

GOVERNANCE

Environment and Social Management System (ESMS)

As we continue to expand our business, we diligently identify opportunities to address environmental and social (E&S) challenges.

Our Environmental and Social Management System (ESMS) serves as a robust framework for managing E&S risks and impacts across the entire project lifecycle.

Aligned with international standards and our ESG policy, the ESMS guides project teams in assessing, mitigating and managing risks. Additionally, its implementation ensures compliance with the investment criteria of green financial institutions and investors—critical to accelerating the growth of our renewable energy portfolio.

Building on insights from our collaboration with Climate Smart Ventures Pte. Ltd (CSV) and their prior assessment of 22 project sites in 2022, we expanded the assessment to cover 9 additional projects across the Philippines, India, Vietnam and the U.S.A. The review highlighted strategies implemented to address risks, ensure compliance and drive ongoing developments, spanning all project phases—pre-development, construction and those nearing commercial operations. This approach allowed us to evaluate how environmental and social safeguards are integrated into project management plans, identify best practices and pinpoint areas for improvement.

The ESMS process



ESMS material topics

Climate change

Climate risk assessment

Physical risks:

- › Tropical cyclone
- › Flooding
- › Water stress
- › Drought
- › Wildfire
- › Extreme temperature

Climate mitigation

- › Greenhouse gas (GHG) emissions reduction

Climate adaptation

- › Measures for sites to increase their ability to adapt and quickly recover from the negative impacts of climate change

International Standards ACEN TCFD Report

Climate change risks are considered in the assessment phase of the ESMS in order to embed climate-resilient features in our plant design.

To know more how we integrate climate change adaptation and resilience measures, refer to [page 27](#) ▶

Biodiversity

Biodiversity goal

- › No net loss
- › Net gain

Mitigation hierarchy

- › Avoid
- › Minimize
- › Restore
- › Offset

International Standards

International Union for Conservation of Nature (IUCN) Guidelines on mitigating biodiversity impacts associated with solar and wind energy development

The ESMS incorporates biodiversity commitments from our Environmental, Social and Governance Policy, referencing IFC Performance Standard 6 as well as mitigation hierarchy principles.

To know more how we integrate biodiversity measures in our areas of operation, refer to [page 28-31](#) ▶

Circularity

Approaches

- › Reduce and reuse
- › Repair and refurbish
- › Repurpose and recycle

Energy management

Water management

Solid and hazardous waste management

International Standards

UNEP Circularity Platform

Waste management is tackled under the environmental assessments conducted through the ESMS to identify opportunities to manage impacts on waste.

To know more how we integrate circularity in ensuring resource efficiency, refer to [page 32 to 33](#) ▶

Local communities

Stakeholder engagement

- › Implement measures to consult with and obtain consent
- › Provide regular update on the status of the project to affected communities

Grievance redress mechanism

- › Clear procedure such as receiving platform, screening process, resolution, monitoring & reporting

Social program

- › Addresses identified needs of the Community
- › Align with our Sustainability Program Pillars
 - Biodiversity
 - Resource efficiency
 - Social programs

International Standards

IFC Performance Standards & ADB Safeguards

The ESMS outlines procedures for engaging with local communities across the life cycle of each project. Stakeholder engagement and mapping is embedded in the ESMS process to inform appropriate programs and responses that address community concerns and interests.

To know more how we communicate, work with and ensure we create shared value with local communities, refer to [page 37 to 45](#) ▶

Human & labor rights

Health and safety

- › Project level
- › Community level

Involuntary resettlement

- › **Level 1:** Compliance with regulatory requirements
- › **Level 2:** Additional revenues and services through benefit-sharing schemes
- › **Level 3:** Develop and implement an involuntary resettlement action plan

Indigenous people

- › **Level 1:** Compliance with regulatory requirements
- › **Level 2:** Social initiatives targeted to IP community
- › **Level 3:** Develop and implement an Indigenous Peoples' plan

International Standards

IFC Performance Standards & ADB Safeguards

The ESMS integrates labor and community risks across all environmental and social assessments conducted in each site.

To know more how we integrate humans and labor rights in developing projects, refer to [pages 37 to 39, 42 & 45](#) ▶



We ensure that climate risks and mitigation measures are communicated across our sites.



We prioritize protecting biodiversity by minimizing impacts across our solar and wind developments.



We empower indigenous groups with social initiatives that enable them to thrive.