

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY RELATIONS MANAGEMENT POLICY

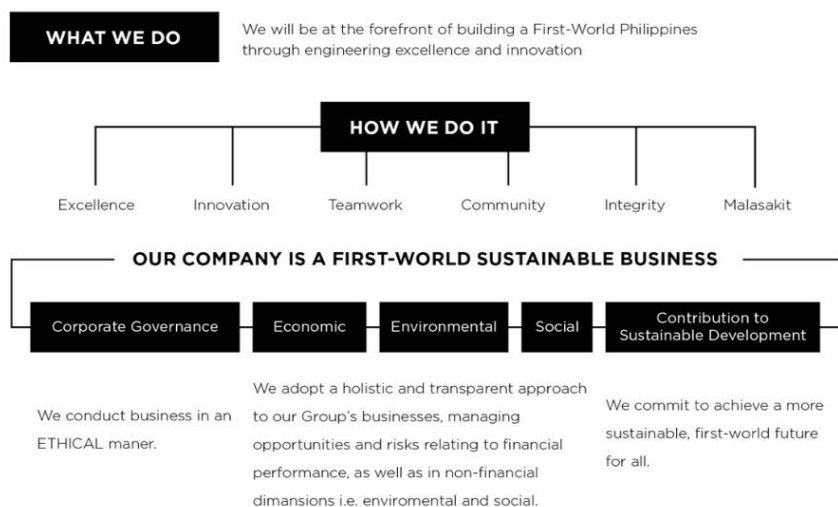
1.0 PURPOSE AND OBJECTIVES

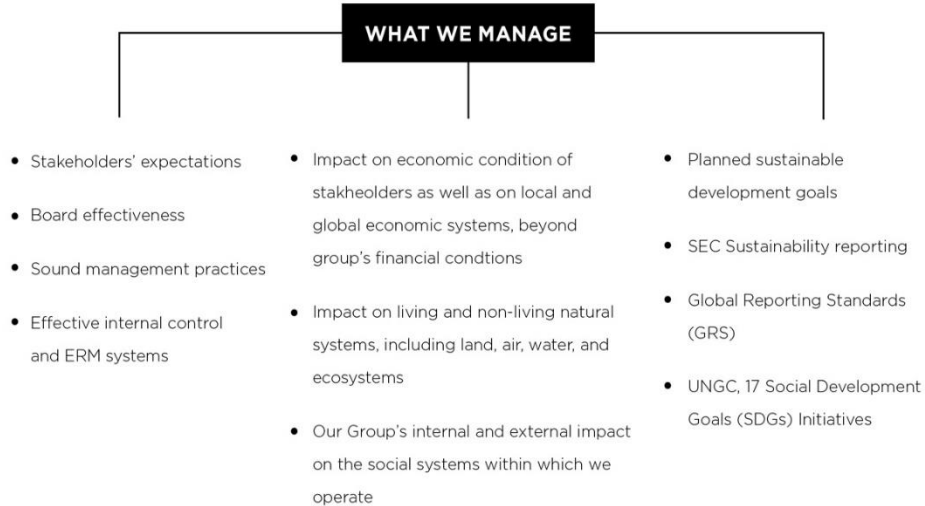
Megawide Construction Corporation (“Megawide”) and its affiliates (Megawide Group”), and the Megawide Corporate Foundation, Inc. (the “Foundation”), recognize the need to increase the impact of the Megawide Group’s sustainability programs and corporate social responsibility (“CSR”) projects and activities in the communities that the Megawide Group operates in, and create more opportunities for the Megawide Group’s involvement in community development.

To achieve mutual growth for the Megawide Group and its host communities, the Megawide Group and the Board of Trustees of the Foundation (the “Board”) have established and adopted a decentralization policy, wherein the SBUs shall be primarily accountable and responsible for the selection, implementation, and reporting of their flagship programs in their host communities. On the other hand, the Foundation shall provide the framework for the implementation of the Projects, consolidate the reports of the SBUs, and categorize the Projects, either as environmental or social initiatives, for Megawide’s sustainability reporting and Foundation’s compliance with regulatory entities.

As a publicly-listed company, Megawide recognized the best corporate governance practices and principles under Principle 10 of the Code of Corporate Governance for Publicly-Listed Companies which provides that PLCs should ensure that material and reportable non-financial and sustainability issues are disclosed. The disclosures shall emphasize the management of economic, environmental, social, and governance (the “EESG”) issues of the business, which underpins sustainability. As such, Megawide adopted the following Megawide Group’s 2021 Sustainability Reporting Framework, which shall be used in Megawide’s Annual and Sustainability Reporting to the Securities and Exchange Commission (“SEC”):

MEGAWIDE SUSTAINABILITY FRAMEWORK





Whereas out of the four (4) required focus areas or EESG to be reported on, the economic and governance (the “EG”) issues of the business have already been separately addressed by the Megawide Group, through the appointment of a Chief Compliance Officer to monitor corporate governance activities and programs, and an Executive Director/Chief Financial Officer to focus on the economic issues.

While the environmental and social (the “ES”) components under CSR are assigned to the Foundation and overseen by the Megawide Board’s Governance, Nomination, and Compensation Committee.

- Therefore, the adoption of this Policy is for the attainment of the following objectives:
- To achieve all-inclusive growth for the Megawide Group and its host communities.
- To ensure that sustainability programs, community work, engagements, and partnerships are embedded in the strategic initiatives of each SBU; and
- To improve the Megawide Group’s community involvement and stakeholder relations.

Given the foregoing, the Megawide Group and the Board have established and adopted this CSR Operations Management Policy (this “Policy”), which will govern and be the basis for the process and procedures in implementing the Projects in the Megawide Group.

2.0 ROLES AND RESPONSIBILITIES

2.1 THE ROLE OF THE FOUNDATION

- Set direction and guidance to the SBUs in conducting and implementing CSR and Community Relations projects that align with Social and Environmental program pillars by conducting focus group discussions with SBU heads and S&E Project Champions in a monthly manner.
- Assist the SBUs in the implementation of the Projects and the Megawide Engineering Excellence Scholarship Program (the “MEES”), by applicable rules and regulations of regulatory entities.
- Create and disseminate a CSR and Community Relations Handbook, which shall serve as a guide for the SBUs in conducting and implementing their Projects.
- Categorize the Projects, either as environmental or social initiatives, for sustainability reporting and compliance after receiving the activity report of each SBUs quarterly.
- Conduct CSR and Community Relations workshops and training in the Megawide Group quarterly.

- Establishing a CSR Committee, composed of the Foundation Team and CSR Project Champions of all the SBUs.
- Monitor and collect CSR project reports for proper reporting to the Foundation Board.

2.2 THE ROLE OF CORPORATE OFFICE

- Leads the preparation of Megawide's Annual and Sustainability Report, including content, visuals, and production, and ensures the accuracy of the information, in collaboration with the SBUs, and timely completion of ASR, for Megawide's Annual Stakeholders' Meeting every 30th of June.
- Engage services of an external sustainability reporting partner, who will assist in data gathering, analysis, and packaging by SEC guidelines, based on Global Reporting Initiative standards, or any global best practice benchmark.
- Handle the publication of the ASR across multi-media channels (i.e., print, website, social media) to ensure the widest reach possible.
- Create an Accounting Manual, that shall serve as a guide for the Foundation in terms of accounting procedure, special instructions, reporting requirements, and budgetary information.

2.3 THE ROLE OF THE SBUS

- The SBU head shall determine the CSR structure of their respective SBUs and shall ensure the following:
 - inclusion of CSR activities in the SBU's Strategic Plan.
 - appointment of the CSR Project Champion/s or the department or employee/s in charge of selecting and implementing projects based on community profile and assessment results; and
 - proactive participation, involvement, and engagement of all the SBU employees.
- However, the primary accountability for the Projects shall still lie on the SBU heads.
- Accountable and responsible for working closely with their host communities and concerned Local Government Units (LGUs).
- Identify the top three (3) relevant needs of the host communities and mobilize resources to respond to those needs of the community by implementing a flagship program align with Social and Environmental Initiatives.
- Comply and submit the following post-monitoring requirements within fourteen (14) working days after the implementation of the Project to the Foundation Team:
 - post-activity monitoring sheet,
 - photo-documentation,
 - list of participants of the Project; and
 - narration report
- Ensure that the status of the Projects is reported to the Board every quarter. SBU heads shall attend the regular and special meetings of the Board to discuss the status of Project implementation and best practices of each SBUs.
- Adopt the CSR Handbook created by Foundation that outlines the implementing policies and procedures customized to their respective local communities or business requirements.

2.4 FINANCE AND BUDGETING

- The SBUs shall allot a CSR budget in their Annual Operating Plans ("AOP"), including but not limited to sponsorships and execution of community activities, and other PAP materials (the "Budget").



- Allocate a portion of the Budget for disaster response projects, which shall provide immediate assistance to affected host communities (e.g., food relief, portable water donation, and temporary quarantine facility), in case of natural calamities.
- All financial transactions shall be based on the Budget. The utilization of the Budget shall be transparent and documented, and disbursements shall be subjected to annual internal or external auditing.
- The SBUs shall be responsible for ensuring proper liquidation and financial reporting of the project including the claiming allowable deductions about the operating expenses that they paid or incurred during the Project implementation.
- The Foundation shall prepare two (2) operating budget estimates, as follows:
 - budget for meeting Megawide's sustainability reportorial requirements.
 - budget for operating costs relating to its fiduciary responsibilities.
- Megawide shall annually donate to the Foundation the equivalent budgeted amounts upon the approval of Megawide's Chairman, Chief Executive Officer, and President. As such, the Foundation shall issue a certificate of donation in favor of Megawide, upon its receipt of the said donation, for Megawide's availment of tax deduction. *(Please see Annex "A" for the detailed guidelines on the budget preparation and proper accounting of relevant transactions.*

3.0 GUIDELINES FOR THE IMPLEMENTATION OF THE MEGAWIDE ENGINEERING EXCELLENCE SCHOLARSHIP (MEES) PROGRAM

3.1 PROGRAM DESCRIPTION

A full scholarship program for undergraduate students who will be taking up Civil, Mechanical, and Electrical Engineering or Architecture courses aims to provide financial, technical, and psychosocial support.

3.2 ROLES AND RESPONSIBILITIES

The Role of SBUs

- Accountable and responsible for implementing the MEES program by recommending courses, and schools including the budget in the Annual Operation Plan based on the need of the business which shall be donated to the Foundation annually in compliance with regulatory requirements.
- Involve in the implementation of the program through the following processes *(Please see Annex "E" for MEES Process Flow Involving SBU)*:
 - application process;
 - orientation process upon acceptance;
 - on-the-job training; and
 - hiring and cadetship.
- Impose a training bond that requires the scholars to work with the SBU for a minimum period of two (2) years. The Training Bond shall be equivalent to the total amount of the following:
 - financial assistance received by the scholar from MEES; and
 - life and technical skills training expenses incurred by the SBU for the scholar.

The Role of the Foundation

- Issue a certificate of donation in favor of each SBU upon its receipt of the donation, for the SBU's availment of tax deduction.
- Implement Case Management and disburse the MEES Budget accordingly.

4.0 GUIDELINES FOR THE SELECTION OF THE CSR PROJECT

4.1 COMMUNITY-BASED PROFILING








Before selecting the Projects, the SBUs shall be responsible for the preparation of a community profile to identify the concerns and needs of their host communities and concerned LGUs by conducting the following:

- **STAKEHOLDER MANAGEMENT** – conduct proper courtesy calls to the concerned LGU and host community key officials for the formal introduction of the intention to conduct community activities which shall be attended by the SBU's CSR Project Champion.
- **PROFILING** – prepare community profile by conducting data gathering and community visits to identify the problems, issues, concerns, hopes, and aspirations.
- **ASSESSMENT** – conduct a needs assessment together with the community leaders to identify the top three (3) concerns and needs of the host communities.
- **CONSULTATION** – conduct final consultation with the community regarding the outcome of the Community-based profiling.

4.2 PROJECT SELECTION

After identifying the top three (3) needs of the host communities, the SBUs shall be responsible for the selection of the Projects. During the selection process, the SBUs shall:

- Ensure that their primary focus is the identified needs of the host communities wherein the majority of beneficiaries are covered or affected.
- Be guided by the following Sustainable Development Goals of the United Nations ("SDGs"), with areas of focus on environmental and social, in the selection of their respective projects.

<div> SUSTAINABLE DEVELOPMENT GOALS</div>							
SOCIAL INITIATIVES				ENVIRONMENTAL INITIATIVES			
<div>4</div> <div>QUALITY EDUCATION</div> <div></div>	<div>1</div> <div>NO POVERTY</div> <div></div>	<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div></div>	<div>2</div> <div>ZERO HUNGER</div> <div></div>	<div>6</div> <div>CLEAN WATER AND SANITATION</div> <div></div>	<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div>	<div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div>	
<div>5</div> <div>GENDER EQUALITY</div> <div></div>	<div>16</div> <div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div></div>	<div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> <div></div>	<div>17</div> <div>PARTNERSHIPS FOR THE GOALS</div> <div></div>	<div>13</div> <div>CLIMATE ACTION</div> <div></div>	<div>14</div> <div>LIFE BELOW WATER</div> <div></div>	<div>15</div> <div>LIFE ON LAND</div> <div></div>	
<p>Health and Safety Programs - Aim to identify and control hazards, define safety responsibilities, and respond to emergencies that result in the prevention of accidents and occupational diseases.</p> <p>Examples:</p> <ul style="list-style-type: none">• Community Health talks• Free vaccination• Blood-letting• Safety Training• Surgical missions• Community clinics				<p>Conservation Projects - Aim to help care for the environment and protect it from collapsing due to pollution and human activities.</p> <p>Examples:</p> <ul style="list-style-type: none">• Watershed adoption/tree-planting• Water efficiency, e.g., rainwater harvesting• Energy efficiency, e.g., solar panels			

Community Building Projects - Directed toward the improvement of quality of life and the enhancement of the host communities and provide direct intervention and support for the identified needs of the barangay. Examples: <ul style="list-style-type: none"> • Waiting for shed construction • Daycare center renovation • Shelter for children or the elderly • Construction of handwash facilities in schools • Community Clean-up • Livelihood and employment training 	Waste Management Projects - Aim to manage and dispose of wastes responsibly and reduce the number of materials that go to landfills and oceans. Examples: <ul style="list-style-type: none"> • Waste segregation • Recycling • Single-use plastic ban • Waste management seminars
---	--

- Ensure that the Projects are aligned with the SDGs and CSR efforts of the Megawide Group. Special concerns or programs not covered by SDGs or CSR may be selected only by exception (excluding disaster response projects).
- Prepare CSR activity proposals based on needs assessment results, which shall include, project objectives, location, beneficiaries, implementation plan, proposed budget, and the expected outcome.
- Consult the Foundation and Megawide Corporate Affairs regarding the Project Proposal.
- Approve the Project Proposal by the CSR Proposal Approval Matrix below:

Author/ Originator	Consulted	Review and Endorsement	First-level Approval	Second-level Approval
CSR Champion	Foundation/ Megawide Corporate Affairs Department	Project Manager/ Manager	Area Manager/ Officer	SBU Head

4.3 GUIDELINES FOR THE PROJECT IMPLEMENTATION

The SBUs shall be primarily responsible and accountable for the implementation of their respective flagship programs through the following:

- Ensure that contracts or agreements relating to the Projects are endorsed to the Legal Department for drafting or review before implementation.
- Document the proper implementation of the project for reporting and submission to the Foundation.
- Ensure that the required number of manpower and volunteers from the SBU and partner community and inform them about the nature and purpose of the Project.
- Closely coordinate with program officers of the Foundation and key stakeholders during project implementation for monitoring, assessment, evaluation, documentation, and public announcements.



4.4 MONITORING AND REPORTING OF THE PROJECT

The SBUs shall be primarily responsible and accountable for the monitoring and reporting of the Projects. As such, the SBUs shall:

- transmit a scanned copy and one (1) original copy of the following documents to the Foundation for reportorial purposes.
- signed and notarized copy of the agreement relating to the Project, such as a Deed of Donation, which shall be submitted within three (3) working days of its signing.
- semi-annual report referring to the accomplished Projects with photo documentation, which shall be submitted every fifteen (15th) days of June and the tenth (10th) day of December every year.
- monthly accomplishment report providing the status of the relevant Project scheduled for the month (specify if it is done, ongoing, or canceled), which shall be submitted every tenth (10th) day of the month.
- the Post-monitoring Requirements shall be submitted two (2) weeks after the implementation of the Project.
- actively participate in the activities related to monitoring and reporting, as may be required by the Foundation, such as capacity-building workshops, technical assistance seminars, focus group discussions, and related sustainability and CSR conferences (collectively, the “Monitoring and Reporting Activities”).
- submit the legal and tax documents to the Bureau of Internal Revenue (“BIR”) for availing of allowable tax deductions.

4.5 ACTIVITY MANAGEMENT REPORTING

The SBU Head through the SE Project Champion, shall submit the following management reports to Megawide Foundation:

- **CSR Annual Plan**, with the following content:
 - Month/Quarter
 - Category (Social/Environmental Initiative)
 - Project Name
 - Brief Description
 - Objective/s
 - Target Date and Date
 - Target Community and Venue
 - People Involved
 - Proposed Budget
 - Partner Organization (if applicable) Expected Outcome
- **Activity Report**, with the following content:
 - Name of SBU
 - Category (Social/Environmental Initiative)
 - Project Name
 - Brief Description and Narration of the Activity
 - Profile of the Partner Organization (if applicable)
 - Time Frame (Planned Schedule, Actual Schedule, and/or Period)
 - Venue



- Budget Allocation
- Profile and Actual no. of participants
- Project Impact and Outcome
- **Post Monitoring Activity Report, with the following content:**
 - Title of the Activity
 - Date of Activity
 - Evaluation of the Conduct of Activity by SBU Head
 - Internal Evaluation
 - Issues and Critical Incident
 - Proposed Solution/s
 - Action Taken
 - Photo Documentation (Ingress, Event Proper, and Egress)
 - List of Participant and Employee-Volunteer
 - Program Flow (if applicable)
 - Project Impact and Outcome

5.0 EFFECTIVITY

This Policy was approved by the Board on [_____] and shall take effect immediately.