of students and teachers, from kindergarten to post-graduate studies (depending on the school).

The electricity consumed by Energy Division for its plant operations is mostly self-generated from renewable sources (solar, wind, and geothermal).

In terms of Property Management Services and Education, each facility has a Property Manager that is responsible for implementing energy efficiency measures within their controlled areas. These may include replacement of lighting fixtures to more efficient models, replacement of chillers for centralized air conditioning, and/or optimization of operating hours of equipment (e.g. elevators) to reduce electricity consumption.

An example of the success of Property Management Services in energy reduction can be seen in the Leadership in Energy and Environmental Design (LEED) for Existing Buildings: Operations and Maintenance (O+M) v3 Gold certification awarded to RCBC Plaza in 2018. LEED is a “third-party green building certification program and the globally recognized standard for the design, construction and operation of high-performance green buildings and neighborhoods.” RCBC Plaza was granted this distinction due to best practices in energy, indoor air quality, and water consumption that were implemented and monitored, and thus significantly reducing the resources needed to operate the building. The 10.3% drop in energy consumption in common areas from 2016 to 2017 is due to the major improvements done within this time, such as replacing the chillers and installing heat exchangers. Though there was a 4% increase in energy consumption in common areas from 2018 to 2019, this was attributed to the greater tenant occupancy of the building between those years, as increased tenant occupancy led to greater use of the common area space and equipment, such as air conditioning, elevators and escalators.

For Construction and Pharmaceutical divisions that are reliant on fuel, these involve fleet and equipment management schemes to ensure that fuel consumption is minimized. These schemes include:

- Pharmaceutical
 - Issuance to fleet cards that have fuel liter limits based on the calculated requirement of the territory to encourage efficiency
- Construction
 - A separate department handles all equipment; includes monitoring the performance of the equipment based on its fuel consumption.
 - Analysis of existing project requirements and equipment usage to ensure that the correctly sized equipment is deployed in project sites. For example, generators that are too large for the electricity needs of the project waste fuel by generating electricity that will not be used.
 - Investment in fuel-efficient vehicles and equipment.
 - Fuel consumption is monitored through the company’s “War on Waste” program monthly reporting and the inter-department and inter-project Accounting System.

Total energy consumption in 2020 is significantly lower than 2019. The noted decline was caused mostly by a three-month work stoppage for our construction division and closure of five of our dealerships, the shift to work from home of office based employees, and the transition to fully online delivery mode of education at

our schools during the year.

Discussion on Opportunities

Each HI subsidiary is looking to improve energy usage and reduction as applicable in their operations. Opportunities for improvement include:

1. Continuous search for applicable products in the market to improve energy usage and reduction
2. Monitoring of the electricity generated by the Construction Division's office solar panels.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	530,274.05	m ³
Water consumption	772,093.97	m ³
Water recycled and reused	12,313.84	m ³

Disclosure from Construction Division covers the head office and major projects of EEI Corporation: MRT7, Skyway, NCC, Bohol-Panglao Airport, and Petron Bataan.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Water consumption within the HI group occurs at the holding company level and each subsidiary's operations. Property Management Services and Education Divisions are major water consumers due to their facility operations of schools and commercial properties, which are high-foot traffic locations. Construction Division consumes water while completing various construction projects.

In general, water withdrawal for HI is via district utilities. The exceptions are the Energy Division and Construction Division, whose power plants (Energy) and fabrication shop (Construction) withdraw water from the local aquifer via deep wells. These deep wells have the necessary government permits. Water withdrawal in Energy Division is monitored using water meters.

The main risk associated with water consumption is running out of water. This water shortage was acutely felt in 2019, when low water levels in Angat and Ipo Dams due to the lack of rain severely restricted the amount of available water to Metro Manila. Water shortages resulted in disruption of operations and increased cost due to having additional water delivered to the sites via tanker trucks. For facilities, the water shortage was addressed by issuing advisories to tenants and students on how to reduce water use, reducing watering of plants, and quickly fixing leaks or other defects.

The facilities themselves have preventive maintenance programs for plumbing and equipment. They are also equipped with low-flow fixtures and leaks are repaired promptly. Plants for landscaping were replaced with drought-tolerant plants to reduce watering. Facilities that are not connected to a centralized sewage treatment facility have their own STPs onsite. Mapúa University and Malayan Colleges Mindanao (MCM) have onsite STPs and have rainwater catchment systems, though the rainwater collection volume and usage is not monitored. The collected rainwater is used for cleaning and watering the landscape.

For Energy Division, the risks are from the possible ground subsidence due to over-extraction from the aquifer and competition with the local community for the water resource. These are addressed by the large amount of water projected to be present in the aquifers and continuous monitoring by the Energy team to ensure that only the minimum required amount of water is withdrawn. The maximum amount of water allowed to be withdrawn from the aquifers is also set by the permit specifications.

Discussion on Opportunities

Each HI Division is looking to reduce water withdrawal and consumption as applicable in their operations. These include the replacement of high-water use fixtures (where still present) with low-flow models and continued education of water users. Rainwater collection will also be monitored so as to better highlight its benefits and potentially push for the installation of rainwater collection systems in other applicable areas.

Materials used by the organization

Disclosure	Material	Business Unit	Quantity	Units
Renewable	Paper	Education	9,569.51	reams
		All other units	18,185.00	reams
	Packaging material	Pharmaceuticals	1.50	tons
Non-renewable	Solar PV panels	Energy	61,200	panels
	Oil	Automotive	177,989.00	liters
		Energy	8,600	liters
	Aggregates and back-filling materials (gravel, sand, basecourse, backfill)	Construction	36,382.00	bags
			19,542,78	m ³
	Cement	Construction	3,677,457.05	bags
		Energy	83.96	tons
	Ready-mix concrete	Construction	232,987.31	m ³
	Steel (rebar, structural, flats, special steel)	Construction	565.51	kg
			1,981,559.00	kg
	Energy	26,920	kg	
Percentage of recycled input materials used to manufacture the organization's primary products and services			0.00	%

Materials used by weight or volume

Materials included in this disclosure are the top-used and/or top-spend materials per business unit.

Disclosure from Construction Division covers the major projects of EEI Corporation: MRT7, Skyway, NCC, Bohol-Panglao Airport, and Petron Bataan. Steel could not be converted to a uniform kilogram measurement because each steel item has a different weight depending on its dimensions (width, length, thickness).

Disclosure from Energy Division covers the expansion of the TSPP and regular maintenance of the turbines in MGPP and NWPP

Materials consumption

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As with other environmental disclosures, materials use within HI is based on the nature of each subsidiary's business.

Construction is the most materials-intensive business unit, with tons of aggregates, cement, ready-mix concrete, and steel used in the construction of its major infrastructure projects. All of these materials have high environmental impacts during the extraction, purification, and/or manufacturing process. The quantity of materials used per year is dependent on the specific phase of the ongoing projects.

As Energy Division operates renewable energy power plants that do not consume fuel, majority of the

materials consumed are during the construction phase of a project. The major construction done in 2019 was the expansion of the TSPP, which necessitated the usage of solar PV panels, steel, cement, and other related construction materials. All of these materials have high environmental impacts during the extraction, purification, and/or manufacturing process. The quantity of materials used per year is dependent on the Division's growth plan.

Oil consumed by the Automotive Division is due to the oil change and other vehicle maintenance services offered by the division. Oil consumed by Energy Division is due to the regular maintenance of the turbines in MGPP and NWPP.

Paper is a major consumable item for operations-based units, such as Education, Property Management Services, and HI Parent. Education Division minimizes paper use where possible through online transactions (e.g. enrollment and other official processes) and using online systems such as Blackboard. Blackboard is a learning management system that is capable of conducting synchronous and asynchronous online classes across the Mapua University campuses. Mapua's implementation of online delivery of classes and online processes were replicated by MCL and MCM. NTC, UNC, and APEC also adopted their own modified online delivery of classes.

The Pharmaceutical Division repacks medicine imported wholesale into smaller cartons and blister foils for retail sale.

Materials consumption is strictly monitored, as wasted materials are an operations cost to the Divisions. Materials consumption is estimated based on previous projects/previous years' consumption and activities for the year, and deviations from this are highlighted and requested for justification. The materials usage is also strictly controlled via inventory management.

Discussion on Opportunities

As the top consumer of paper in the Group, Education Division is constantly looking for ways to (1) integrate paper reduction initiatives in its processes, (2) provide more programs and processes that are less paper- and material-intensive, and (3) replicate and improve current programs and practices among the subsidiary schools that are designed to reduce paper consumption.

At present, there are no opportunities to further reduce material consumption in Construction, as materials use is strictly based on what projects are ongoing.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> Maibarara Geothermal Power Project in Sto. Tomas, Batangas Nabas Wind Power Project in Nabas-Malay, Aklan 	Power plants
Habitats protected or restored	<ul style="list-style-type: none"> Maibarara: 1 hectare through tree planting activity Nabas: 7.14 hectares through tree planting activity 	ha
IUCN Red List species and national conservation list species with habitats in areas affected by operations	See separate tables below	

For Maibarara Geothermal Power Project:

Flora: Seven species are listed in the 2006 IUCN Red List of Threatened Species and DENR DAO 2007-01 (National Red List of Threatened Philippine Plants) as either vulnerable or critically endangered species (See table below). All the seven threatened species are trees.

Threatened Species recorded in the study area	Common name	Conservation status
<i>Artocarpus blancoi</i>	Antipolo	Vulnerable
<i>Celtis luzonica</i>	Magabuyo	Vulnerable
<i>Drynaria quercifolia</i>	Pakpak lawin	Vulnerable
<i>Koordersiondendron pinnatum</i>	Amugis	Vulnerable
<i>Macaranga grandifolia</i>	Takip asin	Vulnerable
<i>Parashorea malaanonan</i>	Bagtikan	Critically endangered
<i>Pterocarpus indicus</i>	Narra	Critically endangered

Fauna: No threatened species listed in the IUCN Red List and CITES List were recorded in the study area. Most of the recorded species are common and wide in distribution.

For Nabas Wind Power Project:

Flora: Only one (1) species is listed in the 2006 IUCN Red List of Threatened Species and DENR DAO 2007-01 (National Red List of Threatened Philippine Plants): narra (*Pterocarpus indicus*)

Fauna Seven (7) species are listed in the IUCN Red List and CITES. This means that hunting and trade of these species are strictly prohibited and is punishable by law under RA 9147 or the Philippine Wildlife Act of 1995.

Threatened Species recorded in the study area	Common name	Conservation status
<i>Sus cebifrons</i>	Visayan Warty Pig	Critically Endangered
<i>Macaca fascicularis</i>	Long-tailed macaque	CITES App. II
<i>Prionailurus bengalensis</i>	Leopard Cat	CITES II
<i>Spilornis cheela</i>	Crested Serpent Eagle	CITES II
<i>Haliastur indus</i>	Brahminy kite	CITES II
<i>Varanus salvator</i>	Water monitor lizard	CITES II
<i>Malayopython reticulatus</i>	Reticulated python	CITES II

Ecosystems and biodiversity

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI has two facilities located adjacent to protected areas and areas of high biodiversity value: Maibarara Geothermal Power Project (adjacent to Mount Makiling Forest Reserve [MMFR]) and Nabas Wind Power Project (adjacent to Northwest Panay Peninsula National Park [NPPNP]). The MMFR covers 4,244 hectares and is under the jurisdiction of the University of the Philippines-Los Baños. The NPPNP covers 12,009 hectares and is under the jurisdiction of the Northwest Panay Biodiversity Management Council (NPBMC).

HI's Energy Division operates Renewable Energy (RE) power plants. Thus, the attached risks are already inherently lower compared to fossil fuel plants. However, these RE plants still have environmental risks. Birds and bats may strike the wind turbines, and some changes were made to the landscape during the construction process. For bird strikes, these are mitigated through DTBird: a shutdown-on-demand technology that was installed in the wind turbines to minimize bird mortality. This system consists of several modules including the detection, dissuasion, and stoppage and collision control when the presence of birds is detected near the turbines.

In addition, these RE plants take steps to be good partners with the protected areas and the local communities. The Maibarara project has an ongoing Memorandum of Understanding (MOU) with UP Los Baños to protect the mountain through tree planting and allocation of funds for its forest protection. The project funded the construction of a watchtower inside the MMFR to help in the protection and conservation of the area. The tower, similar to a lookout tower, serves as a forest station of the forest guards of UP Los Banos-College of Forestry and Natural Resources (UPLB-CFNR) to guard the area against illegal activities, such as cutting of trees, slash and burn farming, etc.

The project also promotes habitat protection, which includes maintenance and protection of trees planted during the previous years (2015-2017). Planting and maintenance of flowering trees (fire trees, *Delonix regia*) along the boundary of MMFR is covered by MOA between MGI and LGU of Sto. Tomas, Batangas in accordance with the policies of UPLB-CNFR, who has jurisdiction over the area. The nearby communities were tapped for the tree planting activities, as well as the maintenance and protection of planted trees inside the MMFR.

The Nabas project conducts an annual tree planting activity with continuous monitoring, protection, and maintenance of the planted trees with the participation of the local community. They also conducted an Information Education Campaign on biodiversity and wildlife and forest protection for the host community. Currently, the Nabas project is constructing a viewing deck to promote and enhance the ecotourism potential of the wind farm.

Discussion on Opportunities

The wind facility has been identified as a potential ecotourism site. The Energy Division is looking forward to developing an ecotourism plan with the local barangay, alongside the current construction of the view deck.

Environmental impact management

Air Emissions

GHG

Disclosure	2019 Quantity	2020 Quantity	Decline	% Change	Units
Direct (Scope 1) GHG Emissions ¹	30,671.82	24,202.58	6,469.24	26.7%	Tons CO ₂ e
Energy indirect (Scope 2) GHG Emissions ²	34,288.14	28,850.52	5,437.62	18.8%	Tons CO ₂ e
Emissions of ozone-depleting substances (ODS)	0	0		0%	Tons

1 Scope 1 emissions calculated using Greenhouse Gas Protocol calculation tools: <https://ghgprotocol.org/calculation-tools>

2 Scope 2 emissions calculated using Grid Emissions Factors (GEFs) provided by the Department of Energy (DOE):

<https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef>

Disclosure from Construction Division covers the head office and major projects of EEI Corporation: MRT7, Skyway, NCC, Bohol-Panglao Airport, and Petron Bataan.

The decline in the Scope 1 and Scope 2 GHGs between 2019 and 2020 results from a three month shutdown of construction operations in 2020, the decline in utilization of office space as most employees worked from home during the year, cancellation of face-to-face classes at our schools, and the closure of five auto dealerships.

Majority of Scope 1 emissions are from the Construction Division due to their extensive use of diesel fuel in their construction operations and from usage in generators to usage in large equipment like mobile cranes and backhoes. Majority of Scope 2 emissions are from Property Management Services due to the electricity usage in the common spaces of their managed commercial property. Included in the common area electricity consumption is the electricity usage of the air conditioning system, which makes up the bulk of the electricity usage. Education Division is the second-largest contributor, as they operate seven schools with numerous branches. Although Energy Division consumes 46% of the group's electricity, it only produces 0.44% of the Scope 2 emissions as almost all of its consumed electricity is self-generated from renewable energy sources (solar, wind, and geothermal). Property Management Services accounts for slightly more GHG emissions versus Construction Division. This highlights the importance of property management in decreasing electricity consumption through preventive maintenance, optimized operations of existing equipment, and investing in more energy-efficient equipment.

Ozone-depleting substances (ODS) are absent in HI operations.

Air pollutants

Construction Division

Disclosure	Quantity	Units
NO _x	No test conducted	µg/Nm ³
SO _x	No test conducted	µg/Nm ³
Persistent organic pollutants (POPs)	Not Applicable	kg
Volatile organic compounds (VOCs)	Not Applicable	kg
Hazardous air pollutants (HAPs)	Not Applicable	µg/Nm ³
Particulate matter (PM)	No test conducted	µg/Nm ³

EEl did not conduct any air quality testing during 2020 as a result of the pandemic.

Energy Division

Disclosure	Quantity	Units
NO _x	No data	mg/Nm ³
SO _x	Not Applicable	µg/Nm ³
Persistent organic pollutants (POPs)	Not Applicable	kg
Volatile organic compounds (VOCs)	Not Applicable	kg
Hazardous air pollutants (HAPs)	Not Applicable	µg/Nm ³
Particulate matter (PM)	Not Applicable	µg/Nm ³
CO	No data	mg/Nm ³
H ₂ S	Below 0.007	ppm

Air pollutant disclosure from MGPP only. NWPP and TSPP do not emit air pollutants during operations.

Air Pollutants

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Air pollutants are a risk to both human health and the environment as a whole. It also opens the company to legal repercussions. Among HI's different business units, only Construction and Energy are potential major sources of air pollutants.

Air pollutants from Construction result from the continuous usage of diesel generators to provide electricity for the project sites. To manage air pollution, generators have a DENR-issued Permit to Operate (PTO). Emissions of NO_x, SO_x, CO, and particulate matter are tested as often as required by the PTO.

As an operator of renewable energy power plants, HI's Energy Division emits much less air pollutants compared to power plants using fossil fuel. Energy Division's major source of air pollutants during operations is the Maibarara Geothermal Power Project (MGPP). While a geothermal plant emits 97% less sulfur compounds and 99% less CO₂ compared to fossil fuel plants of similar size, air pollutants are still present. In particular, geothermal plants emit NO₂, CO, and H₂S. Hydrogen sulfide is naturally found in geothermal reservoirs and is the source of the "rotten egg" smell of geothermal facilities. NO₂ and CO emissions are tested annually as per DENR requirements. H₂S is monitored through Continuous Air Monitoring Stations (CAMS) and third-party monitoring. Results showed that NO₂, CO, and H₂S emissions are at par or below DENR standards for 2019. However, due to pandemic, there was no test conducted in 2020 but the EEI ensures the welfare of the environment.

The Nabas Wind Power Project and Tarlac Solar Power Project do not emit air pollutants during operations.

Discussion on Opportunities

Opportunities to decrease fuel use for generators, and thus decrease air emissions, are already being discussed in Construction. Construction Division is studying the potential savings from matching generator output to project needs. This Equipment Matching Program is set to be implemented in 2020.

Despite the MGPP already meeting DENR standards, Energy Division is still studying H₂S abatement systems as part of its commitment to good community relations. However, these systems have not yet been installed in any local geothermal plants and have unconvincing success rates abroad. More information can be found in the Significant Impacts to Local Communities section.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	8,811,844	kg
Reusable		kg
Recyclable	71,143.67	kg
Composted (landscaping waste + composted food waste)	3,927.50	kg
Incinerated		kg
Residuals/Landfilled	73,721.37	kg

Disclosure from Construction Division covers the major projects of EEI Corporation: MRT7, Skyway, NCC, Bohol-Panglao Airport, and Petron Bataan.

Solid Waste

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Solid waste is a risk to both human health and the environment as a whole. Improper disposal of solid waste can lead to the spread of diseases and the release of harmful substances into the environment. It also opens the company to legal repercussions. Among HI's different business units, Construction, Property Management Services, and Education are the major sources of solid waste.

The waste generated by Construction Division consists of domestic waste, such as food waste, plastics, packaging, and others. The large volume is due to the large-scale infrastructure projects and the accompanying large numbers of employees that make up the majority of Construction Division's ongoing projects. Recyclable materials such as PET bottles, papers, and cans generated by Construction's Head Office are donated to the local community surrounding the office for their barangay livelihood program. However, the total waste generation and recyclables donated by the Head Office is not monitored. Residual wastes are disposed through DENR-accredited domestic waste haulers.

The waste generated by Property Management Services and Education come from the thousands of tenants, visitors, students, faculty, and staff that use these facilities in the course of their business and education. The waste is also domestic waste, such as food waste, plastics, packaging, and others.

Solid waste management in the facilities is practiced through consistent customer interaction and reminders on SWM, policies on waste segregation at source, recycling programs, waste reduction programs (e.g. promotion of Bring Your Own containers/cups/utensils in order to reduce single-use plastic), and having a Materials Recovery Facility (MRF).

Solid waste disposal is done by DENR-accredited waste haulers and disposed at accredited landfills.

Discussion on Opportunities

At present, majority of the solid waste is landfilled. There is composting present within the HI group, but this is opportunistic only and not part of a general program. Using the baseline information from 2019, the various HI Divisions can develop operations-specific SWM plans to increase composting and decrease residual waste.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	81,774.97	kg
Total weight of hazardous waste transported	62,052.97	kg

Disclosure from Construction Division covers the major projects of EEI Corporation: MRT7, Skyway, NCC, Bohol-Panglao Airport, and Petron Bataan.

The main source of hazardous waste within HI Group is Construction Division, followed by Energy and Automotive. Main types of hazardous wastes produced are used oil, lead acid batteries, fluorescent bulbs, chemical wastes, and empty containers previously containing hazardous chemicals.

Hazardous Waste

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Hazardous waste is a serious risk to human health and safety and the environment as a whole. Risks include accidental spills, deliberate releases into the environment, improper storage, and improper disposal. These risks, if unmanaged, will lead to injuries, potential fatalities, severe pollution of the environment, and potential death of flora and fauna. It also opens the business unit to legal repercussions. Among HI’s different business units, Construction, Education, Automotive, and Energy have the highest hazardous waste generation rates. This is to be expected based on their respective businesses.

Hazardous wastes are a serious health and safety concern. As such, all regulations regarding hazardous waste handling, storage, transport, and treatment/disposal are observed. Personnel handling these wastes are given the appropriate training and personal protective equipment (PPE). The wastes are stored in a secured, onsite hazardous waste storage room. Treatment/disposal is done via DENR-accredited hazardous waste haulers and treaters. Records are kept via the Certificate of Treatment provided by these treaters.

Hazardous waste may also be a source of income. The Energy Division partnered with ABS-CBN Lingkod Kapamilya Foundation, Inc.’s (ALKFI) Bantay Langis program for used oil recycling. Under this partnership, the Energy Division’s used oil is transported and treated by the program partners (who are DENR-accredited transporters and treaters) and the monetary value of the used oil is donated to ALKFI for use in their environmental protection programs.

Discussion on Opportunities

HI may extend the partnership with ALKFI for hazardous waste. Current protocols, procedures, and technologies used may also be assessed to see if there are ways to improve the process as to avoid or minimize the generation of hazardous waste. An onsite audit of hazardous waste treaters’ facilities may also be conducted to ensure that the hazardous wastes are treated properly.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges ¹	53,673.44	m ³
Percent of wastewater recycled ²	-	%

1 Data from Energy, Education, and Construction head office only

2 Only Mapua Makati and MCM has wastewater recycling (with own STP)

Effluents

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Improper wastewater discharge has a negative effect on the environment through pollution, increased sedimentation, and potentially spreading diseases. It also opens the company to legal repercussions. Among HI's business units, Education has the highest volume of monitored wastewater discharge.

All HI Group Divisions ensure full compliance with RA 9275: The Philippine Clean Water Act and DAO 2016-08 Water Quality Guidelines and General Effluent Standards.

All of the facilities under Property Management Services or Education are either connected to a centralized sewage treatment facility or have their own sewage treatment plants (STP) or septic tanks. This is in compliance with DENR requirements on wastewater discharge. At present, Mapua Makati and Malayan Colleges Mindanao (MCM) operates its own STP. The STP has a Discharge Permit and wastewater parameters are monitored and complied with in accordance to the permit requirements. The treated wastewater is used for watering the plants.

Wastewater treatment at the construction sites is monitored by Construction Division's Safety Department. Although Construction Division withdraws and consumes the most water within HI Group, almost all of it is used in the construction process and there is little discharge. While some projects reuse the treated wastewater for non-consumption-related activities such as watering and cleaning, the amount of recycled wastewater is not measured because it is not a significant process in Construction Division's activities.

In addition to its domestic wastewater effluent, Energy Division monitors the water quality of the brine used in its turbines. MGPP uses a single-flash, condensing steam power cycle. The setup pumps hot water at high pressure from the reservoir into a "flash tank" on the surface. Because the flash tank is at a much lower temperature, the hot water quickly "flashes" into steam. The steam powers the turbines that generate electricity. Afterwards, the steam is cooled and condenses back into water (the brine). The brine is dumped into a thermal pond to allow further cooling, before it is reinjected into the ground through the reinjection wells. The brine is not considered "effluent" because it is not discharged into the environment after use, but is still monitored because it may contain heavy metals that could contaminate groundwater. It is monitored through regular sampling and checking of its components.

Discussion on Opportunities

At present, MCM uses the treated wastewater for watering plants. Mapua Makati was completed in 2020 but is not yet operational. Mapua Makati plans to use treated waste water for flushing toilets. It may explore the possibility of installing double-piping such that the treated wastewater can be used for other purposes.

Environmental compliance
Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations ¹	₱19,500	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	1	#
No. of cases resolved through dispute resolution mechanism	1	#

¹ Disclosure only includes non-compliance committed and fines paid in 2019. Non-compliance committed in previous years but fines paid in 2019 are not included.

Environmental Compliance

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI Group prioritizes compliance with all environmental laws applicable to the Company’s operations. Any non-compliance has regulatory risk, resulting in fines and/or sanctions which would disrupt the company’s operations. More importantly, the risk of actual environmental damage may also affect the company’s operations, and possibly the surrounding communities. Reputational risk is also present, as non-compliance may result in the stakeholders losing confidence in HI.

Applicable HI operations have onsite Pollution Control Officers to oversee environmental compliance. They are responsible for ensuring compliance with the Environmental Compliance Certificate (ECC) per site, which includes submission of required regulatory reports (e.g. SMR and CMR) and monitoring and compliance with needed permits. Because of its extensive operations, Construction Division has a dedicated Compliance Office to track documentary requirements for compliance.

In 2020, the construction division received fines totaling ₱19,500 for non-compliance with environmental laws and/or regulations. These are for non-compliance committed and fines paid in 2020. The non-compliance report was issued to the MRT-7 project last July 27, 2020 by DENR and LLDA. EEI is the contractor on the MRT-7 project. The violation of RA 8749; Philippine Clean Air Act of 1999 and PD 1586; Philippine Environmental Impact Statement System (PEISS). The project immediately complied and submitted a Corrective Action Report to DENR.

Discussion on Opportunities

Our business units continue to minimize environmental violations by constantly improving its policies and practices. While violations may occur from time to time, they are immediately resolved. Repeat violations are not tolerated.

SOCIAL

Employee Management

Employee Hiring and

Benefits *Employee data*

Disclosure	Quantity	Units
Total number of employees	25,470	individuals
A. Permanent employees ¹	8,121	individuals
a. Total permanent male employees	5,889	individuals
b. Total permanent female employees	2,232	individuals
B. Temporary employees ²	17,349	individuals
a. Total temporary male employees	16,247	individuals
b. Total temporary female employees	1,102	individuals

1 “Permanent employees” are employees hired for an indefinite period of time, until such time that the employer-employee relationship is terminated.

2 “Temporary employees” are employees that are hired for a specific project. They often work for a specified length of time until the project is completed.

Disclosure	Division	Quantity	Unit
Attrition rate ¹	Automotive	6.41%	percent
	Pharmaceuticals	9.00%	percent
	Property Management Services		
	• RCBC Realty	2.00%	percent
	• Landev Corporation	13.12%	percent
	• Greyhounds Security	16.66%	percent
	Energy	1.92%	percent
	Construction	0.105%	percent
	Education	8.99%	percent
HI Parent	12.30%	percent	
Ratio of lowest-paid employee against minimum wage ³	Automotive	1 : 1	Ratio ²
	Pharmaceuticals	1.1 : 1	ratio
	Property Management Services		
	• RCBC Realty	2 : 1	ratio
	• Landev Corporation	1 : 1	ratio
	• Greyhounds Security	1 : 1	ratio
	Energy	1.4 : 1	ratio
	Construction	1 : 1	ratio
	Education	1 : 1	ratio
HI Parent	1.3 : 1	ratio	

1 Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year. May also be considered as Labor Turnover.

2 Ratio is presented as follows: salary of lowest-paid employee : minimum wage

3 The minimum wage per locality was applied in calculating the ratio.

Employee hiring

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The HI Group overall offers competitive wages, though specific rates will differ between the Divisions, partly influenced by industry standards. As a conglomerate, the success of its employees will lead to the success and satisfaction of its clients. Risks due to employee attrition and wages include increased expenses in recruitment and training new employees, and lowered customer satisfaction due to unsatisfactory goods and services delivered.

Job creation is one of HI Group's contributions to Philippine national development. The Company grows with our workforce comprising of 29,474 individuals. They are distributed among the different divisions as follows:

Division	TOTAL MALE	TOTAL FEMALE	TOTAL
Construction	18,149	1,022	19,171
All other Divisions	3,987	2,312	6,299
Automotive	260	156	416
Pharmaceutical	41	69	110
Property Management	48	25	73
Security	1,992	103	2,095
Energy	108	51	159
Education	1,506	1,853	3,359
HI Parent	32	55	87
OVERALL HI GROUP	22,136	3,334	25,470

Attracting and maintaining competitive talent propels the Company's business growth. Due to expansions in operations of the strategic business units, the Company is able to provide more jobs.

The Company recognizes that remuneration is an essential concern of employees. Thus, the divisions ensure that our employees receive salaries commensurate with the value of work they provide.

Almost all of the temporary employees in HI Group are from the Construction Division. This is a result of the business' operations, as the number of employees needed is dependent on the number and phase of ongoing construction projects. These temporary employees are hired for the duration of a construction project. Once the project is completed, they may be rehired depending on the needs of ongoing projects.

Construction and Security (under Property Management Services) have disproportionately higher numbers of male employees versus female employees. To mitigate the potential risks of the gender imbalance, all employees are informed of the Sexual Harassment Policy, which identifies unacceptable behavior and policies and procedures to be followed in case of harassment.

Attrition rates are division-dependent. Highest attrition rates were recorded in Property Management Services, HI Parent, Education, and Pharmaceuticals. This is due to the high competition among companies in these respective industries for competent and trained employees. To manage attrition rates, the HR

Departments focus on hiring the right talent and attitude, offering competitive compensation package, observing work-life balance, and healthy working environment. Upon voluntary separation from the divisions, employees are also interviewed by HR to determine the causes for the separation. This information is studied and used by HR as the basis for steps to take in the future.

The ratio of the lowest-paid employee’s salary against minimum wage is also division-dependent because of the different operations and hiring requirements per division. However, all members of the HI Group follow all labor laws, including laws on minimum wage.

Discussion on Opportunities

HI Group identified opportunities to improve employee hiring and retention through matching benefits with market demands and improved training programs. These are discussed in the sections below.

At present, there are no available data on industry benchmarks for attrition rates in holding companies. HI Group will benchmark performance once the data is available.

Security Group is looking into offering seminars on gender sensitivity for their employees. This is expected to result in a better working relationship among employees and better interactions between employees and customers.

Employee benefits

Across the HI Group, the Company ensures that employees receive government-mandated benefits such as SSS, PhilHealth, Pag-ibig, and leaves. On top of these, the Divisions offer varying benefits and incentives to their respective employees.

A comprehensive list of HI Group’s employee benefits and rate of coverage and availment are outlined below:

A. Government-mandated benefits

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
SSS	Automotive	Y	100.00%	100.00%	100.00%	100.00%
	Pharmaceutical	Y	100.00%	63%	100.00%	37%
	Property Management Services		100%	97%	91%	92%
	RCBC Realty	Y	100.00%	100.00%	100.00%	100.00%
	Landev	Y	100.00%	92.00%	100.00%	75.00%
	Greyhounds Security	Y	100.00%	100.00%	100.00%	99.62%
	Energy	Y	100.00%	6%	100.00%	5%
	Construction ¹	Y	100.00%	.15%	100.00%	0%
	Education	Y	74.78%	45.35%	68.08%	39.93%

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
	HI Parent	Y	100.00%	95.00%	100.00%	96.88%
PhilHealth	Automotive	Y	100.00%	100.00%	100.00%	100.00%
	Pharmaceuticals	Y	100.00%	63%	100.00%	37%
	Property Management Services		100%	97%	100%	92%
	RCBC Realty		100.00%	100.00%	100.00%	100.00%
	Landev	Y	100.00%	92.00%	100.00%	75.00%
	Greyhounds Security	Y	100.00%	100.00%	100.00%	99.62%
	Energy	Y	100.00%	8%	100.00%	2.83%
	Construction ¹	Y	100.00%	.07%	100.00%	.75%
	Education	Y	74.94%	31.59%	67.94%	30.38%
	HI Parent	Y	100.00%	95.00%	100.00%	96.88%
Pag-ibig	Automotive	Y	100.00%	100.00%	100.00%	100.00%
	Pharmaceuticals	Y	100.00%	63.00%	100.00%	37.00%
	Property Management Services	Y	100.00%	97.00%	100.00%	92.00%
	RCBC Realty	Y	100.00%	100.00%	100.00%	100.00%
	Landev	Y	100.00%	92.00%	100.00%	75.00%
	Greyhounds Security	Y	100.00%	100.00%	100.00%	99.62%
	Energy	Y	100.00%	100.00%	100.00%	100.00%
	Construction ¹	Y	100.00%	100.00%	100.00%	100.00%
	Education	Y	74.78%	36.85%	68.08%	38.72%
	HI Parent	Y	100.00%	95.00%	100.00%	96.88%
Parental Leaves ²	Automotive	Y	100.00%	5%	100.00%	2.31%
	Pharmaceutical	Y	100.00%	9%	100.00%	4.88%
	Property Management Services		81.00%	0%	86.00%	2.00%
	RCBC Realty	Y	43.00%	0%	58.00%	0%
	LandDev	Y	100.00%	0%	100%	6%
	Greyhounds Security		100.00%	.05%	100%	.005%
	Energy	Y	100.00%	0%	100%	0%
	Construction ¹	Y	100.00%	.03%	100.00%	.01%
	Education	Y	33.53%	13.87%	34.09%	34.06%
	HI Parent	Y	100.00%	1%	0%	0%

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
Vacation Leaves	Automotive	Y	100.00%	81%	100.00%	87%
	Pharmaceuticals	Y	100.00%	63%	100.00%	37%
	Property Management Services		100.00%	63%	99%	53%
	RCBC Realty	Y	100.00%	89.29%	100.00%	81.82%
	Landev	Y	100.00%	92%	98.00%	75%
	Greyhounds Security	Y	100.00%	8.74%	100.00%	80%
	Energy	Y	100.00%	86.00%	100.00%	74.29%
	Construction ¹	Y	100.00%	2.68%	100.00%	.01%
	Education	Y	63.28%	87.78%	59.85%	85.24%
	HI Parent	Y	100.00%	93.00%	100.00%	96.88%
Sick Leaves	Automotive	Y	100.00%	66.00%	100.00%	71.00%
	Pharmaceuticals	Y	100.00%	63%	100.00%	37%
	Property Management Services		100.00%	44%	100.00%	59%
	RCBC Realty	Y	100.00%	32.24%	100.00%	22.73%
	Landev	Y	100.00%	92.00%	100.00%	75.00%
	Greyhounds Security	Y	100.00%	8.74%	100.00%	80.00%
	Energy	Y	100.00%	54%	100.00%	44.76%
	Construction ¹	Y	100.00%	15.98%	100.00%	63.20%
	Education	Y	63.28%	61.65%	59.85%	62.48%
	HI Parent	Y	100.00%	93.00%	100.00%	96.88%
List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
Medical benefits (aside from PhilHealth)	Automotive	Y	100.00%	46.15%	100.00%	25.38%
	Pharmaceutical	Y	100.00%	69.00%	100.00%	41.00%
	Property Management Services		100.00%	98%	100.00%	100.00%
	RCBC Realty		100.00%	96.77%	100.00%	100.00%
	Landev	Y	100.00%	96.00%	100.00%	100.00%
	Greyhounds Security	Y	100.00%	96.00%	100.00%	100.00%
	Energy	Y	100.00%	0%	100.00%	0%
	Construction ¹	Y	100.00%	11.10%	100%	53.22%

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
	Education	Y	63.71%	37.68%	59.42%	38.40%
	HI Parent	Y	100.00%	95.00%	100.00%	93.75%
	Automotive	N				
Housing assistance (aside from Pag-ibig)	Pharmaceutical	Y	100%	5%	100%	6.36%
	Property Management Services					
	RCBC Realty	N				
	Landev	N				
	Greyhounds Security	N				
	Energy	N				
	Construction ¹	Y	Provision of onsite housing and bunkhouses in project sites for deployed employees >> Offered to both Permanent and Temporary employees, Usage statistics not available			
	Education	N				
	HI Parent	N				
	Retirement Fund (aside from SSS)	Automotive	Y	100.00%	21.15%	100.00%
Pharmaceutical		Y	100.00%	63%	100.00%	37.00%
Property Management Services			67%	51%	64%	43%
RCBC Realty						
Landev		Y	100.00%	56.00%	100.00%	30.56%
Greyhounds Security		Y	100.00%	98.06%	100.00%	99.70%
Energy		Y	100.00%	0%	100.00%	0%
Construction ¹		Y	100.00%	.12%	100.00%	2.52%
Education		Y	14.60%	1.17%	9.40%	.67%
HI Parent		Y	100.00%	84.00%	100.00%	75.00%
Construction ^{1,3}		Y	100.00%	.16%	100.00%	.560%
Education		Y	16.63%	1.89%	16.71%	1.00%
HI Parent		N				
Company stock options	Automotive	N				
	Pharmaceutical	N				
	Property Management Services					
	RCBC Realty					

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
	Landev	N				
	Greyhounds Security					
	Energy	N				
	Construction ¹	Y	100.00%	0.00%	100.00%	0.00%
	Education	N				
	HI Parent	N				
Telecommuting	Automotive	Y	100.00%	15%	100.00%	.05%
	Pharmaceutical	N				
	Property Management Services		33%	33%	33%	33%
	RCBC Realty					
	Landev	Y	100.00%	100.00%	100.00%	100.00%
	Greyhounds Security	N				
	Energy	N	100.00%	96.00%	100.00%	53.00%
	Construction ¹	Y	100.00%	Work Arrangement WFH, ROW & FCL	100.00%	Work Arrangement WFH, ROW & FCL
	Education	Y	62.84%	83.33%	53.82%	83.33%
	HI Parent	Y	100.00%	100.00%	100.00%	100.00%
Flexible Working Hours	Automotive	Y	100.00%	15%	100.00%	.09%
	Pharmaceutical	Y	100.00%	57%	100.00%	35%
	Property Management Services		67.00%	36.00%	67.00%	34.00%
	RCBC Realty					
	Landev	Y	100.00%	100.00%	100.00%	100.00%
	Greyhounds Security	Y	100.00%	8.74%	100.00%	.80%
	Energy	Y	100.00%	16.00%	100.00%	28.00%
	Construction ¹	N				
	Education	Y	67.87%	100.00%	34.26%	100.00%
	HI Parent	Y	100.00%	100.00%	100.00%	100.00%
Others	Automotive	Life insurance, uniform allowance (all permanent employees)				
	Pharmaceutical					
	Property Management Services					

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
	RCBC Realty					
	Landev					
	Greyhounds Security		Uniform allowance (all permanent employees)			
	Construction ¹		Burial assistance, HMO, Group personal insurance (all permanent employees)			
	Education					
	HI Parent					

1 For Construction Division, government-mandated benefits are received by both permanent and temporary employees.

2 Parental Leaves include Maternity, Paternity, and Solo Parent leaves.

3 Landev Corporation tracks leave availments by number of days used, not by number of employees who used the leaves. This will be tracked in the future.

B. Non-government-mandated benefits

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
Medical benefits (aside from PhilHealth)	Automotive	Y	100.00%	46.15%	100.00%	25.38%
	Pharmaceutical	Y	100.00%	69.00%	100.00%	41.00%
	Property Management Services	Y	100.00%		100.00%	
	RCBC Realty	Y	100.00%		100.00%	
	Landev	Y	100.00%	96.00%	100.00%	100.00%
	Greyhounds Security	Y	100.00%		100.00%	
	Energy	Y	100.00%		100.00%	
	Construction ¹	Y	100.00%	11.10%	100%	53.22%
	Education	Y	63.71%	37.68%	59.42%	38.40%
	HI Parent	Y	100.00%	95.00%	100.00%	93.75%
Housing assistance (aside from Pag-ibig)	Automotive	N				
	Pharmaceutical	Y	100%	5%	100%	7%
	Property Management Services					
	RCBC Realty	N				
	Landev	N				
	Greyhounds Security	N				
	Energy	N				

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
	Construction ¹	Y	Provision of onsite housing and bunkhouses in project sites for deployed employees >> Offered to both Permanent and Temporary employees, Usage statistics not available			
	Education	N				
	HI Parent	N				
Retirement Fund (aside from SSS)	Automotive	Y	100.00%	21.15%	100.00%	36.92%
	Pharmaceutical	Y	100.00%	69%	100.00%	41.00%
	Property Management Services					
	RCBC Realty					
	Landev	Y	100.00%	56.00%	100.00%	30.56%
	Greyhounds Security		100.00%	98.06%	100.00%	99.70%
	Energy	Y	100.00%	0%	100.00%	0%
	Construction ¹	Y	100.00%	.12%	100.00%	2.52%
	Education	Y	14.60%	1.17%	9.40%	.67%
HI Parent	Y	100.00%	84.00%	100.00%	75.00%	
Further education support ²	Automotive	N				
	Pharmaceutical	N				
	Property Management Services					
	RCBC Realty	N				
	Landev	N				
	Greyhounds Security	N				
	Energy	N				
	Construction ^{1,3}	Y	100.00%	.16%	100.00%	.560%
	Education	Y	16.63%	1.89%	16.71%	1.00%
HI Parent	N					
Company stock options	Automotive	N				
	Pharmaceutical	N				
	Property Management Services					
	RCBC Realty					
	Landev	N				
Greyhounds Security						

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
	Energy	N				
	Construction ¹	Y	100.00%	0.00%	100.00%	0.00%
	Education	N				
	HI Parent	N				
Telecommuting	Automotive	Y	100.00%	15%	100.00%	.05%
	Pharmaceutical	N				
	Property Management Services					
	RCBC Realty					
	Landev	Y	100.00%	100.00%	100.00%	100.00%
	Greyhounds Security	N				
	Energy	N				
	Construction ¹	Y	100.00%	Work Arrangement WFH, ROW & FCL	100.00%	Work Arrangement WFH, ROW & FCL
	Education	Y	62.84%	83.33%	53.82%	83.33%
HI Parent	Y	100.00%	100.00%	100.00%	100.00%	
Flexible Working Hours	Automotive	Y	100.00%	15%	100.00%	.09%
	Pharmaceutical	Y	100.00%	63%	100.00%	39%
	Property Management Services					
	RCBC Realty					
	Landev	Y	100.00%	100.00%	100.00%	100.00%
	Greyhounds Security	Y	100.00%	8.74%	100.00%	.80%
	Energy	Y	100.00%	28.00%	100.00%	16.34%
	Construction ¹	N				
	Education	Y	67.87%	100.00%	34.26%	100.00%
	HI Parent	Y	100.00%	100.00%	100.00%	100.00%
Others	Automotive	Life insurance, uniform allowance (all permanent employees)				
	Pharmaceutical					
	Property Management Services					
	RCBC Realty					
	Landev					

List of Benefits	Business Unit	Y/N	FEMALE		MALE	
			% coverage	% availed	% coverage	% availed
	Greyhounds Security		Uniform allowance (all permanent employees)			
	Construction ¹		Burial assistance, HMO, Group personal insurance (all permanent employees)			
	Education					
	HI Parent					

1 For Construction Division, non-government-mandated benefits are offered to permanent employees only, unless otherwise stated.

2 “Further educational support” refers to post-graduate studies and certifications. Benefits discussed here are specific benefits offered by each division. In general, all YGC employees enjoy discounts when enrolled in MESI for further studies.

3 For Construction, all regular employees may apply for company-sponsored scholarships. But in 2020, employees availed of scholarships available to YGC employees.

Employee benefits

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Comprehensive benefit packages, along with competitive employee remuneration, help the HI Group retain productive talents. However, a key risk of increasing employee benefits is cost pressure.

HI Group regularly reviews and updates our salary structure to align with the market. Employees also receive annual performance evaluations, with high-performing employees receiving salary adjustments and promotions. The Group also continuously upgrades employee benefits, including the health management of employees. The Group regularly reviews the career paths of employees.

As part of career development, HI Group regularly reviews the career paths of employees. The Group also provides challenging assignments to high-potential employees to prepare them to assume bigger and higher responsibilities.

During the Enhanced Community Quarantine (ECQ), all our business units continued to pay the salaries of all employees without charging these to their leaves and other benefits. In our construction division, salaries for workers were paid despite work stoppage on projects during ECQ. Some members of the group also advanced the payment of part of their 13th month pay. We believe that it is our duty to ensure that our employees should not be deprived of the means to provide for themselves in these uncertain times. In addition, we ensured that our people had access to RT-PCR testing centers through the T3 (Test Trace Treat) public-private partnership.

Discussion on Opportunities

With the changes in workforce demographics and with it employee expectations, there are opportunities for HI Group to look for ways to improve its employee compensation and benefits package. The companies can ride the wave of the growing preference for alternative working arrangements and more flexible benefits.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees ¹	338,395.01	hours
a. Female employees	69,117.29	hours
b. Male employees	269,277.72	hours
Average training hours provided to employees ¹	13.29	hours/employee
a. Female employees ²	20.74	hours/employee
b. Male employees ²	12.17	hours/employee

¹ Training hours from the following divisions: Automotive, Property Management Services, Energy, Construction, Education, HI Parent. Includes training hours for both permanent and temporary employees.

Employee training and development

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

A productive workforce is essential to the Company’s growth. Sufficient investment in employee training and development is needed. Key risks associated with inadequately trained employees include poor customer service, lower organizational productivity, and increased attrition and turnover. Likewise, these may significantly impact brand and reputation.

As such, HI Group continually invests in developing talents by providing relevant training and career development programs to effectively equip them with the skills and knowledge necessary to perform their work. Average training hours per employee in 2020 was 13.9 hours.

The Company’s training program is anchored on the Company’s goals and business plans. It is designed based on the training needs analysis (TNA) conducted by HR and the employees’ department head. It is important to carry out a proper training needs assessment to determine what kind of training the employees need to make sure that they are confident and competent in completing the tasks the Company needs them to do.

To effectively carry out the training needs assessment, the divisions of the HI Group conduct the following processes:

1. Review of Company’s Vision and business goals and objectives – Outline the Company’s goals and objectives. All training initiatives must be in sync with the business goals and objectives of the company.
2. Job Analysis – Analyze the specific jobs and tasks that need to be carried out by employees. The process can help the Company identify how a task contributes to meeting the goals and objectives of the organization.
3. Individual Assessment – Looking at performance gaps will help the Company ascertain whether there are skills lacking in individuals or the whole group. Performance gaps may not always be across-the-board that require training for all employees in the organization. The Company is also considering the role of each employee and how it contributes to the business goals of the organization, measuring their level of competence, skill, and knowledge in their current role or even in other areas. Hence, the training program and investment is properly targeted to bring the desired results to the company and employees.

Discussion on Opportunities

HI Group Divisions can work on enhancing the systems for tracking outputs and outcomes of training and career development programs. HI Group acknowledges the gap between average training hours provided to male and female employees. As such, there is an opportunity for the Companies to strengthen gender perspective to the approach to talent development. The Companies constantly seek and enhance adaptation of new forms of learning which can include cross-posting and e-learning.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements		
<ul style="list-style-type: none"> Education (2 unions; includes all permanent employees of Mapúa University, except the Confidential permanent employees and the Deans of the Schools) 	21.97%	Percent ¹
<ul style="list-style-type: none"> Construction (1 union; includes permanent rank-and-file and supervisory employees of EEI Corporation with at least one (1) year of service) 	62.46%	Percent ¹
<ul style="list-style-type: none"> Pharmaceutical (1 union; includes non-managerial sales employees) 	70%	Percent ¹
Number of consultations conducted with employees concerning employee-related policies		
<ul style="list-style-type: none"> Education 	Upon request	
<ul style="list-style-type: none"> Construction 	Upon request	
<ul style="list-style-type: none"> Pharmaceutical 	At least 8	Formal engagements

¹ Percentages based on permanent employees. Temporary employees are not eligible as members of the unions.

Labor management relations

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI companies respect employee rights to freedom of association and collective bargaining. The companies ensure that platforms for grievances are well-established and communicated to our employees.

Proper dialogues with our employee unions are conducted to address their concerns. Three Divisions in the HI Group have labor unions: Education, Construction, and Pharmaceutical. The unions cover 21.97% (Education), 62.46% (Construction), and 70% (Pharmaceutical) of permanent employees, respectively.

Each division has their own engagement policies and procedures for the labor unions.

- Education – There are two unions in Mapúa University: Faculty Association of Mapúa Institute of Technology (FAMIT) [faculty union] and Mapúa Institute of Technology Labor Union (MITLU) [non-teaching employees' union]. There are regular Labor Management Council (LMC) meetings, with adherence to transparent and frequent communication under Collective Bargaining Agreement (CBA) processes.
- Construction – The office of the EEI Staff and Supervisory Employee Union (EEI-SSEU) is located in the Construction Division's head office. They are given a corporate email and landline as direct communication channels to the Division. The union actively represents the interests of the

employees of EEI Corporation by coordinating with Construction’s Employee Relations Department (ERD) in the discussion of cases/issues concerning employees. The union is also part of the Grievance Committee, so they can set meetings with Construction HR if any concerns arise.

- Pharmaceutical – Formal engagements with the union are done via quarterly Labor Management Cooperation (LMC) and meetings with the President. There is also a quarterly town hall for all employees. However, employees can also consult with the company as soon as concerns arise.

Discussion on Opportunities

To ensure that there is a fair and transparent resolution of all union-related issues, the respective Divisions will continue the regular engagement discussions with the unions to thresh out labor related issues before they become full-blown labor cases. The engagement discussions may also be used as avenues to eventually agree on the policies that would be beneficial to both management and the employees and to ensure that good relations between the union and the company is maintained.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	13.09%	%
• Permanent	66.95%	%
• Temporary	33.05%	%
% of male workers in the workforce	86.91%	%
• Permanent	26.60%	
• Temporary	73.40%	%
Number of employees from indigenous communities and/or vulnerable sector* ¹	588	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).
¹ Includes Temporary Workers

Diversity and equal opportunity

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The HI companies value diversity by observing non-discriminatory practices in the hiring process, and instead focusing on the capabilities of potential employees. This allows the Group to reduce risks associated with lack of diversity, including unwanted limitations in perspective that can affect effective product and service development and highly-informed decision making. Promoting diversity can also help manage risks to brand and reputation.

The large discrepancy in the overall male-to-female ratio of HI Group (96.1% male vs 3.1% female, total of Permanent and Temporary employees) is due to the much-larger workforce of Construction Division that skews mostly male. With Construction taken separately, HI Group male-to-female ratio is 56.87% male vs 43.14% female. Security (under Property Management Services) is also majority male. More female workers are found in Pharmaceutical, Education, and HI Parent.

Division	MALE	FEMALE
Construction	96.90%	3.10%
All other Divisions	56.87%	43.13%
Automotive	64.96%	35.04%
Pharmaceutical	37.27%	62.73%
Property Management Services	91.20%	8.80%
Property Management Services	53.17%	46.83%
Security	96.61%	3.39%
Energy	67.74%	32.26%
Education	42.59%	57.41%
HI Parent	34.78%	65.22%

Construction Division maintains a TESDA-accredited training facility that provides free training and certifies workers for highly technical skills such as welding or pipefitting. The trainees are sourced from the provinces and impoverished parts of the country in order to equip them with the necessary skills for higher-paying work.

Discussion on Opportunities

Although HI Group companies conduct non-discriminatory practices in hiring, there are opportunities to increase female participation in traditionally male-dominated fields and vice-versa, which can positively impact brand and reputation and organizational perspectives. The lens of diversity also presents an opportunity for the HI Group to determine which diversity categories, beyond gender, are meaningful to their own industry and our local context.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Units	Cars	Property Management Services ¹	Energy	Construction ³	Education	TOTAL
Safe Man-Hours ²	#	183,922	142,200	1,761,247	Safe manhours: 3,182,976 Total manhours: 41,622,547	3,781,884	9,052,229
No. of work-related injuries	#	1	0	0	506	176	683
No. of work-related fatalities	#	0	0	0	0	0	0
No. of work-related Ill-health	#	0	0	0	0	0	0
No. of safety drills	#	0	0	0	0	4	4

1 Disclosure for Property Management Services is combined for RCBC Realty Corporation and Greyhounds Security, unless otherwise noted.

2 "Safe manhours" is defined as total number of continuous working hours since the last safety-related incident. This count resets to zero if an accident occurs. "Total manhours" is defined as Total Working Hours less Lost Time due to accident or other safety-related incidents. All figures are as of December 31, 2020.

3 Construction disclosures are for all ongoing construction projects in 2020, including non-infrastructure projects

*Safe man-hours is from RCBC Realty Corporation only

Occupational health and safety

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The HI Group has a strong safety culture. Business units where health and safety is of critical importance (e.g. Construction, Property Management, Energy, Security), comply with rules and regulations on occupational health and safety (OHS) standards. These BUs have a well-established OHS mechanism applicable to the respective businesses that includes safety procedures, training, and safety drills. The Group realizes the importance of ensuring the welfare and safety of its employees, in addition to potential reputational risk implications of worker accidents and fatalities.

Due to the sheer number of workers (25,474 by end of 2020) and nature of company projects, the Construction Division has highest exposure to employee health and safety risks within the Group. To manage these risks, the Division employs a fully staffed and competent Safety Department that ensures safe working practice is employed in all of projects. The Safety Department created a standardized policy and procedure on Workplace Conditions, Labor Standards, and Human Rights. Onsite, there are daily "Toolbox Meetings" to issue safety reminders and new policies, as well as to have a short warm-up exercise to ensure the workers are mentally alert. Moreover, safety violations are closely monitored and met with appropriate disciplinary actions to contain this risk. As a result, the Construction has been tapped by DOLE and other regulatory

agencies to provide safety seminars to other contractors.

The Education Division also has a significant exposure to health and safety risks, as the schools serve as hubs for thousands of students, faculty, and staff. Emergency procedures are in place and may be readily implemented in case of natural disasters such as floods, fires, earthquakes, and other situations such as bomb threats and pandemic events. Each school has a clinic staffed with healthcare providers to address injuries or sickness that occur on-campus. Health and safety reminders are also regularly communicated school-wide through postings in their websites, emails, and social media. Safety drills are also conducted regularly. First aid training is also given to both employees and students.

The Energy Division also has health and safety risks stemming from operations, including working at heights (especially in wind farm operations) and operating large equipment. To address this, Safety and Security Officers are assigned to all sites to ensure that safety and health standards are implemented. Onsite, there are daily “Toolbox Meetings” to issue safety reminders and new policies. All visitors to the power plants receive safety briefings and are provided with PPE. As a result, Energy Division’s operating power facilities were recognized for excellence in occupational safety by the DOE and Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES, Inc.) for five consecutive years (2015-2019).

The pandemic introduced a new risk that threaten the safety and well-being of our people in the workplace. Safety measures and protocols in the workplace and alternative work arrangements were provided to ensure that our people’s exposure to the virus is minimized.

Discussion on Opportunities

Construction Division has data and analysis on incidents. The Division plans to use this data to help mitigate future problems.

Education Division is the process of evaluating its health and safety protocols to ensure that such protocols cover all circumstances that may affect the health and safety of its employees and students, particularly in the event of calamities, natural disasters, and pandemic events. This includes the possibility of having regular structural audits to monitor and ensure the structural health of school buildings and other structures within the schools’ campuses.

Energy is looking into including pandemics in their health and safety protocols and business continuity procedures. Energy will also continue to cultivate the culture of health and safety across its operations.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Company	Y/N	Link or reference to policy
Forced labor	Automotive	N	
	Pharmaceutical	N	
	Property Management Services	N	
	Energy	N	
	Construction	N	
	Education	N	
	HI Parent	N	
Child Labor	Automotive	N	
	Pharmaceutical	N	
	Property Management Services	N	
	Energy	N	
	Construction	N	
	Education	N	
	HI Parent	N	
Human rights	Automotive	N	
	Pharmaceutical	N	
	Property Management Services	Y	Anti-Sexual Harassment Policy
	Energy	N	
	Construction	Y	<ul style="list-style-type: none"> Document for Required for Accreditation Procurement Code of Behavior
	Education	Y	Employee Manual
	HI Parent	N	

Labor laws and human rights

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As a member of the YGC, HI Group abides by the YGC Code of Business Conduct and Ethics. The business units also have their own specific policies. While forced labor, child labor, and human rights are not explicitly discussed in these policies, compliance with labor laws and human rights is implied as part of compliance

with all national and local laws and regulations around these issues.

Discussion on Opportunities

There is an opportunity for HI Group to strengthen commitment to the promotion of human rights especially since the Group is present in labor-intensive industries such as construction. The Group can include specific provisions on human rights including anti-child labor, anti-forced labor, and respect for vulnerable group in employee and vendor Codes of Conduct and other company policies, and mechanisms for due diligence.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Procurement provides essential procurement services to YGC members. All vendors are vetted and screened. Procurement also performs vendor management, strategic sourcing of repetitive items, management of big ticket purchases, enterprise spend analysis, and procurement risk management. It also develops, implements, and enforces procurement policies, procedures, guidelines, and practices for all YGC members.

Individual divisions may have their own Procurement departments with their own supplier accreditation policy. However, these policies must complement YGC policy and cannot be contrary to it.

Do you consider the following sustainability topics when accrediting suppliers?

Procurement Supplier Accreditation Policy:

Topic	Y/N	Link or reference to policy
Environmental performance	N	Not explicitly mentioned in the Supplier Accreditation Policy, but potential suppliers must submit copies of relevant valid environmental permits as part of the Supplier Profile Form required for accreditation.
Forced labor	N	Not explicitly mentioned in the Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Child labor	N	Not explicitly mentioned in the Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Human rights	N	Not explicitly mentioned in the Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Bribery and corruption	Y	Code of Ethics for Suppliers, section on Bribes, Kickbacks, and Gifts from Suppliers

Supplier Accreditation Policy of specific divisions:

Topic	Company	Y/N	Link or reference to policy
Environmental Performance	Pharmaceutical	N	
	Energy	Y	PERC-OP-01A Accreditation of Suppliers <ul style="list-style-type: none"> Required environmental permits, if any
	Construction	Y	Document Required for Accreditation 3.4.8 Legality of Existence <ul style="list-style-type: none"> Required environmental permits, if any
	Education	N	
Forced labor	Pharmaceutical	N	
	Energy	N	
	Construction	Y	Document Required for Accreditation 3.4.4 Man Power
	Education	N	
Child Labor	Pharmaceutical	N	
	Energy	N	
	Construction	N	
	Education	N	
Human rights	Pharmaceutical	N	
	Energy	N	
	Construction	N	
	Education	N	
Bribery and corruption	Pharmaceutical	Y	Clauses on anti-bribery and corruption
	Energy	Y	Section 18: Bribery as cause for blacklisting of accredited supplier
	Construction	Y	SCM-D-00-00-01 Procurement Code of Behavior
	Education	Y	Clauses on anti-bribery and corruption

Supply chain management

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As a member of the YGC, HI Group abides by the YGC Code of Business Conduct and Ethics and Supplier Accreditation Policy. The business units also have their own specific policies. While forced labor, child labor, and human rights are not explicitly discussed in our internal policies, compliance with labor laws and human rights is part of the legal compliance requirements that our supplier need to meet in our accreditation process.

The supplier accreditation process is subject to the following:

1. Endorsement of YGC Procurement Heads or officers of YGC
2. Needs of the company
3. Completion of the Supplier Profile Form, Company Profile, last three years of audited financial statements, and required regulatory documents (e.g. business permit, etc.)
4. Onsite visit by accreditation GM (for new suppliers of repetitive transactions and prospective big-ticket items costing Php 1 million and above)

5. Recommendation for accreditation approval by the Procurement Manager and GM.

The list of accredited suppliers is reviewed annually.

At present, the accreditation policy does not include assessment of environmental and social risks, aside from required regulatory compliance (e.g. DENR permits, DOLE clearance, etc.). The policy is also limited to Tier 1 suppliers, so this may limit the effectiveness of supplier assessment and key supply chain risks may be overlooked.

Aside from general procurement policies, the individual Divisions also have their own supplier accreditation policies. However, they do not include assessment of environmental and social risks, aside from required regulatory compliance.

Discussion on Opportunities

HI Group may explore enhancing supplier assessment across companies to include other sustainability criteria. However, the Group recognizes that in order to do so, the Group needs to work with suppliers on capacity building and with industry peers. Moreover, HI Group can also work on improved visibility in our supply chain to include other Tier 2 suppliers to enhance the evaluation of exposure to supply chain risks.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Maibarara Geothermal Power Project	Sto. Tomas, Batangas	Not Applicable	No	Not Applicable	Mitigating measures-formal and institutionalized environmental programs focused on site rehabilitation and protection through bio-engineering measures compliance to regulatory provisions and regular activities with the communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Nabas Wind Power Project	Nabas-Malay, Aklan	Not Applicable	No	Not Applicable	Enhance Measure-formal CSR and environmental program to ensure lasting and mutually beneficial relationship with stakeholders and the communities
Tarlac Solar Power Project	Tarlac City	Not Applicable	No	Not Applicable	
Infrastructure Project	Luzon Visayas Mindanao	Not Applicable	No	Y	Coordination with MMDA, LGU, and other applicable regulatory agencies for traffic management schemes
Buildings		Not Applicable	No	Y	
Electromechanical		Not Applicable	No	Y	Full Compliance with DENR, LGU and other gov't agencies for any damages in the environment and disturbance to biodiversity
Operation of schools (K-12, undergraduate, post-graduate)	Luzon, Mindanao	The poor (Class D and E) as part of NSTP Adoption of Communities	No	Traffic	Coordination with MMDA, LGU, and other applicable regulatory agencies for traffic management schemes

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: NOT APPLICABLE

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

Significant impacts on the local community

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Three divisions of the HI Group have significant impacts on their neighboring local communities: Construction, Education, and Energy.

As hubs for thousands of construction workers, faculty, and staff, Construction and Education have significant impacts on the local communities around the project areas. The most obvious positive impact is the increased number of businesses around the project areas that cater to the needs of the workers and students (e.g. eateries, dormitories, etc.), that then contribute to the economic development of the area. A potential negative impact is the increased traffic around the areas due to increased movement around the area of both people and equipment.

Construction and Education work with the local governments to develop traffic routing schemes to lessen the project areas' impacts on the traffic situation, and work with them to ensure that the traffic around the project areas do not impede the flow of non-project-related traffic.

As an operator of RE generation facilities, Energy Division has much less impact on the local community compared to standard fossil fuel power plants. However, impacts still exist through potential air pollution from the plants (geothermal) and competition for water resources. Energy Division mitigates these by complying with all environmental regulations and consistent engagement with the community.

An example of this the engagement between MGI (a subsidiary of Energy Division) and a nearby residential community. The community complained of the foul odor coming from operations. Hydrogen sulfide (H₂S) is a gas that is inherent in all geothermal fields and is not "generated". In 2013, MGI installed two Continuous Air Quality Monitoring Stations (CAMS) to monitor H₂S: one in the upwind and one in the downwind side of the project area, about 400-500m from the power plant complex. Results of the CAMS shows that H₂S levels are below the DENR ambient limits of 0.07ppm. Additional air quality monitoring through the services of a third party were implemented since 2015 following the complaints of the residents. MGI continues to dialogue with the community by giving numerous presentations explaining how a geothermal power plant operates and how its environmental and social impact are mitigated and managed.

Discussion on Opportunities

The HI Group is exploring ways to create better channels and standard protocols for communicating with members of the local community.

In the Construction Division, there is an opportunity to set a standard communication procedure in engaging with the communities surrounding their project sites, especially since its impacts are felt by a wide variety of people. Though the company is already able to communicate with them effectively, having a protocol to refer to when dealing with specific cases will be useful.

The Education Division has already implemented 100% distance learning in order to facilitate learning without the students having to come to school. For example, Mapúa has introduced Digital Rush – courses offered via online learning systems during the evening rush hour.

Despite the MGPP already meeting DENR standards, Energy Division is still studying H₂S abatement systems as part of its commitment to good community relations. These systems have not yet been installed in any local geothermal plants. Current considerations are their unconvincing success rates abroad, applicability to MGPP, and cost.

Customer Management

Customer Satisfaction

Business Unit	Customer	Topic of survey	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Automotive	Car buyers	Sales	No data	No. Done internally
	Car owners	Car servicing	No data	No. Done internally
Education	Students	Net Promoter Score	39%	No. Done internally
	Students	Student Happiness Survey	42.18	No. Done internally

1 Net Promoter Score is based on three schools (NTC, UNC, and APEC Schools), as MESI, MCL, and MCM had not yet completed their customer satisfaction surveys at the time of data collection and no data is available. It is a score between 1-10 which polls students. Those who scored you 9-10 are promoters, then you count the number of people who promote you.

2 Student Happiness Survey is based on two schools (NTC and MCM), as MESI, MCL, APEC Schools, and UNC had not yet completed their student happiness surveys at the time of data collection and no data is available.

Customer management

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Customer satisfaction is key to the sustainability of HI and its subsidiaries. It impacts customer loyalty and future sales. We see customer satisfaction as a measure of how we are able to meet our customers’ needs, which defines how we create value for our customers through our products and services. Product quality is key to us, especially as we are involved in the construction of public infrastructure, pharmaceuticals, and property management services where poor quality could lead to extremely high costs to property and human life. Any dissatisfied customer is an opportunity for us to review how we deliver value to them.

Customers of the HI Group companies may include private individuals, other businesses, and government. As such, customer satisfaction indicators vary per company depending on the type of customers they serve. The HI Group companies conduct qualitative and quantitative approaches to measuring customer satisfaction.

A summary of HI Group companies’ clients and how they are engaged:

Division	Customers	Engagement method	Measurement of Customer Satisfaction
Automotive	Private individual Business	Surveys	None
Pharmaceutical	Private individual (doctors)	Informal	None
Construction	Business Government	Surveys	No Survey conducted in 2020
Property Management Services	Business	Survey done every two years (last in 2018)	% Satisfaction score
Energy	Business	Meetings between PERC and	PERC’s delivery according to

Division	Customers	Engagement method	Measurement of Customer Satisfaction
		Client	agreed-upon contract
Education	Private individual	Surveys	Net Promoter Score, Student Happiness Survey

Discussion on Opportunities

Opportunities for improving customer management include more structured customer surveys (Pharmaceutical) and more frequent requests for customer feedback (Property Management Services). This is especially important for Property Management Services, as they are contracted by property owners as a third-party to manage their commercial buildings.

There are no identified opportunities for improvement in customer management for Construction and Energy, as their minimum commitments to their clients are set in contracts prior to the start of service and their success in delivery is all-or-nothing.

Health and Safety

Disclosure	Quantity	Units
Number of substantiated complaints on product or service health and safety*	5	#
Number of complaints addressed	5	#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon agencies.*

Health and safety

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI Group considers the health and safety of its products and services to be a top priority. The Group’s products range from vehicles, medicines, and schools (targeted towards individual consumers), property management, security, and energy (targeted towards businesses), and infrastructure (targeted towards government). HI Group ensures that its products and services adhere to the highest safety standards.

Automotive Division operates dealerships and service centers for Honda, Geely and Isuzu vehicles. As such, they have several touchpoints with customers on health and safety.

- Pre-sales: Automotive Division has quality control procedures for all vehicles that it sells.
- During sales: Automotive Division advises clients to attend seminars on defensive driving, road safety, and traffic ordinances during the releasing of their vehicle. The seminars are done by tapping the expertise of the Land Transportation Office (LTO) and MMDA
- Post-sales: Automotive Division emails and/or calls clients to remind them of the preventive maintenance schedule of their vehicles. If the manufacturer issues a product recall, Automotive Division ensures zero missed recall on the affected units.

Education Division owns and operates seven schools with numerous branches that serve as a hub for thousands of students, faculty, and staff. Health and safety in the schools are ensured through:

- Presence of designated Health and Safety Officers
- Videos on what safety procedures to do in case of earthquakes and fires were made part of the information and awareness campaigns for students and faculty

- Presence of onsite licensed healthcare professionals
- Presence of security guards at entrances and exits, roving guards, and CCTV

Pharmaceutical Division interacts directly with doctors and provides them full disclosures on required dosages and administration protocols of the medicines. This ensures patient safety as the doctors are able to prescribe the medicines appropriately.

Construction Division is a trusted partner in construction services. The Division ensures that all construction works are built to the safety specifications of regulatory bodies and the client. There are regular meetings between Construction's Quality Assurance and Quality Control Team and the client's Project Engineers. Final project acceptance by the client is one proof of Construction's compliance to safety standards. Safety during the provision of the construction service is also of the utmost importance. More information on Construction Division's safety practices while working may be found in the Occupational Health and Safety disclosures.

Property Management Services are responsible for ensuring a healthy and safe environment in their managed properties. Regular checking and preventive maintenance are performed on Building and Life Safety (BLS) equipment, such as smoke detectors, fire alarms, fire suppression systems, emergency lights, and others. Any malfunctions are quickly fixed. Each property also has a trained Emergency Response Team (ERT). Safety drills are also done with the participation of the tenants to ensure that the tenants know what to do in case of emergency.

Energy Division supplies electricity from renewable energy to the grid. Prior to the start of any project, a Grid Impact Study is done with the National Grid Corporation of the Philippines (NGCP) to ensure that the grid can handle the generated electricity. From the geothermal steam turbines, wind turbines, and solar panels, the electricity goes to the switchyard then to a switching station so it can be safely (with correct voltage) distributed through the transmission lines, and finally to household and industrial end-users. The switchyard and switching station are owned and regularly maintained by Energy Division.

In 2020, EEI received five(5) complaints from Government and Local Agencies and complaints/violation were resolved/address immediately. Among these are: (1) DOLE issued a Stop Work Order in Skyway Extension regarding a falling Uni-Bridge Steel Girder (2) DENR/LLDA, violation of RA 8749 Philippine Clean Air Act of 1999 and PD 1586 and three (3) LGU Community Lockdown Complaints for Taguig, Cavite and Pangasinan

Discussion on Opportunities

HI Group Divisions are constantly evaluate their policies to ensure that they continue to protect customer health and safety and that the policies are updated and compliant with current laws and regulations.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labelling

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI Group companies take particular care to not misrepresent itself or its products to its customers and other stakeholders. Risks include loss of reputation of the companies, especially now with the widespread use and reach of social media. The reputations of the various companies, as well as their recognition as part of the YGC, are part of their marketing strength.

Each Division has a Marketing team that double-checks all client- and public-facing materials to ensure that all claims are accurate. For time-sensitive information such as rankings, ratings, certifications, and accreditations, time references are always included in the materials. Periodic review of the divisions' websites and other relatively permanently available materials are also done to ensure that they are updated and accurate.

Discussion on Opportunities

Construction Division identified that upgrading qualifications/certifications is an opportunity not just to provide customers with higher quality products, but also to increase reputation and corporate branding. The Division consistently seeks to improve itself by upgrading qualifications and reputation by adopting world-class standards of operations and business process. Their management continues to support initiatives of the Division to acquire certifications alluding to the capability and competitiveness of the Division.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Customer privacy

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As a matter of policy, HI Group companies respect and uphold data privacy rights and ensure that all personal data collected from customers, suppliers, and other third parties are processed pursuant provisions of the Data Privacy Act of 2012 as reflected in each company's Data Privacy Manual. Risks due to loss of customer privacy include damage to the companies' reputations, disruption of operations, legal liability under new and amended laws, regulations, and guidelines, as well as contracts, and financial cost.

Designated Data Privacy Officers at HI Parent and the Divisions are tasked to ensure compliance with the Data Privacy Act by implementing the data privacy policies of their respective companies. Privacy notices

and data privacy statements are present in documents so that both internal and external customers are informed of how their information will be used. The Divisions also have policies and protocols in place to handle complaints and inquiries on data privacy. As part of YGC policy, all HI Group employees are required to complete the annual IT security and data privacy training.

In 2020, HI Group had no substantiated complaints on customer privacy. The Group continues to strengthen its internal systems and work with our stakeholders to enhance data security.

Discussion on Opportunities

HI Group companies are currently evaluating their policies to ensure that they continue to secure customer information and that the policies are updated and compliant with current laws and regulations.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	1	#

Data security

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Divisions within the HI Group have their respective IT policies on data security, such as a Data Privacy Manual, which are strictly implemented and regularly updated by their respective departments. The Data Privacy Manual includes the procedure on reporting an incident and the process of assessment and investigation. Mishandling and unauthorized disclosures of personal information of our stakeholders such as customers and vendors may lead to legal or regulatory sanctions.

Each Division under the HI Group has its respective policies and procedures in case of data breach, or violation of data security policies. The Divisions also have existing data management policies, guidelines, and procedures for handling and reporting data breaches. They have close coordination and consultation with critical departments such as HR and IT for intensive processing of information. Audits of the data security policies and systems are also conducted per the HI Internal Audit schedule. Employees are made aware of the data security policies and attest that they understand and will apply the policy.

In 2020, the construction division has one incident of data breach by an employee. All data was quickly recovered and sanctioned. The Group continues to strengthen its internal systems and work with our stakeholders to enhance data security.

Discussion on Opportunities

The HI Group companies are currently evaluating their policies to ensure that they continue to secure their data and that the policies are updated and compliant with current laws and regulations.

The individual Divisions are also conducting their own Data Security seminars for their personnel. There is an opportunity to expand and monitor the programs to ensure that all employees are aware of the Data Privacy Manual and their responsibilities.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
		<p>Sustainability problems include:</p> <ol style="list-style-type: none"> 1. Discharge sewerage water and use of polluting chemicals and hazardous waste 2. Impact on how the Corporation ensure conservation, restoration and sustainable use of land particular forests, wetlands, mountains and drylands, in line with obligations under Philippine Law 3. Solid waste 4. Air pollution 5. Low-cost fuels. 6. Traffic Congestion 	<p>by continuously improving energy efficiency, setting emissions reductions and to resilience in the Corporation's operations, supply chains and the communities in which the Corporation operate.</p> <p>c) The corporation will ensure full compliance and implementation of environmental law for the conservation and sustainable use of oceans and their resources.</p> <p>d) Ensure monitoring of the following:</p> <ol style="list-style-type: none"> 1. total water discharge data by destination across operation 2. CO2e savings of each projects. 3. waste management and how the corporation will improve and generating value from waste. <p>e) For future projects, the Corporation will be committed to implement responsible sourcing practices beyond compliance - applying environmental and social safeguards</p> <p>f) Measure, manage and mitigate impacts on ecosystems and</p>

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
			natural resources, this will be included in the WOW reporting.
	Uplift Livelihood	Possible impact: 1. Gender segregated industry 2. Legal Dispute Inequality and discrimination	a) Revise policy on Vendor Survey and Qualification to identify child labor and forced labor throughout supply chains, and implement remediation when abuses are discovered. b) Continuous firm implementation of policy against unfair hiring and recruitment practices, particularly of vulnerable groups such as migrant workers. The company is committed to: c) Pay equal remuneration, including benefits and for work of equal value to all women and men. d) Zero-tolerance policy towards all forms of violence at work e) Equal opportunity and to entrenched gender stereotypes for any promotion, trainings and even in decision making The Corporate will use leverage to address adverse the impacts. Such leverage can also be used

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
			to encourage changes in programs and activities that may exclude workers based on factors such as age, gender, religious beliefs, disability, national origin, or ethnicity.
	Support for Nation Building	<p>Possible Impact</p> <ol style="list-style-type: none"> 1. Computing and technology-based skills are of significant value to the Corporate business. Considering the demand of sophisticated infrastructure, there is a need for advance technologies which have great impact on the economic growth and societal progress. 2. The Corporation role is not only in providing specific infrastructure and services solutions, but also in contributing to the strategy that will support the overall optimization of urban systems to create safe, sustainable and disaster resilient cities. 3. Sustainable Cities and Communities 	<ol style="list-style-type: none"> a) Invest in new, resilient infrastructure or retrofit existing infrastructure to make it more sustainable. b) Establish standards and promote regulation that ensure projects and initiatives are sustainably managed. c) The Corporation will deliver solutions to improve energy efficiency in buildings we build. <p>Collaborate with cities and governments to find solutions to future mobility needs that minimize environmental impact while making transportation safer and more affordable for all.</p>
Subsidiary: Landev Corporation, RCBC Realty Corporation Property Management Services	Sustainable Buildings	Environmental and Social disaster	Training and compliance by all mandatory and regulatory training and compliance
Subsidiary: Hi-Eisai Specialty Medicines	Reduce mortality for non-	Inaccessibility of the	Strengthen quality

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	communicable diseases and promote mental health	medicines Health risk from drug disposal and destruction	control Compliance to proper drug disposal and destruction
Subsidiary: PERC Renewable Energy	Affordable and Clean Energy	Earth Moving activities during construction stage that will affect the environment	Commitments to highest environmental standards and employs a comprehensive environmental program consisting of (1) site rehabilitation and protection through bio-engineering measures, (2) compliance to regulatory agencies and monitoring mechanism, (3) annual environmental activities, (4) community involvement and participation.
Subsidiary: Cars Seller of Goods Seller of Service	Provides self-employment /livelihood Can provides convenience once owning a car Provide service to keep cars in good condition. Reduce negative impact to environment by reducing emissions caused by poorly maintained vehicles	Traffic congestion due to increased number of vehicles. Negative impact to environment due to emission of the additional vehicles Potential road accidents Air pollution	Provides service to keep the vehicles in good condition to reduce emission. Provides quality service to all customers. Conduct telemarketing and text blast to all UIO clients for on time PMS.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

Education

In 2020, 48,410 students were enrolled in IPO schools, from Elementary (K+12) to post-graduate. Sixty-one percent (61%) of the students also belonged to economic segments E, D, and C2, wherein their monthly household income ranged from below ₱10,000 to ₱64,999.

To increase enrollment of lower income and high-performing students (academic) especially during the time of the COVID pandemic, IPO provided ₱131,431,943.02 in scholarships to 4,144 students. IPO also assisted students in applying for government and privately-funded scholarships. To ensure that students will continue their schooling despite the COVID-19 pandemic, IPO schools also provided discounts and rebates on tuition and fees, reasonable payment and installment arrangements, and implemented other policies to help students in the payment of their tuition fees.

IPO's achievements in graduating students that are ready for higher education and/or the workforce can also be seen in the graduates' employment rate despite the COVID pandemic. In 2020, IPO schools produced 9,411 graduates in senior high school, undergraduate, and post-graduate. Graduation ceremonies were conducted online due to government restrictions imposed which prohibited mass gatherings including the conduct of (physical) graduation ceremonies during the COVID 19 pandemic. 63% received job offers within 120 days of graduation (data from NTC and APEC Schools). These graduates eventually become productive members of society. Aside from their individual benefit of earning a higher salary versus a non-graduate, graduates contribute more to economies through direct spending and taxes.

Aside from scholarships, providing affordable quality education that is accessible to the segments with lower income levels is also embedded in the business model of some IPO schools. APEC Schools, established in 2012, is a chain of private high schools offering affordable education from Grades 7 to 12, with the goal of preparing its graduates for immediate employment and/or to pursue higher education. It has managed to do this even while offering a tuition fee rate that is relatively lower compared to other private high schools. In 2020, APEC Schools enrolled 10,340 students across all campuses, with 34.39% of them belonging to segments D and E (with monthly household income of ₱24,999 and below). The schools also provided ₱ ₱4,012,632.50 in scholarships (does not include discounts, e.g. employee benefit, family discount, etc.).

To increase enrollment of lower income and high-performing students (academic and athletic), IPO provided ₱127,864,844.06 in scholarships to 1,593 students. IPO also assists students in applying for government- and privately-funded scholarships.

Fully online undergraduate degree programs were also offered in 2020. Mapua and MCL were given authority by CHED to offer fully online undergraduate courses, in addition to the fully online postgraduate degree courses previously offered. Mapua, MCL and MCM also implemented fully online admission and examination, and the use of e-books and online resources instead of traditional school textbooks for all undergraduate and Senior High School students through subscriptions to Wiley and Cengage. Such technologies are also currently being adopted by other IPO schools in addition to printing and delivery on modules for students for APEC, UNC and NTC. IPO schools likewise invested in subscription and use of online videoconferencing facilities such as Zoom, MS Teams, BB Collaborate, etc., and various digital tools and online learning resources (Coursera, LinkedIn Learning) to facilitate and/or supplement online learning.

IPO schools also converted manual processes to online processes, shifted to alternative work arrangements, video-conferencing for meetings and online facilities were used to transact business and to ensure operations are not hampered during the COVID pandemic. Online support services were also implemented such as online

medical consultation and counselling were provided for employees and students, and constant monitoring for COVID cases employees and students was also conducted.

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Renewable Energy

In the Philippines, the use of fossil fuels to generate electricity contributed 41.8% of the national energy mix in 2010, and increased by 3.7% every year. This contributes further to climate change and its worsening impacts. Given that Philippines is one of the most exposed and vulnerable countries to climate-related hazards such as extreme weather events and sea level rise, it is in our best interest to help in decarbonizing the energy sector.

PetroEnergy Resources Corporation (PERC) operates three renewable energy (RE) power plants under its subsidiary PetroGreen Energy Corporation:

- Maibarara Geothermal Inc (MGI), developer and operator of Maibarara-1 (20 MW) and Maibarara-2 (12 MW) Geothermal Power Project in Sto. Tomas, Batangas
- PetroWind Energy Inc (PWEI), developer and operator of Nabas Wind Power Project in Nabas-Malay, Aklan
- PetroSolar Corporation (PSC), developer and operator of Tarlac-1 and Tarlac-2 Solar Power Project

These projects contribute 1.6% of geothermal power, 7.8% of solar power, and 8.4% of wind power installed generating capacity (based on DOE 2018 baseline), totaling 1.9% of total RE installed generating capacity. In 2020, these projects generated 375,470 MWh of clean electricity for the Luzon-Visayas grid, equivalent to keeping 267,409.73 tons CO₂e out of the atmosphere.

Infrastructure

Currently, EEI Corporation has several infrastructure-related construction services and is continually developing its competencies on modern construct techniques to serve its clients better. This decision is with the recognition that basic public facilities such as roads, bridges, and railways that connect; seaports and

airports, water distribution systems and dams that harness water for irrigation and power generation are all vital towards the sustainable development and progress of our country.

Throughout the years, EEI has been a contractor of choice to build mass transportation options, hundreds of kilometers of national highways, and several bridges. The EDSA Metro Rail Transit (MRT) Project, built along Metro Manila's main artery and servicing up to 500,000 people per day, is a prime example of EEI's expertise in infrastructure. EEI also participated in the construction of the Subic-Clark-Tarlac Expressway, the South Luzon Expressway, the NAIA III Flyovers, the New Iloilo Airport, the Casecnan Irrigation Project, the Kamanava Flood Control and Bohol Irrigation Projects, and the LRT Line 1 Expansion Project.

As construction is a labor-intensive industry, EEI ensures it provides safe working environments for its people. In 2020, EEI employed 21,612 project workers for its various infrastructure, commercial, and residential projects around the Philippines.

As part of its commitment to occupational health and safety, EEI implements the following measures:

- Presence of a dedicated Safety Department
- Creation of standardized policy and procedure on Workplace Conditions, Labor Standards, and Human Rights
- Close monitoring of safety violations
- Regular Area Safety Assessment/Inspection both in the project and in the traffic management plan submitted to MMDA and the client
- OSH-related training for all project workers
- Provision of necessary PPEs for all project workers

Property Management Services

As the Philippines continues to develop, its cities will continue to expand as more buildings are constructed. These buildings will consume even more energy and water and generate more waste during their usable lifetime compared to during construction. In 2018, residential and commercial establishments consumed 28.3% and 24.1%, respectively, of the country's energy. As such, the property management services of HI's Property Management Services division serve vital purpose in reducing energy, water, and waste in the country.

RCBC Realty Corporation's flagship property is RCBC Plaza. RCBC Plaza received the Leadership in Energy and Environmental Design (LEED) for Existing Buildings: Operations and Maintenance (O+M) v3 Gold certification in 2018. RCBC Plaza was granted this distinction due to best practices in energy, indoor air quality, and water consumption that were implemented and monitored, and thus significantly reducing the resources needed to operate the building. Since the major improvements done in 2016, such as replacing the chillers and installing heat exchangers, GHG emissions from electricity use in the common areas decreased by 1,648.76 tons CO₂e (2019 vs 2016 baseline).

Health

Health is a basic human right. However, despite the introduction of social health insurance through the PhilHealth in 1995, still more than 50% of total health spending is still out of pocket. A number of medications are still out of reach to general population.

HI-Eisai serves helps address this by importing medication manufactured by Eisai, a leading global research and development-based pharmaceutical company headquartered in Japan. Eisai's therapeutic areas of focus are neurology and oncology. Flagship products include Fycompa©, an anti-epileptic agent; Halaven© for breast cancer; and Lenvima© for thyroid cancer. Nine other brands include gastro-intestinal, urology, and pain management medications.

HI-Eisai supports Filipino health by offering Patient Access Programs (PAPs) for low-income patients. Qualified patients can purchase their needed medications under a Buy 1-Take 2 program (three pills for the price of one), which ensures that they're able to complete their prescribed medication cycle.