

# Independent Assurance Statement



## Introduction

DNV AS Philippine Branch ("DNV") has been commissioned by the management of Metro Pacific Investments Corporation ("MPIC", SEC Identification Number: CS200604494) to undertake an independent assurance of the sustainability / non-financial disclosures in MPIC's 2021 Integrated Report ("the Report") for the year ending 31 December 2021. The intended users of this Assurance Statement are the management of the Company.

We performed a Type 2 Moderate Level of assurance using AccountAbility's AA1000 Assurance Standard v3 (August 2020, AA1000AS v3) and DNV's assurance methodology VeriSustain<sup>TM</sup>1, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised\*, along with the Global Reporting Initiative's ("GRI's") Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ("SASB's") industry-specific Standards. Our assurance engagement was planned and carried out from December 2021 to April 2022.

## Scope and Boundary of Assurance

The scope of assurance as agreed with the Company, included a review of sustainability disclosures and performance data from MPIC's Parent Company and its subsidiaries including Metro Pacific Tollways Corporation (MPTC), Manila Electric Company (MERALCO), Maynilad Water Services, Inc (MWSI), Light Rail Manila Corporation (LRMC).

The boundary of the Report for the identified material topics and topic-specific disclosures is as set out in the sections "About this Report" and "Environment Social and Governance (ESG) Reporting Methodology" of the Report. We evaluated the Report for adherence to the reporting principles for defining the sustainability report content using the principles of International <IR> Framework ("the <IR> Framework") and GRI Standards along with AA1000AS v3. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

## Responsibilities of the Management of MPIC and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. MPIC has stated that this Report has been prepared based on the Guiding Principles and Content Elements of the <IR> Framework and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards (2018 and GRI 306: Waste 2020) as well as the SASB Standards 2018 and TCFD for climate-related financial disclosures.

In performing our assurance work, DNV's responsibility is solely towards the Management of MPIC in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance engagement to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a Type 2, Moderate level of assurance based on AA1000AS v3 i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

## Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion, as part of our assurance engagement. We adopted a risk-based approach i.e., we concentrated our verification efforts on the issues of high material relevance to MPIC and its key stakeholders. A team of sustainability and assurance specialists reviewed non-financial disclosures related to the MPIC's headquarters in Makati City and selected businesses (MPTC, MWSI and LRMC) in the Philippines based on DNV's sampling plan. Due to the COVID-19 pandemic and associated travel restrictions, we undertook remote audits in line with DNV's remote assessment methodology as site visits were not possible. We undertook the following activities:

- Review of the non-financial sustainability-related disclosures in this Report;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;

- Conducted interviews with data owners from MPIC and its subsidiaries to understand the key processes and controls for reporting business units' performance data;
- Reviewed the approach towards materiality determination and stakeholder engagement through interviews with selected members of MPIC's senior management team and representatives responsible for management of MPIC's material topics. We were free to choose interviewees and interviewed those with overall responsibility for management of these topics and the findings were discussed and resolved with the Corporate Sustainability Team;
- Performed limited testing of data reliability, and through interactions with data owners at MPIC's Parent Company and three (3) operating companies – MPTC, MWSI and LRMC – reviewed the processes and systems for preparing site level sustainability data and the implementation of MPIC's sustainability strategy. We were free to choose the sites we sampled for our remote assessments;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

## Opinion and Observations

On the basis of the assurance work undertaken, nothing has come to our attention that causes us to believe that that MPIC's 2021 Integrated Report and referenced information does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework. Without affecting our assurance opinion, we also provide the following observations:

### AA1000 Accountability Principles Standard (2018)

#### Inclusivity

*People should have a say in the decisions that impact them.*

The Report details how its stakeholders (Employees, Investors and Creditors, Partners, Operating companies, Government and Regulators; Stakeholders, Customers and the Public, Local Communities) have been identified and prioritized based on how they are impacted through topics identified as material by MPIC. MPIC engages with these stakeholders through various formal and informal channels to identify and respond to key concerns raised by them. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Inclusivity.

#### Materiality

*Decision makers should identify and be clear about the sustainability topics that matter.*

The Report brings out MPIC's process for identification and prioritization of material topics based on activities that are critical to the operations of MPIC and its operating companies, and its stakeholders. The material topics identified were further approved by the Board of Directors through the Sustainability and Corporate Governance Committee, ensuring alignment with MPIC's purpose and vision. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

#### Responsiveness

*Organisations should act transparently on material sustainability topics and their related impacts.*

The Report brings out the Company's responses to key material issues through descriptions of the Company's policies, strategies and management systems including key performance indicators for the identified material topics. Also, the Report brings out the sustainability performance and process for value creation such as policies, strategies, governance mechanism, and management approach related to identified material topics, the overall business model and approach to value creation through six (6) capitals. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

#### Impact

*Organisations should monitor, measure, and be accountable for how their actions affect their broader ecosystems.*

The Report brings out how MPIC identifies the direct and indirect impacts related to its identified material topics and action plans to mitigate adverse

<sup>1</sup> The VeriSustain protocol is available on request from [www.dnv.com](http://www.dnv.com).

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impacts on stakeholders. Further, MPIC's measures, evaluates and monitors impacts through appropriate performance metrics demonstrating outcomes and outputs of its value creation processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

## Specific Evaluation of the Information on Sustainability Performance

We consider the methodology and process for gathering information developed by MPIC for its non-financial / sustainability performance reporting to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the reported sustainability activities and goals achieved for the reporting period.

## Reliability

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The Report brings out the methodology and approach related to qualitative and quantitative disclosures considering the principle of Reliability. The majority of data and information verified through assessments with the Company's Headquarters and sampled sites were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors were communicated and subsequently corrections made in the reported disclosures. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

## Additional principles as per DNV VeriSustain

### Completeness

*How much of all the information that has been identified as material to the organization and its stakeholders is reported.*

The Report brings out the Company's sustainability or nonfinancial disclosures based during the reporting year related to its material issues using appropriate GRI topic-specific Standards including the management approach, details of monitoring systems and performance indicators, and chosen SASB disclosures, for its identified boundary of operations in the Philippines. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

### Neutrality

*The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.*

The Report brings out the various sustainability issues, challenges, stakeholder concerns, and performance in a fairly neutral tone, in terms of content and presentation, applying adequate consideration to not unduly influence stakeholders' opinions made based on the reported disclosures. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

### Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by MPIC to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of MPIC's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and information are based on MPIC's Annual Report<sup>2</sup> and financial statements which are subject to a separate independent audit process. The review of financial data taken from the audited financial statements is not within the scope of our work.

The procedures performed in a Type 2 Moderate level of assurance engagement as per AA1000AS v3 vary in nature and timing and are shorter in extent than for a high level of assurance engagement. Consequently, the level of assurance obtained in a Moderate assurance engagement is substantially lower than

the assurance that would have been obtained if a high assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

## Statement of Competence and Independence


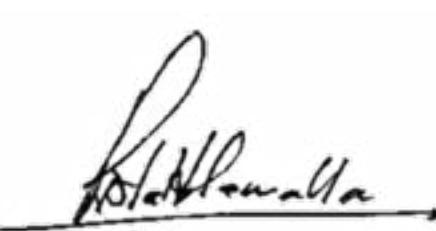

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>3</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements including the AA1000AS v3 Code of Practice. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

MPIC's operating company MERALCO develops its own Sustainability Report and seeks external assurance from DNV, independently. In our opinion, there is no conflict of interest in the assurance engagement provided to MPIC. DNV did not provide any services to MPIC in 2021 that could compromise the independence or impartiality of our work.

## Purpose and Restriction on Distribution and Use

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

## For and on behalf of DNV AS Philippine Branch, Manila, The Philippines

 N Sathishkumar Lead Verifier Head, Sustainability Services DNV Business Assurance Singapore Pte. Ltd.	 Percy Lakdawalla Regional Manager – APAC Supply Chain and Product Assurance DNV Business Assurance Singapore Pte. Ltd.	 Thamizharasi Kaliaperumal Assurance Reviewer Sustainability Services DNV Business Assurance India Private Limited.
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<sup>2</sup> Available at <https://www.mpic.com.ph/company-disclosures/>

<sup>3</sup> The DNV Code of Conduct is available on request from [www.dnv.com](http://www.dnv.com)