

A red paper boat is placed on a blue tarp in the rain. The background is a dark, stormy sky with a bright lightning bolt striking down. The rain is falling heavily, creating a sense of urgency and resilience.

# RELENTLESS

TOWARDS A FIRST-WORLD PHILIPPINES

 **MEGAWIDE**

**2021 ANNUAL AND SUSTAINABILITY REPORT**

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## ABOUT THE COVER

In 2021, the Company bore the scars of a rough year filled with external challenges, a paper boat battered by wave after wave amid a raging storm.

For any other company made of similar stuff, the feat in itself—paper drenched but not drowning—seems impossible. Yet Megawide rose above. Fighting to survive before the forces of nature, Megawide forged ahead with our will and vision intact. With our spirit unbroken, we continue our relentless advance towards a First-World Philippines.

This is what the cover is about—our struggle amid storms.

## ABOUT THE REPORT

### REPORTING FRAMEWORK

GRI Standards, SEC Sustainability Reporting Guidelines for Publicly-Listed Companies

### REPORTING PERIOD

102-50

January 1 to December 31, 2021

### DATE OF MOST RECENT REPORT

102-51

August 2021

### REPORTING CYCLE

102-51

Annual

102-54

Megawide's 2021 Annual and Sustainability Report (ASR) aligns with both the Philippine Securities and Exchange Commission's (SEC) Sustainability Reporting Guidelines for Publicly-Listed Companies and the Global Reporting Initiative (GRI) Standards for sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option.

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For all sustainability concerns and queries, please contact us through our Megawide Foundation office at [foundation@megawide.com.ph](mailto:foundation@megawide.com.ph).

For inquiries from customers, investors, analysts, and the financial community, please contact Investor Relations at [ir@megawide.com.ph](mailto:ir@megawide.com.ph).

For media and other stakeholders, please contact Corporate Communications at [corpaffairs@megawide.com.ph](mailto:corpaffairs@megawide.com.ph).

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### MEGAWIDE CONSTRUCTION CORPORATION

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1112 Philippines

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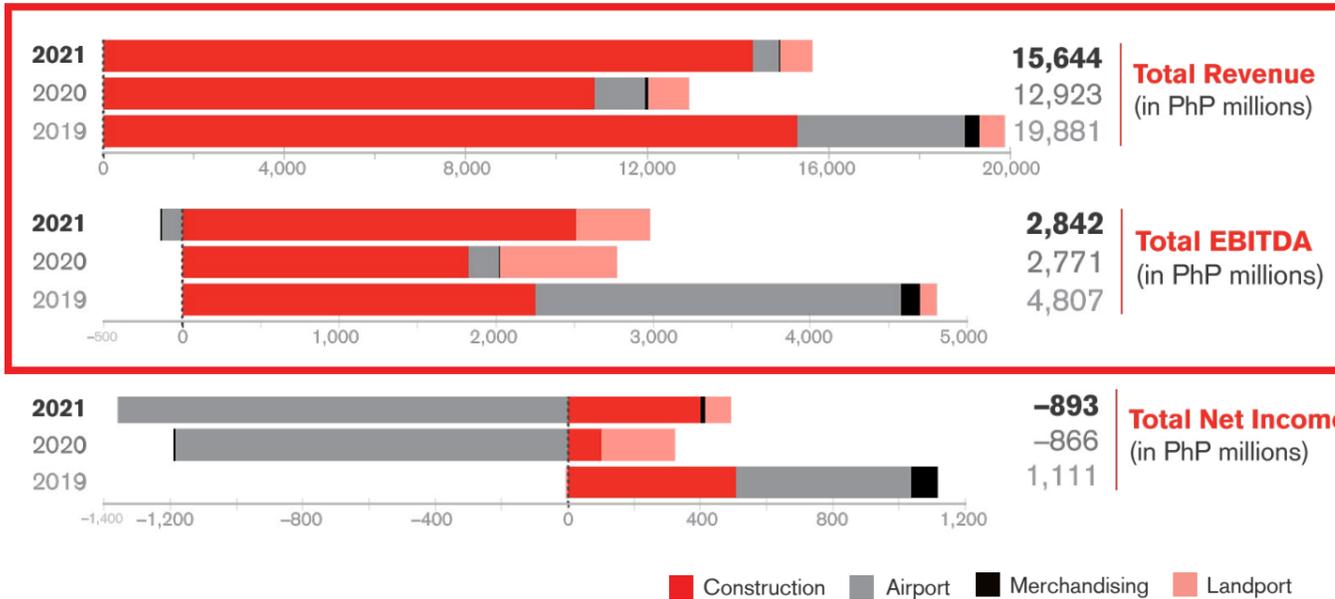
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# FINANCIAL HIGHLIGHTS

# FINANCIAL HIGHLIGHTS

## YEAR-ON-YEAR PERFORMANCE



## MARGIN PERFORMANCE

	FY 2021	FY 2020	FY 2019
<b>Gross Profit Margin</b>	<b>18%</b>	<b>19%</b>	<b>23%</b>
Construction	18%	19%	23%
Airport Operations	33%	43%	58%
Merchandising	32%	70%	73%
Terminal Operations	48%	61%	44%
<b>EBITDA Margin</b>	<b>18%</b>	<b>21%</b>	<b>24%</b>
Construction	18%	17%	15%
Airport Operations*	-23%	17%	63%
Merchandising	-41%	7%	37%
Terminal Operations	66%	83%	19%
<b>Net Income Margin</b>	<b>-6%</b>	<b>-7%</b>	<b>6%</b>
Construction	3%	1%	3%
Airport Operations**	-236%	-107%	14%
Merchandising	-61%	8%	24%
Terminal Operations	11%	25%	-1%

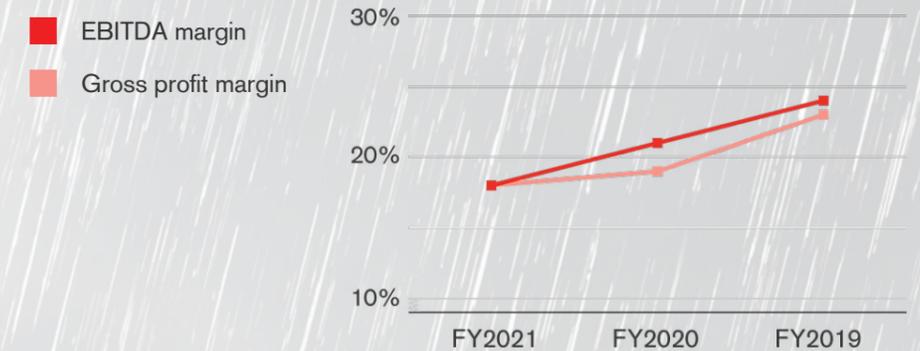
\*Computed as operating income + depreciation and amortization expense  
 \*\*Due to the impact of depreciation and amortization and financing charges of Airport operations

## STABLE FINANCIAL CONDITION

(in PhP millions)

	31-DEC-2021	31-DEC-2020	Movement
Cash & Financial Assets	5,846	7,226	(1,380)
Other Current Assets	33,926	29,206	4,720
Current Assets	39,772	36,433	3,340
Concession Assets	30,504	29,929	575
Non-Current Assets	45,258	44,911	347
<b>Total Assets</b>	<b>85,031</b>	<b>81,344</b>	<b>3,687</b>
Current Liabilities	27,164	23,736	3,428
Non-Current Liabilities	38,666	37,085	1,580
<b>Total Liabilities</b>	<b>65,830</b>	<b>60,821</b>	<b>5,009</b>
<b>Equity</b>	<b>19,201</b>	<b>20,522</b>	<b>(1,322)</b>

## MARGINS



## ECONOMIC VALUE GENERATED, DISTRIBUTED, RETAINED

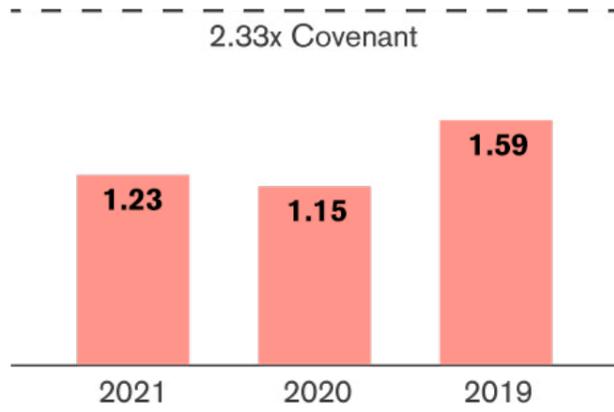
(in PhP)

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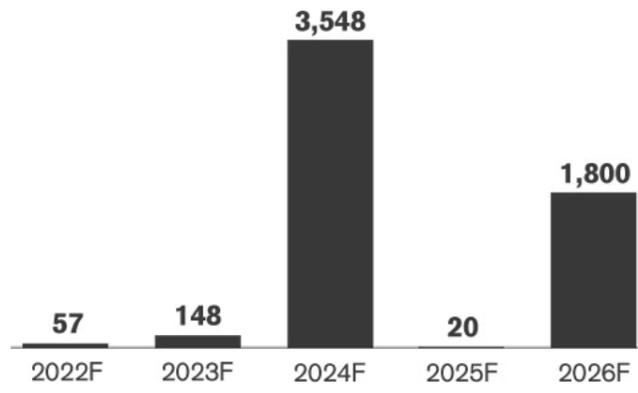
<b>Direct economic value generated (revenue)</b>	<b>15,643,971,114.00</b>
<b>Direct economic value distributed</b>	<b>14,611,660,244.44</b>
Operating costs	10,152,945,566.00
Employee wages and benefits	1,832,333,609.00
Payments to suppliers, other operating costs	1,559,364,805.00
Dividends given to stockholders and interest payment to loan providers	505,629,428.00
Taxes given to government	500,509,027.00
Investments to communities (e.g. donations, CSR)	55,096,826.19
<b>Economic value retained</b>	<b>1,032,310,869.56</b>

Note: Covers all entities

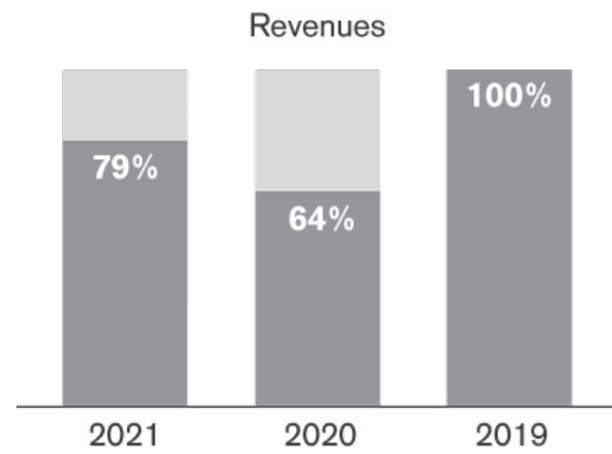
## PARENT D-E RATIO WITHIN COVENANT



## RELAXED LONG-TERM DEBT MATURITY TOWERS

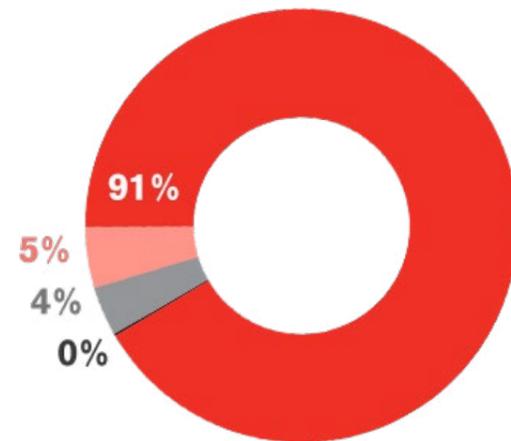


## NEARING HISTORIC HIGH



## REVENUE BREAKDOWN

- Construction
- Airport
- Landport
- Merchandising



# 2021 MILESTONES

# 2021 MILESTONES

For Megawide, the magnitude of challenges it endured during the year defined its character and changed the way we did things altogether. “What does not kill you makes you stronger”—this is the belief that fuels the Company’s relentless spirit.

Amid a confluence of disruptive forces—a persistent global pandemic, a nuisance legal case, and a super typhoon—that beset the country and Company in 2021, Megawide responded with a strong internal resolve, exemplified by continued aid for our stakeholders and an overarching and unwavering drive to be better.

These responses are a testament to our commitment to Engineering a First-World Philippines.

## WEATHERING THE BLOWS

103-2

In December 2021, Typhoon Odette made several landfalls across the southern part of the Philippines, sweeping over locales with high-speed winds and devastating downpours. On a national scale, the damage to infrastructure resulting from the calamity was estimated at ₱29.3 billion.

Megawide was not spared from the storm when it hit Cebu, where the Mactan-Cebu International Airport (MCIA), the Carbon Market, and a number of our construction projects are located. MCIA had sustained significant damage, becoming inoperable for several days, alongside the province-wide power outage as electricity lines were toppled, and supply chains were disrupted.

### No one left behind

Mobilizing quickly despite the extensive damage to facilities, Megawide’s executives brought together a Typhoon Odette response committee that would meet daily to organize and coordinate the disaster relief response for the Company’s affected subsidiaries, ensuring that no employee or partner community was left behind.

Each project site in Cebu was dedicated to providing particular aid: MCIA, with its own water purification system, would treat and distribute potable water to affected units; Carbon Market, as an oasis of basic goods and other supplies, would handle the distribution of food packs to employees and affected individuals stranded at various locations. EPC and Precast assisted the distribution for the Cebu entities by providing trucking and manpower support.





**4,000 LITERS**

of water distributed daily



**700-800 FAMILIES**

given relief goods



**2 SKIP LOADERS AND DUMP TRUCKS**

to remove debris

### The Carbon Market community

The Engineering, Procurement, and Construction (EPC) segment sent engineers to the Carbon Market site as part of Team Carbon, which comprised the on-site response team together with the Cebu City Market Operations Division and Cebu2World Development (C2W) working crew.

Team Carbon's first initiative was to secure the most crucial basic need—water. With water supply cut off in many areas, particularly in the Carbon district, Team Carbon began distributing water gallons to the local community, Sitio Bato, just hours after Typhoon Odette had left the area, which was later augmented by a firetruck from the local government for several days until water utilities in the barangay were restored by the end of December.

With electricity cut off, C2W lit up the premises using solar lamps and offered on-site charging stations for the surrounding community to power up their small appliances. Through collaborative efforts, Team Carbon helped sustain Megawide's Cebu operations and its adjacent community up until Christmas as Carbon Market served as a source of and distributed additional relief goods. Amid the disaster, a bond developed between Team Carbon and the Sitio Bato community as they came together to recover as one.

### Safe spaces for the stranded

At MCIA, operations were suspended a day after Typhoon Odette made landfall in Cebu, effectively leaving several staff and passengers stranded inside the airport. For GMR-MEGAWIDE Cebu Airport Corporation (GMCAC), the priority was to electrify the area and provide food packs for employees and stranded passengers who were seeking temporary refuge in the airport. Terminal 2 was also opened to offer additional space and accommodate overseas Filipino workers (OFWs) who completed their mandatory quarantine periods.

The damaged infrastructure and rubble-covered roads hindered the movement of four-wheel vehicles around the province, jeopardizing manning at MCIA. To ensure the airport remains staffed and functional, GMCAC sourced motorcycles to ferry personnel to and from MCIA until vehicle mobility was restored.



# A SAFER, STRONGER MEGAWIDE

103-2

The COVID-19 pandemic plunged countries around the world into a “new normal,” where ingenious new ways of working together and unique perspectives of maintaining well-being emerged.

Megawide is cognizant that the safer and more resilient an organization is, the greater its capacity to deliver on its goals. This mindset compelled the Company to come up with an array of solutions and systems that catered to maintaining the occupational health and safety of employees and customers.

### Road to recovery

In 2021, the Company focused on accelerating its operations after reeling from the health crisis throughout most of 2020. COVID-19 initiatives were centered around fully-vaccinating employees, addressing logistical gaps during lockdowns, and continued testing and implementation of health protocols.

To ensure that most if not all employees would be protected the soonest time possible, Megawide closely coordinated with local government units (LGUs) to facilitate several vaccination drives for our people, resulting in increased vaccination rates within the Company.

The Company engaged in mass and regular testing to improve the safety of returning employees while continuing to distribute COVID-19 care kits for those affected. Despite the significant drop in positive cases, we continued to uphold COVID-19 related health protocols, such as social distancing and information bulletins throughout the workplace.

### Reinforcing to safety

The Company's safety measures are not limited to controlling the spread of COVID-19. Backed by our ISO 9001:2015 certification, we reinforced our occupational health and safety standards through enhanced programs, which helped identify and manage risks in our day-to-day operations, aimed at keeping our people safe.

In 2021, the Health, Safety, and Environment (HSE) department reported zero lost time due to the successful implementation of its regular safety audits, assessments, and monitoring. Awareness posters were also put up around the project sites as constant reminder for best practices.

**0**

lost time

**29,493,104**

safe man hours

2021 MILESTONES

15

# BUILDING FROM WITHIN

Staying on top of innovation means consistently improving our services, alongside strengthening our systems. Our goal is to grow a company that plans strategically, moves decisively, and operates safely yet efficiently to achieve our dream of a First-World Philippines sooner.

This year, Megawide's build-from-within activities were augmented by a constantly-evolving information technology system that streamlined processes while welcoming paperless transactions.

Some of the notable milestones achieved under our digital transformation campaign in 2021 were the following:

- 1 Finance Dashboard**  
An application that generates financial reports with real-time data automatically transferred from SAP every hour.
- 2 Project Order Processing**  
A digitalized supply chain management system for processing, approvals, sales, and fixed assets recording.
- 3 Digitalized Facilities Management**  
A centralized service request system for facilities management functions, such as housekeeping, maintenance, and gate pass generation, to expedite procedures and reduce physical interface.

# ESG AT A GLANCE

## ENVIRONMENTAL WINS



**500**

fruit-bearing trees were planted on Mt. Arayat



**5,000**

mangrove seedlings were planted in Olango Island, Cebu



**70**

volunteers for the Manila Bay Cleanup Drive



**1**

hour of lights out for Earth Hour

## SOCIAL WINS



**97**

scholars since 2015



**6**

graduate scholars of MEES



**2**

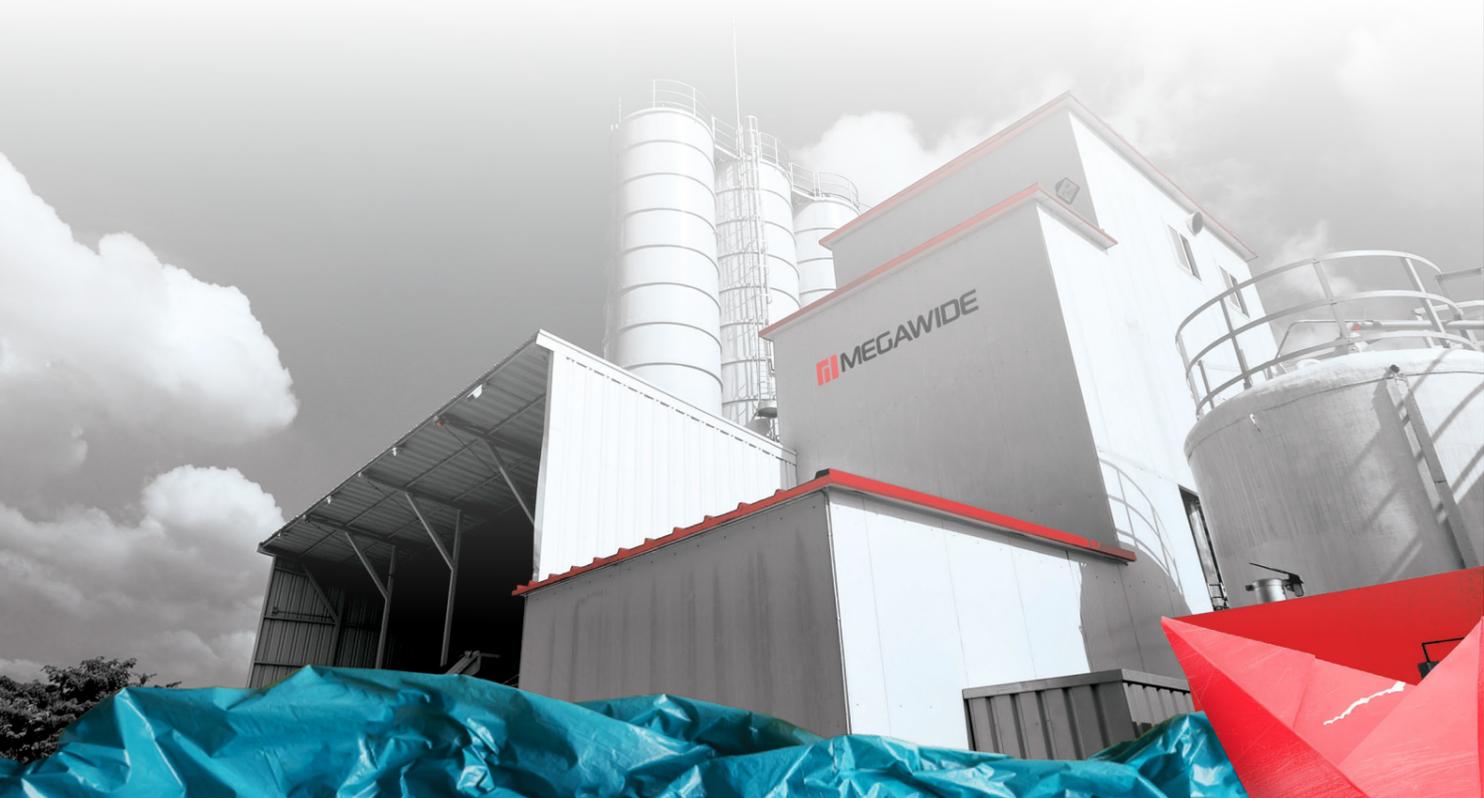
scholar board passers of the Geodetic Engineers Licensure Examination

## GOVERNANCE WINS



**102.22**

score under the ASEAN Corporate Governance Scorecard (ACGS)





# AWARDS

## ACI PHILIPPINES, INC. AND PHILIPPINE CONTRACTOR'S ASSOCIATION

### *Philippine Excellence in Concrete Construction Awards*

Best in Decorative Concrete  
Best in Infrastructure



## FINANCE ASIA

### *Asia's Best Companies' Poll 2021*

Best Industrials Company (Region)  
Best Managed Listed Company  
Most Committed to Environmental Stewardship  
Most Committed to Social Causes  
Most Committed to the Highest Governance Best Standards  
Best CEO (Edgar Saavedra)



## INTERNATIONAL FINANCE MAGAZINE

### *International Finance Awards 2021*

Best CEO Construction (Philippines) - Edgar Saavedra

## ASIA MONEY

### *Asia's Outstanding Companies Poll 2021*

Best in Construction and Industrials

## IR MAGAZINE AWARDS

### *South East Asia 2021*

Best in Sector - Industrials (Finalist)

## 12TH ASIA CEO AWARDS

Most Innovative Company of the Year (Grand Winner)  
Executive Leadership Team of the Year (Circle of Excellence)



# ABOUT MEGAWIDE



# ABOUT MEGAWIDE

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Megawide Construction Corporation (MCC) was established in 1997 as a general construction business. In our drive to provide engineering solutions that will further innovate and modernize Philippine infrastructure, we expanded our business to integrate infrastructure and construction solutions with our Engineering, Procurement, and Construction (EPC) capability and utilized this as our enabler to diversify into transport-oriented developments (TODs) such as airports and landports.

Today, the Company is the premier infrastructure innovator in the country and a pioneer of First-World standards in construction and infrastructure design, engineering, and workmanship. We leverage on this expertise and drive for excellence to bring blueprints to life, as we work on sustainable urban spaces and efficient public infrastructure for the country.

Megawide has designed and constructed iconic private sector projects, ranging from low- to high-rise condominiums, horizontal housing, offices, hotels, casinos and complexes for large and upscale property companies.

In addition, the Company has been a strong partner of the government's infrastructure development program through various Public-Private Partnership (PPP) projects, such as the PPP for School Infrastructure Project, Mactan-Cebu International Airport, Parañaque Integrated Terminal Exchange, and Clark International Airport, among others, that strengthens its portfolio of big-ticket public sector infrastructure projects.



## VISION

We will be a First-World Philippines.



## MISSION

We will be at the forefront of building a First-World Philippines through engineering excellence and innovation.

## VALUES

### EXCELLENCE

We consistently try to do well in whatever task we take on, great or small because we owe it to ourselves to try and become better in what we do.

### INNOVATION

We do not fear change but embrace it, taking the chance to reinvent ourselves and our industry. We keep ourselves open to new ideas and fresh perspectives and look for better ways to deliver output.

### TEAMWORK

We are all on the same team, driven by the same purpose. We help fuel each other's ideas, support each other's efforts, and trust each other instead of competing against one another.

### INTEGRITY

We treat our colleagues and partners with honesty and respect as we strive to be good people guided by our conscience and *malasakit*.

### MALASAKIT

We are moved to action by the people and ideals we deeply care about, such as our families, colleagues, and our desire for a better life for ourselves and our fellow Filipinos.

### COMMUNITY

Our actions affect the communities we work with, so we partner with them to ensure that we can leave lasting positive social impact through our projects.



# OUR BRAND PORTFOLIO

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	Engineering, Procurement, and Construction (EPC)	Construction Solutions	Transport-oriented Development	Airport Infrastructure
Projects/products	<ul style="list-style-type: none"> <li>Residential</li> <li>Industrial</li> <li>Office and commercial</li> <li>Hotels and casinos</li> <li>Mixed-use developments</li> <li>Affordable housing</li> <li>Socialized housing</li> <li>Airport terminal</li> <li>Land transport facility</li> <li>Public school buildings</li> <li>Emergency quarantine facilities (EQFs)</li> </ul>	<ul style="list-style-type: none"> <li>Precast fabrication plant</li> <li>Mobile and stationary batching plants</li> <li>Modern formworks systems</li> <li>Specialized transport and construction equipment</li> </ul>	<p><b>Parañaque Integrated Terminal Exchange (PITX)</b></p> <p>A 35-year Concession Agreement under the PPP program, awarded in 2015.</p>	<p><b>Mactan-Cebu International Airport (MCIA) Terminals 1 and 2</b></p> <p>A 25-year Concession Agreement under the PPP program, awarded in 2014.</p>
Services	<p>Construction, renovation and repairs, and the improvement or development of various infrastructure and buildings.</p>	<p>Efficient Precast technology for design customization;</p> <p>Concrete batching plants and mobile facilities for high-strength, chloride- and sulfate-resistant concrete;</p> <p>Formworks systems and forming technology emphasizing efficiency and safety, and fall protection; and</p> <p>Construction machinery, equipment, and vehicles.</p>	<p>Operation and maintenance of a multi-modal transport terminal and commercial property leasing within the complex.</p>	<p>Construction, renovations and rehabilitation, operations and maintenance, commercial leasing of assets and operations of the allied business within the airport.</p>
Headquarters	Megawide Head Office, 20 N. Domingo St., Brgy. Valencia, Quezon City, Metro Manila	4 Velasquez St., Sitio Bangiad, Brgy. San Juan, Taytay, Rizal	1 Kennedy Rd., Brgy. Tambo, Parañaque City, Metro Manila	Lapu-Lapu Airport Rd., Lapu-Lapu City, Cebu



## CONSTRUCTION SOLUTIONS

Our business aims to build with the best structures possible through our hunger for constant innovation. Our EPC services wield an array of construction technologies that bring our projects to life. Under EPC, we utilize Construction Solutions that are composed of the following units, all located within the Taytay Industrial Complex in Rizal province:



### PRECAST

Our precast technology allows for greater standardization, higher-quality structures, and design customization while simultaneously saving time and cutting back on long-term costs.



### BATCHING PLANT

Our concrete batching plants, which are also available as mobile facilities, let us create custom formulations for our concrete, resulting in high-strength, chloride- and sulfate-resistant concrete.



### FORMWORKS

Our proprietary formworks systems include reusable platforms, scaffolding, shoring, temporary facilities, and forming technology that are characterized by efficiency and safety, and fall protection.



### CONSTRUCTION EQUIPMENT, LOGISTICS, AND SERVICES (C.E.L.S.)

Our fleet of advanced construction machinery, vertical equipment, and groundworks include tower cranes, earth-moving vehicles, specialized material handling, and concrete delivery equipment.



## MEMBERSHIP ASSOCIATIONS & EXTERNAL INITIATIVES

102-12 102-13

- Philippine Constructors Association, Inc. (PCA)
- Financial Executives Institute of the Philippines (Finex)
- Makati Business Club
- Philippine Chamber of Commerce and Industry
- Cebu Chamber of Commerce and Industry (CCCI)
- Mandaue Chamber of Commerce and Industry (MCCI)
- Federation of Philippine Industries
- Philippine Institute of Civil Engineers
- Association of Structural Engineers of the Philippines
- Association of Carriers and Equipment Lessors (ACEL)
- Philippine Institute for Supply Management

## STRATEGIC PARTNERS

- Philippine Government through the Public-Private Partnership (PPP) Program
- National Housing Authority
- GMR Infrastructure (Singapore) Pte. Limited (GISPL)
- GMR Infrastructure Limited (GIL)
- Integrated Design Associates (IDA)
- Local Government of the City of Cebu
- Suez International
- Hyundai Engineering and Construction Co., Ltd.
- Dong-Ah Geological Engineering Company Ltd.

## LICENSES AND CERTIFICATIONS

- ISO 14001:2015
- ISO 9001:2015
- ISO 45001:2018
- OHSAS 18001:2007
- Accreditation of Indigenous Technologies for Housing (AITECH)
- Philippine Government Electronic Procurement System - Platinum Membership (PhilGEPS)
- Quadruple A (AAAA) Platinum contractor licensed by the Philippine Contractors Accreditation Board (PCAB)

# SUSTAINABILITY AT MEGAWIDE

# SUSTAINABILITY AT MEGAWIDE

Organizations around the world, including Megawide, acknowledge sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs,” a definition first made by the Brundtland Report. We recognize that this covers all sectors, public and private, economic, environmental, and social.

A First-World Philippines should be supported by world-class developments and sustainable systems. To see this vision come to life, we at Megawide uphold a framework that leverages on our strengths and responsive to the diverse needs of our various stakeholders across the different operating units, while being mindful of our impacts on the economy, the environment, and society.



## SUSTAINABILITY FRAMEWORK

Our sustainability framework articulates the interconnectedness of our Company values, distinct operations, and long-term vision. It begins deep within our DNA and what we do best—engineering excellence and innovation— guided by sound governance and aligned with the United Nations Sustainable Development Goals (UN SDGs).



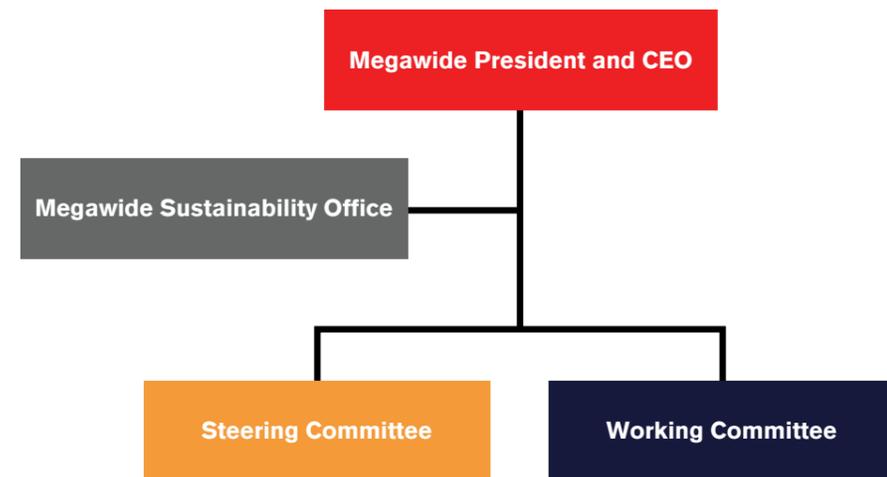
# SUSTAINABILITY STRUCTURE

102-32

Megawide takes on a wholistic approach to sustainability, headed by the President and CEO and the Megawide Sustainability Office, which is monitored by the Megawide Foundation, alongside the Company's different business units.

Currently, the Sustainability Office composition is as follows:

- Megawide Foundation: Foundation Officer-In-Charge
- Megawide Construction Corporation: AVP, Investor Relations
- Megawide Foundation: CSR & Sustainability Manager
- Megawide Foundation: Program Officer



HIGH-LEVEL RESPONSIBILITY	
<b>Megawide President and CEO</b>	<ul style="list-style-type: none"> <li>Leads the Company's sustainability initiative</li> <li>Provides management direction and support</li> </ul>
<b>Megawide Sustainability Office</b>	<ul style="list-style-type: none"> <li>Determines sustainability initiatives and strategies to be implemented across the different business units</li> <li>Supports the Steering and Working Committees in providing technical expertise</li> <li>Offers technical and financial support for program implementation</li> </ul>
<b>Steering Committee</b>	<ul style="list-style-type: none"> <li>Review and assess the targets and initiatives for the respective business units</li> <li>Support the Working Committee in identifying BU/department level strategies</li> </ul>
<b>Working Committee</b>	<ul style="list-style-type: none"> <li>Implement programs in their respective business units and departments</li> <li>Coordinate and work closely with the Steering Committee</li> </ul>

# CORPORATE SOCIAL RESPONSIBILITY

An effective corporate social responsibility (CSR) focuses on the present and how an organization addresses social issues through its practices and initiatives. CSR remains integral to the Company and is articulated through our **CSR statement**:

"In line with its vision to engineer a First-World Philippines, Megawide commits to do its utmost to exemplify First-World CSR and shall build a corporate culture of excellence, innovation, integrity, and teamwork, wherein each employee plays an important role in helping the organization:

- Achieve the status of an outstanding steward of the environment
- Give back to its host communities; and
- Demonstrate *malasakit* towards its employees, partners, suppliers, and clients."

This statement is put into action through our CSR Roadmap. The roadmap, following the chain of responsibility in our sustainability structure, outlines how different departments across the Company can contribute to sustainability and CSR projects.



# CSR ROADMAP

## Management

SEC Reporting

CSR Policies

Corporate Governance

CSR Awards

## Foundation

Engineering Scholarships

Vocational Training

Eco-Brick Projects

Plastic Neutral Initiatives

## Business Units

CSR Programs and Champions

Sustainability Report

CSR Budget

CSR Working Committee

Employee Engagement

CSR Reporting

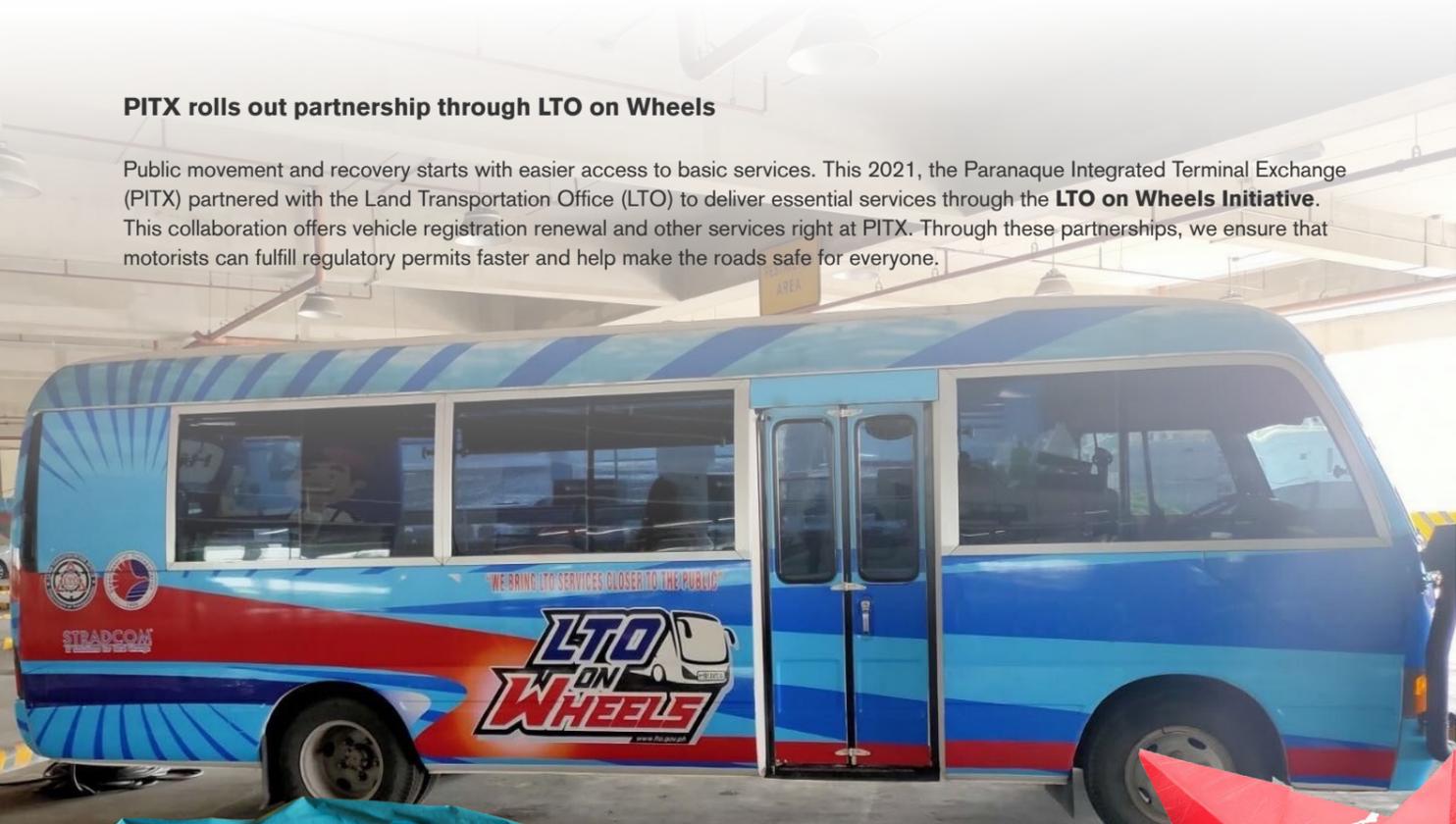
Awareness Training

Community Stakeholder Engagement

CSR Strategic Plans

### PITX rolls out partnership through LTO on Wheels

Public movement and recovery starts with easier access to basic services. This 2021, the Paranaque Integrated Terminal Exchange (PITX) partnered with the Land Transportation Office (LTO) to deliver essential services through the **LTO on Wheels Initiative**. This collaboration offers vehicle registration renewal and other services right at PITX. Through these partnerships, we ensure that motorists can fulfill regulatory permits faster and help make the roads safe for everyone.



# THE MEGAWIDE FOUNDATION

103-2

At the helm of our CSR programs is the non-profit outfit Megawide Corporate Foundation, Inc. (Megawide Foundation), established in 2012 to serve communities around the country. The Foundation operates in line with the Company's vision and CSR Policy.



**VISION**

To be the innovator in providing underserved Filipino communities with access to first-world solutions.



**MISSION**

We engineer a better future for underprivileged Filipinos by providing high-quality technical education and eco-friendly community building.

## CORE VALUES



**HONESTY**

We underpin our projects with integrity.



**OPENNESS**

We build partnerships beyond our own four walls.



**PASSION**

We pour our heart and soul into uplifting the Filipino.



**EMPATHY**

We deliver help and hope to those in need.

# SUSTAINABILITY THROUGH SERVICE: MEGAWIDE'S BUSINESS UNITS GO ALL-IN



Megawide Foundation prioritizes an efficient response to those in need, while locally contributing to long-term national development and globally supporting the UN SDGs. Throughout the pandemic, the Foundation sustained its flagship programs, including scholarship grants, facility-building, and environmental initiatives, while participating in several COVID-19 response programs, alongside Megawide's business units. These campaigns, together with the specific projects initiated and designed by the business units, contribute to the following UN SDG focus areas:



## HIGH-QUALITY TECHNICAL EDUCATION

We provide our people and host communities access to high-quality education. We believe it is never too late to learn something new and make use of it, so we sponsor students through our flagship programs, such as the Megawide Engineering Excellence Scholarship (MEES).



## COMMUNITY BUILDING

We support sustainable ways of living through eco-friendly activities with our communities. Through the provision of facilities and acts of service for and with our communities, we build the spirit of *bayanihan* and better well-being for all.



## STRATEGIC PARTNERSHIPS, MEMBERSHIPS, AND AFFILIATIONS

We bring together the best to accomplish our mission. Our partnerships with organizations that share our vision of a sustainable future allow us to reach more people and learn new strategies.

Our affiliations include the Philippine Business for Social Progress (PBSP), the League of Corporate Foundations, Technological University of the Philippines (TUP) Manila, Polytechnic University of the Philippines (PUP) Manila, Pamantasan ng Lungsod ng Maynila (PLM), University of the Philippines (UP) Diliman, and Cebu Technological University.



## LICENSES

We grow our capacity to deliver quality service by meeting set standards. Our licenses are obtained from the Philippine Council for NGO Certification (PCNC), the Department of Social Welfare and Development (DSWD), and the Bureau of Internal Revenue (BIR) as donee institution.

In 2021, Megawide Foundation took on a new approach in planning and implementing its CSR programs. Through the CSR Operations Management Policy, the Company is decentralizing its sustainability strategy down to different operating units and subsidiaries, with the primary goal of embedding sustainable development and programs across the organization, through employee engagement and involvement in various social and environmental initiatives.

Under this process, each business unit head leads the implementation and empowers employees of their respective business units to pursue CSR projects that are aligned with the Company's sustainability objectives and the UN SDGs, with particular focus on the requirements of host communities and stakeholders around the project sites.

Sustainable development is a collaborative effort. By empowering our people to do good, we touch more communities and change lives for the better.



# STAKEHOLDER ENGAGEMENT

102-40 102-42 102-43

We rolled out our Sustainability Policy Framework in 2018, anchored on the three pillars of Environmental Stewardship, Good Governance, and Social Responsibility. The Company's strategic business units are guided by these framework and encouraged to align their projects and programs with these sustainability goals.

Megawide abides by the sustainability reporting requirements of the Security and Exchange Commission (SEC), as well as the reporting principles of the GRI Standards. We report on critical topics (high and medium) that are most relevant to our business and stakeholders. These topics were determined via a materiality assessment conducted in 2018, which included an engagement process with internal and external stakeholders to understand their issues and concerns.

For 2021, Megawide reviewed stakeholder concerns with our business units to understand the specific issues raised during the period covered. In turn, topics covered in the previous year have been considered material for 2021 as well.

# MATERIAL TOPICS

102-44 102-46 102-47

Criticality	Material Topic	Relevant GRI Standard	Contribution to SDGs
HIGH	Pandemic	<b>GRI 403:</b> Occupational Health and Safety <b>GRI 416:</b> Customer Health and Safety	<b>SDG 3:</b> Good Health and Well-being <b>SDG 8:</b> Decent Work and Economic Growth
	Employee Welfare and Well-being	<b>GRI 403:</b> Occupational Health and Safety <b>GRI 401:</b> Employment <b>GRI 404:</b> Trainings	<b>SDG 3:</b> Good Health and Well-being <b>SDG 8:</b> Decent Work and Economic Growth
	Shareholder Confidence	<b>GRI 201:</b> Economic Performance <b>GRI 102-40 to 102-44:</b> Stakeholder Engagement	<b>SDG 16:</b> Peace, Justice, and Strong Institutions
	Health and Safety	<b>GRI 403:</b> Occupational Health and Safety	<b>SDG 3:</b> Good Health and Well-being <b>SDG 8:</b> Decent Work and Economic Growth
	Corruption/ Fraud	<b>GRI 205:</b> Anti-corruption	<b>SDG 16:</b> Peace, Justice, and Strong Institutions
	Ethical Business Operations	<b>GRI 206:</b> Anti-corruption <b>GRI 307:</b> Environmental Compliance <b>GRI 419:</b> Socioeconomic Compliance	<b>SDG 16:</b> Peace, Justice, and Strong Institutions
	Customer Satisfaction	<b>GRI 416:</b> Customer Health and Safety	<b>SDG 16:</b> Peace, Justice, and Strong Institutions
	Employee Training and Competency	<b>GRI 404:</b> Trainings	<b>SDG 8:</b> Decent Work and Economic Growth
	Innovation in Operations/ Products & Services	<b>GRI 102-2:</b> Activities, brands, products, and services	<b>SDG 9:</b> Industry, Innovation, and Infrastructure
MEDIUM	Product Quality and Responsibility	<b>GRI 102-2:</b> Activities, brands, products, and services <b>GRI 307:</b> Environmental Compliance <b>GRI 308:</b> Supplier Environmental Assessment <b>GRI 414:</b> Supplier Social Assessment <b>GRI 416:</b> Customer Health and Safety <b>GRI 419:</b> Socioeconomic Compliance	<b>SDG 12:</b> Responsible Consumption and Production <b>SDG 16:</b> Peace, Justice and Strong Institutions

Criticality	Material Topic	Relevant GRI Standard	Contribution to SDGs
MEDIUM	Financial Sustainability/ Profitability	<b>GRI 201:</b> Economic Performance	<b>SDG 1:</b> No Poverty <b>SDG 8:</b> Decent Work and Economic Growth
	Information Security/Data Privacy	<b>GRI 418:</b> Customer Privacy	<b>SDG 16:</b> Peace, Justice and Strong Institutions
	Local Sourcing/ Procurement	<b>GRI 102-9:</b> Supply chain <b>GRI 204:</b> Procurement Practices	<b>SDG 12:</b> Responsible Consumption and Production
	Human Rights (Child Labor / Forced Labor/ Discrimination)	<b>GRI 408:</b> Child Labor <b>GRI 409:</b> Forced or Compulsory Labor <b>GRI 411:</b> Rights of Indigenous Peoples <b>GRI 412:</b> Human Rights Assessment	<b>SDG 10:</b> Reduced Inequalities
	Employee Turnover, Attrition, and Retention	<b>GRI 401:</b> Employment <b>GRI 402:</b> Labor/Management Relations	<b>SDG 1:</b> No Poverty <b>SDG 8:</b> Decent Work and Economic Growth
	Energy Management/ Efficiency	<b>GRI 302:</b> Energy <b>GRI 305:</b> Emissions	<b>SDG 7:</b> Affordable and Clean Energy
	Impact on Community/ Contribution to Society	<b>GRI 203:</b> Indirect Economic Impacts <b>GRI 413:</b> Local Communities	<b>SDG 10:</b> Reduced Inequalities
	GHG Emissions/ Climate Change	<b>GRI 305:</b> Emissions	<b>SDG 13:</b> Climate Action
	Waste Disposal and Recycling	<b>GRI 306:</b> Effluents and Waste	<b>SDG 11:</b> Sustainable Cities and Communities <b>SDG 12:</b> Responsible Consumption and Production
	Water Consumption	<b>GRI 303:</b> Water and Effluents <b>GRI 306:</b> Effluents and Waste	<b>SDG 6:</b> Clean Water and Sanitation
Impact on Biodiversity	<b>GRI 304:</b> Biodiversity	<b>SDG 13:</b> Climate Action <b>SDG 14:</b> Life Below Water <b>SDG 15:</b> Life on Land	

# MESSAGE FROM THE CHAIRMAN AND PRESIDENT





“  
DESPITE GETTING  
OUR SHARE OF  
DISAPPOINTMENTS,  
WE LEARNED FROM  
ALL THE HARDSHIPS  
AND DEVELOPED  
OUR RESILIENCY TO  
THRIVE UNDER THE  
DIFFERENT CYCLES.  
”

**EDGAR B. SAAVEDRA**  
Chairman and CEO

102-14

After close to two and a half decades, and despite the challenges of our times, including four government changes, two economic crises, several natural catastrophes, and one devastating health pandemic, Megawide – your Company – still stands strong.

When we started this journey, we knew that not everything will work out as planned; now, we have also proven that the keys to survival are not just agility or flexibility – it is also tenacity, and our unwillingness to make the Philippines a more progressive nation.

Despite facing our share of challenges, we have learned from all the hardships and developed our resiliency to thrive under the different cycles.

Although last two years proved to be the most difficult so far in our history, as the prolonged pandemic was bracketed by a nuisance legal case at the start and a destructive typhoon to end it. We marched on, as we do in any other difficult periods in our Company’s history, and remained relentless in pursuit of our vision.

## 2021 PERFORMANCE

With COVID-19 somehow contained and the operating environment more relaxed, Philippine economic growth in 2021 was the second fastest in the region at 5.7%. Construction was one of the major drivers of Philippine growth, surging 10% year-on-year.

Against this backdrop, we recorded ₱15.6 billion in revenues, 21% higher than the previous year. Our earnings before interest, taxes, depreciation and amortization (EBITDA) likewise improved to ₱2.84 billion.

**Construction.** In addition, being the country’s premier infrastructure innovator, we took advantage of this momentum and posted a 32% growth in our construction business to ₱14.3 billion.

Our Construction Solutions, previously called the “Business Units”, also contributed more significantly at ₱995 million for a 7% share, as we aggressively served external demand while supporting our internal projects.



**Airport.** On the other hand, local aviation was hampered by limited travel, which was a result of the country being subjected to the longest and most stringent restrictions in the world. As a result, tourism continued to lag and affected our airport operations.

Passenger volumes in major airports were only a fraction of what they were pre-pandemic. Our Mactan-Cebu International Airport (MCIA) recorded a passenger volume of 1.33 million, from around 12.7 million pre-pandemic, and delivered combined revenues of ₱599 million from operations and merchandising.

**Landport.** Meanwhile, the Parañaque Integrated Terminal Exchange (PITX) continued to host more passengers as land travel controls were generally eased, amid varying Alert Levels imposed in multiple areas across the country. As of December 2021, total passenger volume at the PITX reached an average of 80,000 daily, with a peak of 125,000 during the Holiday rush, from an average of 65,000 pre-COVID. However, increasing office vacancy rates affected our office leasing, resulting in revenues of ₱587 million for the year.

**Typhoon Odette.** Finally, it was just before Christmas when Typhoon Odette ravaged the province of Cebu. Operations at MCIA Terminal 1 were temporarily suspended to give way for repairs, while construction activities in our sites were stalled as debris blocked major roads and immobilized the supply chain.

The Carbon Market Modernization briefly paused, but buying and selling of goods continued at the outset of the typhoon, especially for less-affected vendors who had the advantage of our improved facilities.

Meanwhile, GMCAC immediately began restoring partial operations in Terminal 1 as it served as shelter for stranded travelers. Powered by generators, MCIA became a beacon in the midst of the blackout and nearby residents stayed in our Airport Village to charge their mobile phones and use toilet facilities for free.

**AMID THESE CHALLENGES, WE SUSTAINED OUR FINANCIAL CONSOLIDATION PROGRAM. FROM A DEBT-TO-EQUITY RATIO OF 1.59X IN 2019, WE WERE ABLE TO BRING THIS DOWN TO 1.23X AS OF END DECEMBER 2021 AND REMAIN COMMITTED TO MAINTAINING A COMFORTABLE LEVEL.**

## A STRONGER ESG PLATFORM

Although we have always placed priority on corporate governance and corporate social responsibility, these recent challenges have given us renewed drive to push forward with our economic, environmental, social, and governance (EESG) agenda.

On the economic front, we distributed the aggregate value we generated last year equitably among our stakeholders to repay their confidence and solicit their continued support.

Environmentally, we expanded and continued to monitor our environmental footprint across all our operations towards a shared goal of a net zero carbon future, with specific focus on resource management and conservation.

In addition, through our Megawide Foundation, we sustained our financial and educational assistance to our host communities, delivered relief goods to disaster-struck areas, and initiated various clean-up drives, among others.



We also engineered within our organization, strengthening our resistance against the ill effects of the pandemic. This included constant testing and observance of minimum health and safety protocols, to go hand in hand with digitization and process improvements to complement a healthier and protected workforce.

In the middle of all these, we ensure that our governance is kept tight and compliance with all applicable laws remain at the highest level – resulting to a further improvement in our Asean Corporate Governance Scorecard (ACGS) score to 102.2 points from 98.5 points the previous year.

We are cognizant, however, that strengthening our organizational resistance will have to be complemented by a proactive business strategy to capture opportunities in the next normal.



## TOWARDS CYCLE-RESILIENCY

**Pivot to Infrastructure.** With multiple factors affecting our performance last year, we identified segments that we believe are cycle-resilient yet remain aligned with our long-term vision. Our pivot to infrastructure continued to gain traction as we currently complete Package 1 of the Malolos Clark Railway Project and the Aglipay Sewage Treatment Plant.

From less than 5% pre-pandemic, the share of infrastructure in our order book has grown to 17% as of last year and we intend to increase this further as we book more big-ticket items, such as the Metro Manila Subway Project and, hopefully, other rail infrastructure packages being rolled out by the government. We believe that infrastructure development is sustainable amid different cycles and will remain a priority under the current administration.

**Hosting Revenge Travel.** We are also very optimistic with the airport's recovery as revenge travel continues to gain momentum. In 4Q2021, monthly passenger volume averaged 191,000 compared with 84,000 in the first nine months of 2021. While still mostly domestic, international

travelers are expected to grow, especially those coming from Europe and the Middle East, as we welcome Turkish Airlines and the return of Emirates to our growing list of international airline partners and augment our traditional tourist base, currently composed mainly of Asians from China, Korea, and Japan.

**Creating a Hub and Spoke Model.** On the landport front, we are encouraged by the increasing patronage in PITX as a prototype for an organized multi-modal transport terminal in the country. We are convinced that this business model and value proposition is scalable to improve inter- and intra-island connectivity around the country. In connection with this, we are actively exploring multiple locations that can serve as potential connection points to PITX.

We are also developing Point-to-Point (P2P) routes as far as the Visayas and Mindanao Regions to serve more commuters in the southern Philippines, with a long-term goal of developing a hub and spoke model to different growth centers around the Philippines, with PITX at the helm.

### **A Recipe for Urban Renewal.**

We are also very excited with the ongoing revitalization of Cebu's historic Carbon District, which serves as a staple source of food and other products to the province, aside from being a 100-year old cultural heritage.

Years of rapid expansion led to numerous issues in Carbon, such as poor sanitation, inadequate facilities, and rising criminality. We believe that with proper infrastructure and organizational improvements, we can develop the district into a time-honored symbol of Cebu's heritage and a critical component in the province's ecosystem. Moving forward, we hope to bring Megawide's urban renewal initiative, through public market revitalization, to other areas in the Philippines, as we currently explore and study other nearby public markets in Cebu City.

“  
**MOVING FORWARD,  
WE HOPE TO BRING  
MEGAWIDE'S URBAN  
RENEWAL INITIATIVE,  
THROUGH PUBLIC MARKET  
REVITALIZATION, TO OTHER  
AREAS IN THE PHILIPPINES.**  
”



# RELENTLESS AMID THE STORMS

During the last twelve months, our collective resolve as a Company was challenged in an unprecedented way and our purpose as an organization was called into question.

Those not crisis-tested could have easily broken down; but for a Company pursuing a mission that will help improve the lives of every Filipino, we stood our ground. This was the year that we once again turned obstacles to motivations and transformed crises into opportunities to promote inclusive national development.

As a resilient organization, we have learned from the lessons of the past to better our future. We have always been forward-looking to achieve our vision. Our relentless and indomitable spirit, backed by your continued support and confidence, will forever provide us the strength and inspiration as we complete another quarter of a century engineering a First-World Philippines.

*Edgar Saavedra*  
**EDGAR B. SAAVEDRA**  
Chairman and CEO



# PEOPLE BEHIND THE COMPANY



# MEMBERS OF THE BOARD

The following provides the information on each Member of Megawide Construction Corporation's Board of Directors, as of December 31, 2021, including their current directorships and positions in other companies, previous business experience, and educational background:



## EDGAR B. SAAVEDRA

Chairman of the Board, CEO, and President

**Age:** 47

**Citizenship:** Filipino

**Term of Office:** Yearly

Mr. Saavedra is currently the Chairman and President of Citicore Holdings Investment Inc. He is also the Chairman of MWM Terminals, Inc., Citicore Power Inc., Citicore Energy REIT Corp., Citicore Renewable Energy Corporation, Cebu2World Development, Inc., and PH1 World Developers, Inc. He also serves as Director of GMR-MEGAWIDE Cebu Airport Corporation and Globemercants Inc. Further, he is a Trustee and Vice President of Megawide Corporate Foundation, Inc.

Mr. Saavedra's engineering experience spans over twenty (20) years. He received his Bachelor's degree in Engineering from De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.



## MANUEL LOUIE B. FERRER

Vice-Chairman of the Board, Executive Director of Infrastructure Development, and Chief Corporate Affairs and Branding Officer

**Age:** 47

**Citizenship:** Filipino

**Term of Office:** Yearly

Mr. Ferrer is a Director and the President of Cebu2World Development, Inc. He is also the Chairman of the Board of Trustees and President of Megawide Corporate Foundation, Inc. Also, he serves as a Director and the President of GMR-MEGAWIDE Cebu Airport Corporation. He is also a Director of Citicore Holdings Investment Inc., MWM Terminals, Inc., Globemercants, Inc., and Citicore Energy REIT Corp. He also serves as the Vice Chairman of the Board of PH1 World Developers, Inc. Further, he is a Director and the Treasurer of Citicore Power Inc. and Citicore Renewable Energy Corporation.

Mr. Ferrer obtained his degree in Industrial Design from De La Salle University in 1996. He previously served as President of MWM Terminals, Inc.



## OLIVER Y. TAN

Director

**Age:** 44

**Citizenship:** Filipino

**Term of Office:** Yearly

Mr. Tan serves as Director and President of Citicore Power Inc., Citicore Energy REIT Corp., and Citicore Renewable Energy Corporation. Further, he is Director and Vice President of Citicore Holdings Investment Inc.

Mr. Tan previously served as the Chief Finance Officer of Megawide Construction Corporation. He holds a degree in Business Administration from the Philippine School of Business Administration.



## RAMON H. DIAZ

Executive Director and Group Chief Financial Officer

**Age:** 63

**Citizenship:** Filipino

**Term of Office:** Yearly

Mr. Diaz is a Director of Citicore Holdings Investment Inc., Citicore Power Inc., MWM Terminals, Inc., and Citicore Renewable Energy Corporation. Also, he serves as Director and Treasurer of GMR-MEGAWIDE Cebu Airport Corporation and Cebu2World Development, Inc.

Mr. Diaz was previously President and Chief Operating Officer of Metro Pacific Zamboanga Hospital Corporation. He also served as Chief Finance Officer of PT Internux (Indonesia), East Manila Hospitals Managers Corporation, Mt. Kitanglad Agri Services, Inc., Actron Industries, Inc., and Isla Communications Company Inc. Further, he was Chief Operating Officer of PT Jababeka Infrastruktur. He obtained his Bachelor of Science degree in Commerce, Major in Accounting, Magna Cum Laude, from the University of San Carlos and his Masters in Business Management from the Asian Institute of Management, as a scholar of the Ford Motor Company. He is a Certified Public Accountant.



**RET. CHIEF JUSTICE HILARIO G. DAVIDE, JR.**

Independent Director

**Age:** 86  
**Citizenship:** Filipino  
**Term of Office:** Yearly

Ret. Chief Justice Davide, Jr. is currently an Independent Director and Vice-Chairman of Manila Bulletin Publishing Corporation. He is also a Director and the Vice-Chairman of KOMPASS Credit and Financing Corporation. Further, he serves as an Independent Director of Philippine Trust Company (Philtrust Bank). He is also the Chairman of the Board of Trustees of Claudio Teehankee Memorial Foundation, Inc. and Heart of Francis Foundation, Inc. He is also a Trustee of University of San Carlos, Cebu City, Knights of Columbus of the Philippines Foundation, Inc., and Knights of Columbus Fr. George J. William, SJ Charities, Inc.

Ret. Chief Justice Davide, Jr. served as Chief Justice of the Supreme Court of the Philippines from November 1998 to December 2005. After his retirement from the Supreme Court, he served as the Permanent Representative of the Republic of the Philippines to the United Nations (UN) in New York from February 2007 to April 2010. He was an educator, legislator, and presidential adviser before his appointment as the country's top diplomat to the UN. Further, he was Commissioner of the 1986 Constitutional Commission which drafted the 1987 Constitution of the Philippines. Recognized for his accomplishments in government service, he was conferred the Ramon Magsaysay Award in 2002. He obtained his Bachelor of Laws from the University of the Philippines.



**CELSO P. VIVAS**

Independent Director

**Age:** 75  
**Citizenship:** Filipino  
**Term of Office:** Yearly

Mr. Vivas is an Independent Trustee of Megawide Corporate Foundation, Inc. He is currently Lead Independent Director and Chairman of Audit and Risk Management Committee of Keppel Holdings, Inc. Further, he serves as Independent Director and Chairman of Audit and Risk Management Committee, Keppel Philippines Marine, Inc. He is also Independent Director and Member of Audit Committee of Keppel Philippines Properties, Inc. He also serves as Independent Director of Keppel Subic Shipyard, Inc. Also, he serves as Independent Director, Chairman of Governance, Nomination, and Remuneration Committee, and Member of Audit and Risk Management Committee of Republic Glass Holdings, Inc. Further, he is a member of the Board of Trustees and President of Marubeni Foundation, Inc.

He was a Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Co. until his retirement in 2001. He is a Certified Public Accountant and has over fifty (50) years of experience in the areas of audit, finance, enterprise risk management, and corporate governance. He obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also received a Master's Degree in Business Management from the Asian Institute of Management (as a scholar of SGV & Co.). He is also a graduate of the Company Directors' Course from the Australian Institute of Company Directors (as a scholar of the Institute of Corporate Directors).



**ALFREDO E. PASCUAL**

Independent Director

**Age:** 73  
**Citizenship:** Filipino  
**Term of Office:** Yearly

Mr. Pascual is currently the Lead Independent Director of SM Investments Corporation and an Independent Director of Concepcion Industrial Corporation and Asiabest Group International Inc. He also serves on the board of nonprofits, such as the Institute of Corporate Directors, Institute for Solidarity in Asia, University of the Philippines Foundation, Inc., FINEX Academy, Philippine Council for Foreign Relations, and US-Philippines Society. Further, he is the President of the Management Association of the Philippines and Association of Former Employees of the Asian Development Bank.

In 2018 and 2019, Mr. Pascual was President and Chief Executive Officer of the Institute of Corporate Directors. From 2011 to 2017, he led the UP System as President and Board Co-Chair. Before UP, Mr. Pascual worked at the Asian Development Bank (ADB) for nineteen (19) years in several positions, including Director for Private Sector Operations, Director for Infrastructure Finance, and Advisor for Public-Private Partnership (Infrastructure Development). At ADB, he had postings in the Philippines, India, and Indonesia, and represented ADB on the board of its investee companies in China, India, and Philippines. Earlier on, Mr. Pascual held executive positions in investment houses, such as First Metro Investment Corporation, and was a finance professor at the Asian Institute of Management. He finished Master of Business Administration and Bachelor of Science Major in Chemistry (cum laude) at the University of the Philippines.

# KEY OFFICERS

## CORPORATE OFFICE



**EDGAR B. SAAVEDRA**

Chairman of the Board, Chief Executive Officer, and President



**MANUEL LOUIE B. FERRER**

Vice-Chairman of the Board, Executive Director of Infrastructure Development, and Chief Corporate Affairs and Branding Officer



**RAMON H. DIAZ**

Executive Director and Group Chief Financial Officer



**CHRISTOPHER A. NADAYAG**

Treasurer and Deputy Chief Financial Officer



**MARIA BELINDA B. MORALES**

Chief Human Resources Officer



**RAYMUND JAY S. GOMEZ**

Chief Legal Officer, Compliance Officer, and Data Protection Officer



**MARTIN MIGUEL B. FLORES\*\***

Chief Risk Officer



**ZHEENA E. OCAMPO**

Acting Chief Audit Executive



**JEZ G. DELA CRUZ**

Vice President – Corporate Finance and Financial Planning



**ROGELIO P. RAMOS, JR.**

Branding Head



**MANUEL Y. ONGJUCO**

Human Resources Operations Head



**ABIGAIL JOAN R. COSICO\*\***

Chief Investor Relations Officer



**JAIME RAPHAEL C. FELICIANO**

Chief Business Development Officer



**ERIC GREGOR G. TAN**

Assistant Vice President – Business Development



**ROBERT JASON L. TORRES**

Assistant Vice President – Corporate Affairs



**MIA GRACE PAULA S. CORTEZ**

Assistant Vice President – Comptrollership and Group Comptroller



**ROLANDO S. BONDYO**

Assistant Vice President – Investor Relations



**MOHIT MALHI**

Chief Executive Advisor



**ANTHONY LEONARD G. TOPACIO**

Assistant Vice President – Legal



**CHARLOTTE Y. KING\*\***

Corporate Secretary



**MA. CRISELLE R. ZAPATA-HERRERA\*\***

Assistant Corporate Secretary

\*\*Appointed on 08 April 2022 effective 08 April 2022

# KEY OFFICERS

## CONSTRUCTION AND STRATEGIC BUSINESS UNITS



**FREDERICK T. TAN**  
Chief Operating Officer



**BRAM VAN OLFFEN**  
Executive Vice President –  
Engineering



**BONNIE BRYAN L. SY**  
Vice President and Human  
Resources Head



**REYNALDO P. RODRIN**  
Assistant Vice President –  
Operations



**RONALD M. ASUNCION**  
Assistant Vice President –  
Operations



**JULES NORMAN B. RONQUILLO**  
Assistant Vice President –  
Operations



**ROMEO P. FURIGAY**  
Assistant Vice President –  
Operations



**JOSELITO O. INAMARGA**  
Assistant Vice President –  
Cebu Operations



**GRANT LEE FELLOWES**  
Project Director – EPC



**BENA KRISTIE U. BALANDRA**  
Assistant Vice President –  
Supply Chain Management



**MARKUS HENNIG**  
Executive Vice President –  
Business Unit Group



**JAMES CAMPBELL**  
Vice President –  
Precast Cebu Operations



**NEIL SHARPE**  
Vice President – Formworks



**JOUIE V. LEE OLIVER**  
Vice President – C.E.L.S.



**JOSE VOLTAIRE M. DELA ROSA**  
Human Resources Head –  
Business Unit Group



**REXFORD D. ILAGAN**  
Assistant Vice President –  
Batching Plant



**TEOFILO FERNANDO G. MARZABAL**  
Assistant Vice President –  
Quality Assurance/Quality Control



**JERALBINE R. NUGUID**  
Assistant Vice President – Precast



**MA. CRISTINA G. ANGAN**  
Deputy Chief Commercial Officer,  
GMR-MEGAWIDE Cebu Airport Corporation



**LYDWENA R. ECO**  
Operations Director, Cebu2World  
Development, Inc.



**ALEJANDRO A. MANALO**  
Deputy Chief Financial Officer,  
GMR-MEGAWIDE Cebu  
Airport Corporation



**ANDRIAN B. VILLANUEVA**  
Head of HR & Facility Management  
Service, GMR-MEGAWIDE Cebu  
Airport Corporation

# KEY OFFICERS

## SUBSIDIARIES

### MWM TERMINALS, INC.

**EDGAR B. SAAVEDRA**  
Chairman of the Board

**MANUEL LOUIE B. FERRER**  
Director

**JAIME RAPHAEL C. FELICIANO**  
Director and President

**ABIGAIL JOAN R. COSICO**  
Director

**RAMON H. DIAZ**  
Director

**MARIA BELINDA B. MORALES**  
Director

**RAYMUND JAY S. GOMEZ**  
Director

**MOHIT MALHI**  
Chief Executive Advisor

**CHRISTOPHER A. NADAYAG**  
Treasurer

**MA. CRISSELLE R. ZAPATA-HERRERA**  
Corporate Secretary

**CHARLOTTE Y. KING**  
Assistant Corporate Secretary

# KEY OFFICERS

## SUBSIDIARIES

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### GMR-MEGAWIDE CEBU AIRPORT CORPORATION

**SRINIVAS BOMMIDALA**

Chairman of the Board

**MANUEL LOUIE B. FERRER**

Director and President

**EDGAR B. SAAVEDRA**

Director

**RAMON H. DIAZ**

Director and Treasurer

**JEZ G. DELA CRUZ**

Director

**VIVEK SINGHAL**

Director

**P SRIPATHY**

Director

**ALEJANDRO A. MANALO**

Deputy Chief Financial Officer

**FLORENTINO A. TUASON, JR.**

Corporate Secretary

**KIMBERLY HOPE BISNAR**

Assistant Corporate Secretary

### CEBU2WORLD DEVELOPMENT, INC.

**EDGAR B. SAAVEDRA**

Chairman of the Board

**MANUEL LOUIE B. FERRER**

Director and President

**RAMON H. DIAZ**

Director and Treasurer

**ABIGAIL JOAN R. COSICO**

Director

**MARIA BELINDA B. MORALES**

Director

**MIA S. CORTEZ**

Director

**MA. CRISTINA G. ANGAN**

Director

**CHARLOTTE Y. KING**

Corporate Secretary

**MA. CRISELLE R. ZAPATA-HERRERA**

Assistant Corporate Secretary

# 2021

# BUSINESS REVIEW

# BUSINESS REVIEW

103-1 103-2 103-3

Megawide continued to thrive amid the ongoing health crisis and business challenges experienced in 2021 and stayed on course towards engineering a First-World Philippines.

We pursue a long-term and sustainable growth agenda with objectives that translate directly into our Key Result Areas (KRAs) developed from the bottom up. These KRAs serve not only as our financial and operational targets, but become a basis of measuring progress and evaluation for each employee to the Company as a whole.

Megawide Management regularly checks in on Company targets in reference to our long-term roadmap. The results from these are collected and form the planning process for the succeeding year.

This year, the Engineering, Procurement, and Construction (EPC) segment sustained a healthy order book, with more big-ticket projects in the pipeline anchored on its pivot to infrastructure. In addition, existing landport operations steadily contributed to facilitating mobility as the airport slowly builds momentum for take-off.

## BUILDING TO THE TOP

Our project numbers continued to grow in 2021, with the Batching Plant (BP) and Formworks recording its most robust order book to date. This aligns with Megawide's public works projects as primary drivers, such as the Malolos-Clark Railway Project (MCRP), the Carbon Market Redevelopment, and Aglipay Sewage Treatment Plant, pre-occupying most of our construction capabilities. On the private side, the Suncity Westside City Hotel and Resort complex is in full swing in time for the revenge of tourism.

### OUR TOP CONTRACTS AS OF 2021

₱5.5 BILLION

Carbon Market Modernization

₱8.3 BILLION

Malolos-Clark Railway Project - Package 1

₱4.2 BILLION

Aglipay Sewage Treatment Plant

₱26+ BILLION

Suncity Westside City Resorts



### Cebu Carbon Market Redevelopment

The 50-year joint venture redevelopment project for the modernization of the Carbon District in Cebu City is steadily underway, with progress for Phase 1 on-time throughout 2021. Megawide has recently completed the Carbon Bagsakan, an ambulant vendor area where vendors from the surrounding area could continue selling their goods within a temporary facility, while a new structure is being constructed.

Phase 1 also involves the Sto. Niño statue and chapel for the pious people of Cebu as well as local and international tourists. Eventually, Phase 2 will consist of a mixed-use development for the District, complete with a ferry terminal connecting to the Mactan-Cebu International Airport (MCIA).

### Malolos-Clark Railway Project

Megawide's EPC services are set to make the MCRP come to life with BP, Formworks, and Construction Equipment Logistics and Services (C.E.L.S.), providing ready-mix concrete and support facilities a combined contract value of ₱2.9 billion and ₱152 million for temporary facilities, respectively.

This side contract is on top of the ₱8 billion main contract for the structural and civil works of Package 1 Phase 2, which will develop an elevated railway system connecting Malolos to Calumpit in Bulacan and Apalit to Minalin in Pampanga.



## Suncity Westside City

The Company is on track to complete the Westside City Hotel & Resort Complex at the heart of the Entertainment City in Pasay, with an aggregate contract of ₱26 billion, including the main structure and management of sub-contractors to ensure an efficient and smooth flow of operations.

The project follows an original 30-month timetable and is expected to be delivered on time based on the a revised schedule to welcome the return of tourists.



## In the Works

The Company is currently eyeing more projects along with our transport-oriented development (TOD) segment following the success of the Parañaque Terminal Exchange (PITX). This includes the vision for a Bus Rapid Transit (BRT) system and potentially a similar terminal in the southwest and northern areas of Luzon, respectively.

# A YEAR FOR CONSTRUCTION SOLUTIONS

2021 was a banner year for Megawide's Construction Solutions. Each service booked exciting new projects spanning public infrastructure, housing, and development, a nod toward the innovation and competitive service our Company can provide.



## Aglipay Sewage Treatment Plant

The groundbreaking ceremony for the ₱4.2 billion Aglipay Sewage Treatment Plant was held in February 2021. The project, slated to be finished by 2024, is a consortium between SUEZ Asia and Megawide for designing and building a sewage treatment plant with a 60,000 cu.m. daily capacity.

Once completed, the project will benefit approximately 650,000 residents across Mandaluyong, southern Quezon City, and southern San Juan districts.



## BATCHING PLANT

Our Batching Plant makes high-quality concrete that meets eco-friendly standards. Through its partnership with German concrete developer MultiCON, BP will utilize a concrete mix innovation with higher durability, cost efficiency, and less greenhouse gas (GHG) emissions.

BP utilizes on-site concrete mixing through its mobile batching plants. In 2021, new mobile batching plants were constructed for SunCity's Westside City Resorts World project and the MCRP in Apalit with 10 additional mixer trucks.



## FORMWORKS

Our proprietary Formworks services arrange easily-assembled temporary facilities. The business unit reached its highest order book to date for the MCRP's temporary facilities (offices and accommodation), with a total capacity of 1,224 people.

Formworks' first infrastructure project for the year has reached ₱75 million worth of contracts.



## CONSTRUCTION EQUIPMENT, LOGISTICS, AND SERVICES (C.E.L.S.)

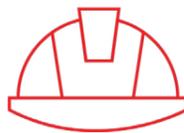
Our fleet of advanced construction machinery, vertical equipment, and groundworks include tower cranes, earth-moving vehicles, specialized material handling, and concrete delivery equipment.



## RESEARCH AND DEVELOPMENT (R&D)

Research and development is key to our innovation at Megawide as we learn from international best practices and apply them to our Philippine operations. On a larger scale, this initiative is envisioned to modernize and add value to the local construction and infrastructure industry.

Our R&D milestones for the year include the completed development of our long-retention concrete innovation, which significantly cuts construction time, and the installation and operation of Apalit Batching Plants 1 and 2 for the MCRP Project.



## FACILITIES MANAGEMENT DEPARTMENT

The Facilities Management Department (FMD) undertook various internal improvements to ensure our management systems were up to par.

This includes the completed construction of new buildings in our Taytay Industrial Complex, such as a new central canteen, digitalization initiatives, and obtaining a Safety Seal Award—a first for Megawide—from the Department of Labor and Employment (DOLE).



## PRECAST

Precast provides our project sites with customized construction pieces to fit a variety of our customers' needs. In 2021, Precast signed three new housing contracts with PHirst Park Homes to construct houses in Bulacan, Pampanga, and Batangas for a combined 4,644 housing units. This brought to approximately 12,000 the total number of horizontal housing units being supplied and constructed with Megawide's precast materials.

# ENVIRONMENTAL STEWARDSHIP





# ENVIRONMENTAL STEWARDSHIP

Megawide equips itself with the latest world-class technology and constantly enhances its systems for efficiency. By doing so, we deliver better services, using mindful procedures to minimize resource consumption, making it an all-around effort to protect our planet.

In 2021, the Company continued its activities across its project sites and carefully monitored its various environmental impacts.

# MATERIALS

103-1 103-2 103-3

We prioritize working and building with materials that maximize productivity yet minimize impacts. Megawide goes through a careful selection process for its raw materials to ensure that the resources we use for our operations have minimal negative effect on the environment and maximized durability and performance for our products and services.

## BU - Batching Plant 301-1 301-2

Materials used by weight or volume (non-renewable)	Quantity	Unit
Cement	1,926,213	bags
Additives	975,444	liters
Fly Ash	233,360	bags
Gravel - 3/4"	123,938	metric tonnes
Gravel - 3/8"	98,930	metric tonnes
Sand- S1	49,950	metric tonnes
Sand	169,797	metric tonnes
Percentage of recycled input materials used to manufacture the organization's primary products and services	1.93	%

## EPC 301-1 301-2

Materials used by weight or volume (non-renewable)	Quantity	Unit
Gravel G-1	3,014.81	cu.m
	4,000	bags
Gravel G-3/4	14,622	bags
Gravel G-3/8	3,428	bags
Gravel Base Course	1,502.173	cu.m
White Sand	593.0912	cu.m
	284,118	bags
Good Lumber	20,576	pcs
Backer Rod	71,945	pcs
Battery	282	pcs
Panel Board	9	assy
	2	sets
Construction Film	128	rolls
Ready-mix concrete	5,328.5	
Sheet Piles	475	pcs
Smoke Detector	140	pcs
Tile Spacer	23,045	pcs
Emergency Lights	42	pcs
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

**Business Units (BU)**

The Facilities Management Department (FMD) of Megawide mainly uses office supplies and energy resources for powering office equipment such as computers and printers. As part of its goal to reduce waste generation in 2021, FMD continued its gradual digital transformation and energy preservation efforts.

As the maker of high-quality ready-mix concrete, the Batching Plant (BP) carries out routine quality checks for its raw materials, approved by the Procurement and Supply Chain Department, in line with the "Approval of Raw Materials for Use in Concrete" policy. The Procurement team negotiates for the best price possible for raw materials, which are then validated by the Research and Development Department. This process also ensures that anti-corruption and anti-bribery practices and policies are complied with inside Megawide.

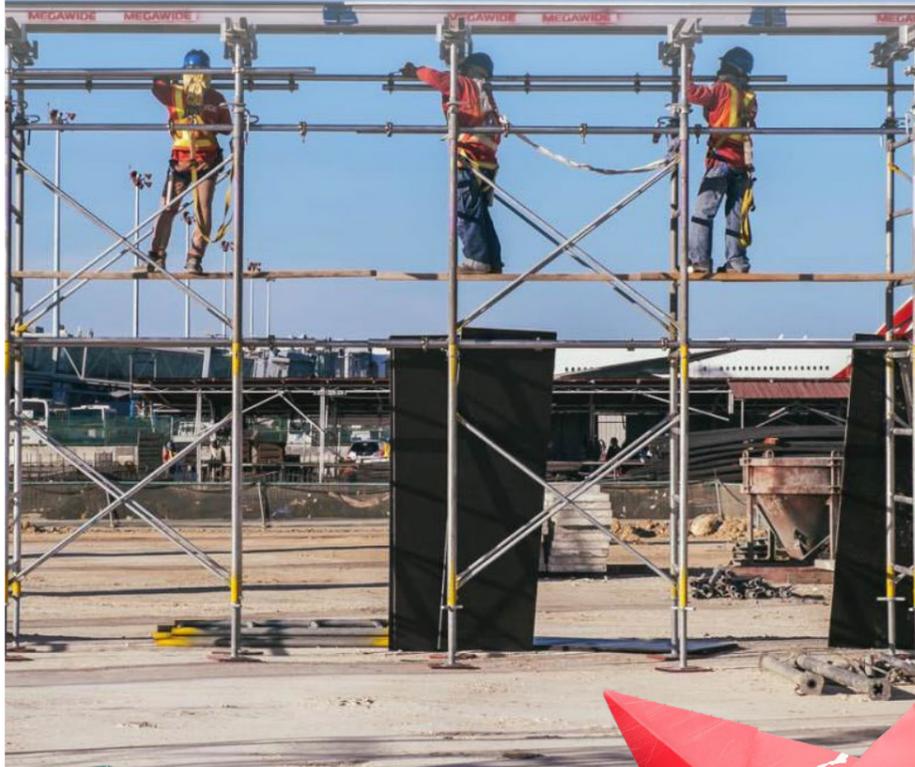
All products undergo testing before delivery and acceptance by our clients. Through proper monitoring, inspection and approval processes documented by the BP, these products have not failed testing prior to dispatch.

**Engineering, Procurement, and Construction (EPC)**

The Engineering, Procurement, and Construction's (EPC) procurement team sources its raw materials through trusted external providers, using a thorough selection process that takes into account quality, pricing, availability, and efficiency. EPC establishes partnership with multiple suppliers to avoid delays and ensure supply availability at most competitive prices for basic raw materials such as steel, cement, and aggregates. To ensure compliance with regulations, material testing is conducted by specialized laboratories.

**MWM Terminals, Inc. (MWMTI) and GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)**

Megawide Walter Mart Terminals, Inc. (MWMTI) and GMR-MEGAWIDE Cebu Airport Corporation (GMCAC) mainly transact with local service providers and vendors for maintenance, marketing, and other operations. They do not engage in long-term partnerships for raw materials, though local sourcing is encouraged to minimize handling costs and optimize delivery.



**ENERGY**

103-1 103-2 103-3

We power our offices and equipment by using both renewable and non-renewable energy sources. While the path to the First-World vision entails shift to clean and renewable energy, Megawide nonetheless practices disciplined and responsible energy consumption practices across its sites while the journey is ongoing.

	Energy Consumption 302-1		
	MCC	MWMTI	GMCAC
Renewable sources (kWh)	N/A	N/A	565,779.04
LPG (GJ)	323.16	N/A	N/A
Diesel (GJ)	96,762	N/A	N/A
Electricity (kWh)	15,426,908.98	21,575,564	13,495,839.09

Detailed breakdown and complete data can be found in the Annex

**HoldCo**

The Company equips its businesses with necessary backup equipment for business continuity to mitigate power interruptions. HoldCo coordinates closely with the Santolan Town Plaza building administration to maintain the building's generator sets.

Electrical requirements are predetermined and considered in the decision-making process for selecting office equipment and backup power. Additionally, HoldCo practices energy conservation by ensuring that the appliances and lighting that are not in use are turned off, especially during daytime to maximize natural light.

**Business Units (BUs)**

As operations picked up along with the easing of pandemic restrictions and lowering of cases, the Taytay Industrial Complex and Head Office buildings' energy consumption increased in 2021, compared with the slower activities in 2020. Amid this, FMD continued to practice energy conservation, including using solar-powered LED lights to replace normal floodlights. Other lighting sources were switched to LED, helping FMD reach 75% completion for its target.

BP has a standard allowable range for energy usage monitored monthly, while energy consumption is based on production output. BP follows FMD's basic practices for energy conservation, which include turning off the lights and appliances not in use and using the generator sets only during power outages.

**MWM Terminals, Inc. (MWMTI)**

MWMTI's energy consumption remained low in 2021 due to a lower occupancy rate in its office towers, due to COVID-19 induced travel restrictions. However, the Terminal continues to adopt energy-efficient practices to manage its consumption, including the shift to LED lighting, using only 50% of lighting during non-peak and idle hours, and shutting down escalators and elevators at midnight. MWMTI also has generators on standby to ensure continued operations, even during power interruptions.

**Engineering, Procurement, and Construction (EPC)**

At the Megawide Head Office, energy management initiatives include runtime schedules for air conditioning systems and elevators, employee best practice reminders, and a backup energy generator, subjected to one-hour monthly testing. Similar to the BUs, EPC's energy consumption increased for the year as operations and office use returned to near normal.

However, EPC still recognizes the need to improve its energy consumption monitoring and management systems. This includes aligning practices to reduce consumption and meet commitments related to climate action.

**GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)**

GMCAC has significant energy requirements and recognizes the importance of monitoring and managing its energy usage to improve its operations, carry out its responsibility to the environment, and participate in the climate change agenda.

In 2021, GMCAC continued to experience a decrease in energy consumption due to the consequences of the COVID-19 pandemic. As high power costs through the local power utility in Cebu pose a risk to financial stability, GMCAC resorted to source power through the open market for Terminals 1 and 2 to manage economic sustainability.

For its part, GMCAC is moving toward expanding its use of renewable energy sources. In 2021, the Company was able to reduce its energy consumption by 565,779.04 kWh due to solar power. Moving forward, GMCAC plans to expand the use of renewable energy to support a net zero carbon future objective.



**EMISSIONS\***

103-1 103-2 103-3

Recognizing the detrimental effects of air emissions on the environment and neighboring communities, the Company takes on a careful monitoring system for emissions that result from our operations. Our goal has always been to find ways to build with fewer emissions produced.

Disclosure	GMCAC
NO <sub>x</sub>	0.23 ug/Ncm
SO <sub>x</sub>	<0.02 ug/Ncm
Particulate matter (PM)	3.00 mg/Ncm

Disclosure	MCC	MWMTI	GMCAC
Direct (Scope 1) GHG Emissions (Tonnes CO <sub>2</sub> e)	2,788.34	N/A	72.17
Energy indirect (Scope 2) GHG Emissions (Tonnes CO <sub>2</sub> e)	10,643.72	14,887	9,312.13



**Business Units (BU)**

BP is currently developing an environmentally-friendly concrete mixing technology with German company MultiCON that generates less greenhouse gas (GHG) emissions. The initiative also strengthens the Company's compliance with government standards under the National Air Emission Policy.

Safety Officers regularly monitor air emissions and report to Maintenance unusual or high readings and those that require replacement of damaged silo filters, for immediate action. The plant also ensures that new Pollution Control Officers (PCOs) are properly trained to effectively carry out quarterly monitoring schedules and secure all necessary environmental permits from the DENR-EMB for the following year.

The Maintenance team conducts regular silo inspections to evaluate emissions management, followed by an internal audit performed by a Safety Officer. To manage emissions, the plant limits the use of generator sets, which are responsible for high volumes of air pollutants, only during plant installation.

*\*At present, EPC does not have a testing device to monitor emissions.*

**MWM Terminals, Inc. (MWMTI)**

MWMTI conducts testing for pollution sources installations (generator sets) to get an overview of the company's environmental impact, specifically with respect to air pollutant emissions. The procedure is normally conducted by a third-party vendor specializing in air emission testing for all kinds of equipment. The 2021 results have shown that the facility passed all the testing criteria and parameters and is compliant with applicable standards.

**GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)**

Being an airport operator, GMCAC is cognizant of the several sources that contribute to carbon emissions. As such, it is imperative for the company to acknowledge and comply with the national regulations governing air emissions.

The airport's carbon footprint remains a challenge to GMCAC as the number of flights and air traffic influences emissions and noise pollution levels. In line with the requirements of the Philippine Clean Air Act (RA 8749), GMCAC has an approved Environmental Management Plan, which outlines the monitoring and management of ambient air and noise quality in specific areas surrounding the airport complex.

GMCAC performs Ambient Air Quality monitoring in six areas, while Noise Quality Monitoring is implemented in four locations around the airport:

Ambient Air Quality Monitoring Sites	Noise Quality Monitoring Sites
<ul style="list-style-type: none"> <li>Carbo Bay Area (MCIA Gate)</li> <li>Bangal Brgy. Hall</li> <li>Science and Technology Education Center (STEC)</li> <li>Pusok National High School</li> <li>Terminal 1 and 2 ramp area</li> </ul>	<ul style="list-style-type: none"> <li>STEC</li> <li>St. Augustine International School</li> <li>MCIAA General Aviation Buiding</li> <li>Carmelite EMD Foundation School</li> </ul>

GMCAC's likewise tests all its motorized ground support equipment (GSEs) for hydrocarbon emissions to manage pollution. On a broader scale, the company also recognizes its responsibility to inform nearby communities about emissions and their effects, as well as provide them with updates on how GMCAC is managing its emissions.

# WASTE MANAGEMENT

103-1 103-2 103-3

Across Megawide, the Company's waste management practices are aligned with government regulations, such as those by the Department of Natural Resources (DENR), Laguna Lake Development Authority (LLDA), and the Department of Labor and Employment (DOLE).

Disclosure	MCC	MWMTI	GMCAC
<b>Total solid waste</b>			
Preparation for reuse (T)	N/A	N/A	N/A
Recycling (T)	267,035.94*	0.12	N/A
Incineration (T)	N/A	N/A	N/A
Landfilling (T)	2,877,344.68*	1,113,670	363.4
Other recovery operations (T)	16.21	N/A	N/A
Other disposal operations (T)	14.64	N/A	N/A

*\*44 truckloads and 236 truckloads of waste generated were also prepared for recycling and landfilling*

Disclosure	MCC	MWMTI	GMCAC
<b>Total hazardous waste</b>			
Preparation for reuse (T)	N/A	1.26	N/A
Recycling (T)	8,810	N/A	N/A
Other disposal operations (T)	1,369.27	N/A	N/A



**HoldCo**

For HoldCo, solid waste is generated primarily by office activities. Bins are provided for proper waste segregation in the common office and meeting rooms. As part of the arrangement with the building administration, regular waste is disposed of in the building’s Materials Recovery Facility (MRF) while hazardous waste generated by HoldCo is transferred to the EPC Head Office for handling by the contracted and DENR-accredited third-party hauler.

**Business Units (BUs)**

The BP ensures that no mixed concrete waste is disposed directly to the environment by using a reclaimer or settling pond and availing of the services of an accredited hauler. Solid waste generated by the Batching Plant is picked up by the same DENR-accredited contractors, who also deliver the raw materials, resulting in significant disposal cost savings.

The plant’s Pollution Control Officers and Safety Officers carefully monitor concrete waste to minimize wastage and take measures to recycle concrete waste by diverting it to other project sites, making beton blocks, or discharging the waste to the settling pond.

In general, some precast discharge is recyclable while accumulated scraps are scheduled for hauling. Domestic waste is disposed to



the respective project site’s MRF, while styrofoam waste is crushed and collected weekly by third-party contractor CEMEX.

All BUs strictly implement a “no proper segregation, no collection” policy to promote the division of residual and recyclable waste. A separate collector handles plastic bottles.

**Engineering, Procurement, and Construction (EPC)**

EPC practices waste segregation at its Head Office to mitigate health and environmental risks and promote climate-change action. Best practices are communicated to employees across the site through properly-labeled waste bins as well as online training and seminars. Single-use plastics are also discouraged in the workplace.

The office utilizes an MRF, where waste and scraps are hauled by the local government upon proper arrangements, through third-party haulers who audit and monitor waste daily.

**MWM Terminals, Inc. (MWMTI)**

MWM Terminals, Inc. (MWMTI)

The volume of passengers and tenants in the facility influences the amount of waste generated at the terminal. In compliance with national laws, the Terminal operates an MRF, which is already planned for capacity expansion due to the increasing number of passengers.

MWMTI handles residual waste from food and beverage industry tenants. Specifically, food waste management is enhanced by daily inspection and close monitoring of food service tenants to ensure that such discharge are properly handled and disposed of.

**GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)**

GMCAC abides by the relevant government regulations on solid and hazardous waste disposal and extends this responsibility to its stakeholders and concessionaires through a Management Information Notice (MIN). This allows GMCAC to work with its partners to manage solid waste and ensure compliance with regulations. Employees also participate in waste mitigation through a no single-use plastic policy and are set to join in future IECs.

An accredited contractor is tasked to haul solid waste generated by the terminal and its airline partners, while an accredited transporter and treater handles hazardous waste. GMCAC also engaged ABS-CBN’s Bantay Langis Program to treat and dispose of its used cooking oil.

Waste is segregated at the source to reduce the amount disposed of in landfills, where a Central Waste Storage Facility is utilized as a temporary holding area for the collected waste prior to final disposal.



**THE GRAND CARBON CLEANUP DRIVE  
CLEARING THE WAY  
FOR LESS WASTE**

Carbon TINUOD, an alliance between the Karumateros and Kargadors of the Carbon Public Market, and Tau Gamma Phi, called all hands on deck for a large-scale cleanup of the Carbon Bagsakan along Quezon Boulevard and neighboring streets. Over a hundred sacks of garbage were collected and properly disposed of.

# WATER AND EFFLUENTS

103-1 103-2 103-3

Water is an essential resource for everyone, be it at Megawide or in host communities. As such, it is an imperative to operate our offices and project sites through efficient use of water, whether clean or discharge, according to environmental regulations.

Disclosure	MCC	MWMTI	GMCAC
Water withdrawal (ML)	1,759.40	234.84	194.46
Water consumption (ML)	1,757.34	118.88	194.37
Water recycled and reused (cu.m)	9.20	N/A	N/A

Disclosure	MCC	MWMTI	GMCAC
Total volume of water discharges (ML)	3.73*	115.97	N/A

\*Data includes BU and EPC Head Office only. Water discharge data of HoldCo is handled by the building administration as Megawide is only a tenant.

## HoldCo and Engineering, Procurement, and Construction (EPC)

HoldCo and the EPC Head Office primarily use water for domestic use, such as washing, cleaning, and maintenance. Water-efficient fixtures in the offices' washrooms are installed to control consumption and wastage.

For the Head office, FMD has rehabilitated their cooling tower, which previously had a leakage problem, to lessen the water consumption of the building. For HoldCo, FMD is in charge of monitoring daily operations and coordinates with the Santolan Town Plaza

building administrator to implement the Company's water management initiatives. The Santolan Town Plaza building has a sewage treatment plant (STP) for treating all water discharge from tenants, including Megawide.

Water is used for both construction and domestic use at various areas at the project sites – such as barracks, canteen, washrooms, and offices. On the other hand, EPC project sites utilize water primarily for cement mixing, thus resulting in minimal water discharge. There are also portlets installed across the different

project sites, which are managed and maintained by the third-party provider.

Water from HoldCo is discharged through the city drainage of the San Juan River while the Head Office of EPC has its own STP compliant with LLDA standards. Currently, the Head Office has set targets for reduced consumption, establishing baseline data and installing water-efficient faucets to help facilitate achievement of objectives.

## Business Units (BUs)

BUs water supply comes from Manila Water and is primarily used in Precast and Formworks' production processes, in addition to the domestic use for BU's offices and maintenance needs.

In Taytay, the Precast plant uses recycled water to maximize its resources for some activities. Water is later on discharged into a small creek leading to Laguna Lake.

BP sources its water from a storage tank for ready-mix concrete and domestic use and follows a standard on allowable range for water consumption, which is monitored monthly. To address adverse impacts on the environment, BP maximizes its use of reused and recycled water, such as in the case of dedusting. The unit also adheres to the Water Effluent Standards for Class C Water Body as mandated by DENR and LLDA.

## MWM Terminals, Inc. (MWMTI)

Waterflow from sinks in washrooms is monitored to manage consumption and was adjusted from 15-second to 5-second intervals to further optimize water usage. MWMTI runs an STP for treating its wastewater prior to discharge and use cistern tanks, which are sanitized annually, for potable and non-potable water storage.

## GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

GMCAC withdraws water from the MCIAA for Terminal 1, while Terminal 2 sources from Mactan Rock Industries. Water is mainly used for domestic landscaping, dust suppression, cooling towers, drinking fountains, and equipment washing. After undergoing treatment at the STP, water is safely discharged into the Mactan Channel.

The Company monitors its water consumption through internal metering and practices conservation techniques by combining water sources for Terminals 1 and 2. GMCAC is also exploring the use of recycled water for landscaping and as replenishment for the cooling towers and also studying rainwater harvesting as an option for further mitigating water-related impacts.





### HoldCo

The compliance team keeps abreast with latest industry trends and requirements, Philippine laws, as well as international benchmarks and standards to ensure that practices and policies are up-to-date. The team also monitors new regulations that may affect the business.

In 2021, HoldCo launched its Regulatory Requirements and Electronic Management and Monitoring System, which improved the Company's compliance with applicable laws, and resulted in zero penalties since 2020.

### Business Units (BUs)

The Management Department ensures that all BUs have a registered and dedicated Pollution Control Officer and Managing Head that understands environmental standards, through necessary training and seminars. Together with the Health and Safety Department, the Admin Department monitors the compliance of the BUs through internal audits.

### Engineering, Procurement, and Construction (EPC)

Megawide's operations are aligned and compliant with the Philippine Clean Water Act (RA 9275), Philippine Clean Air Act (RA 8749), Ecological Solid Waste Management Act (RA 9003), Toxic Substance and Hazardous and Nuclear Waste Control Act (RA 6969), and the Philippine Environmental Impact Statement System (PD 1586).

### GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

GMCAC submits its compliance and monitoring reports to the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) to ensure all plans and activities are compliant and aligned with government regulations. The Company secures valid permits while diligently submits required reports and documents to the DENR for the quarterly SMR and semi-annual CMR.



# ENVIRONMENTAL COMPLIANCE

103-1 103-2 103-3

By remaining fully compliant with Philippine environmental laws and regulations, Megawide upholds its First-World standard for responsible and sustainable business practices. Across the organization, the Company monitors its procedures and works closely with regulatory bodies to ensure compliance.

# CONSERVING NATURE, PROTECTING THE PLANET

The Megawide Group tackles climate change and protects the planet through various environmental initiatives.

In 2021, Megawide's subsidiaries and business units sustained activities towards building better communities. The Company also partnered with various organizations and institutions to promote environmental protection and biodiversity conservation.

Our efforts include:

- **CommuniTREE:**  
To support the DENR Provincial Environment and Natural Resources Office (PENRO) Pampanga's National Greening Program (NGP), Citicore Power Inc.'s employees planted 500 fruit-bearing trees on Mt. Arayat.
- **Manila Bay Cleanup Drive:**  
For Philippine Environment Month in June, 70 volunteers from EPC and Westside City Resorts World came together to collect and fill one hundred garbage bags of waste along the Seaside District in Paranaque City.
- **Mangrove Planting Project:**  
Megawide partnered with HT Land, Inc. and Rider Levett Bucknall (RLB) for a small-scale mangrove planting project in Olango Island, Cebu, where 5,000 mangrove seedlings were planted.



# SOCIAL RESPONSIBILITY



# SOCIAL RESPONSIBILITY

Megawide's stakeholders are our partners in bringing the First-World Philippines vision to life. These include employees who execute our plans into action, the communities who share their resources with us and provide a rich talent pool, our business partners, who share our goals for sustainability, and the government and regulators, who provide guidance and stewardship in our journey.

In 2021, the Company continued to serve its stakeholders, addressing their concerns and providing our assistance, when necessary, while closely working together.



## FOR OUR PEOPLE

The Company is composed of a committed and talented team of individuals who share our vision of Engineering a First-World Philippines, contributing to a culture of productivity and passion. We support our employees by providing them with avenues for growth and development, complemented by a conducive working environment, and supported by competitive compensation and benefit packages.

### EMPLOYEE MANAGEMENT

103-1 103-2 103-3

At Megawide, we prioritize applicants who are fit for the job, especially in the highly competitive engineering and construction industry. The skills and expertise of our employees, together with their work attitude and values, ultimately determine the quality of the services we provide.

To attract quality talents, Megawide's Human Resources department devises suitable compensation packages and programs to maintain a resilient workforce.

#### HoldCo

Project employees receive a basic wage, allowances, performance bonuses, and project completion incentives. To maintain high productivity, an officer-in-charge is assigned to continuously motivate individuals while keeping interrupted operations. Over the long-term, HoldCo plans to implement a talent acquisition strategy and manpower planning system to proactively address business requirements.

To ensure that employees are properly oriented and understand their scopes of work, Human Resources implements Megawide's Onboarding and Employer Branding programs to all levels. As a sustaining initiative from the previous year, HoldCo adopted a blended working arrangement for employees, allowing for work-from-home and work on-site, amid the lingering threat of the COVID-19 virus.

#### Business Units (BUs)

Recruitment processes across the different business units (BUs) depend on the manpower requirements of each department and are implemented in line with a Recruitment Referral Program. BUs enroll their existing non-skilled employees in training and certification programs to augment the supply of skilled workers internally, rather than acquiring from the external market.

The BUs also take part in job fairs, post on online job portals, collaborate with the Public Employment Service Office (PESO) and local government units (LGUs), as well as reach out to the academe to expand their potential pool of new hires. To maximize the budget, the Human Resources department ensures that all online job platforms to which they are subscribed to are fully utilized and remain useful.

In addition, employees are given avenues to air their grievances, including the Employee Suggestion Box, Kumustahan, and UMAGAHAN sessions.

## Engineering, Procurement, and Construction (EPC)

Due to the nature of construction work, Engineering, Procurement, and Construction (EPC) experience high turnover rates and employee transfers. In response to this, EPC has adopted a more streamlined approach to recruitment and strengthened its hiring strategies, through academic linkages, provincial recruitment, and increased exposure on social media.

The Human Resources department also looks at its internal manpower and prioritizes current project-based employees from completed projects to augment manpower needs for other EPC projects. This allows them to provide employees with continued opportunities and avoid project delays.

EPC's Human Resources department conducts manpower forecasting and planning to ensure that it is able to meet its current and future requirements. Additionally, it utilizes dashboards to monitor and manage employee transfers, complemented by cadetship training programs to deepen its bench.

## MWM Terminals, Inc. (MWMTI)

MWM Terminals, Inc. (MWMTI) is compliant with all statutory benefits such as overtime and holiday pays, night shift differentials, leave credits, and 13th-month compensation.

## GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

GMR-MEGAWIDE Cebu Airport Corporation (GMCAC) regularly reviews its compensation and benefits packages and acknowledges that a competitive salary is not the sole factor determining employee satisfaction and retention. The review allows them to design appropriate packages to attract new talents and satisfy current employees without incurring unnecessary expenditures.

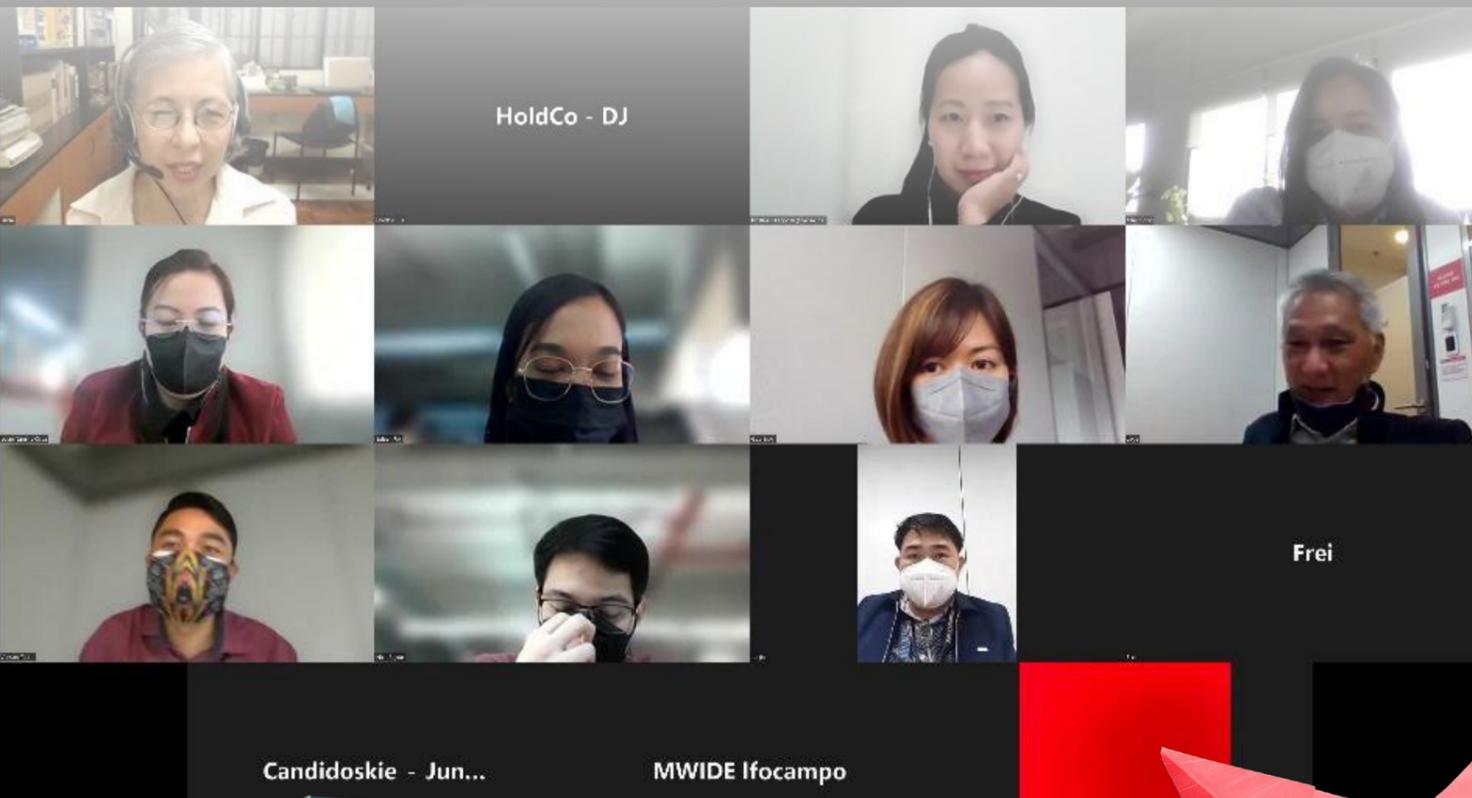


# TALENT DEVELOPMENT AND TRAINING

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At Megawide, we prioritize applicants who are fit for the job, especially in the highly competitive engineering and construction industry. The skills and expertise of our employees, together with their work attitude and values, ultimately determine the quality of the services we provide.

To attract quality talents, Megawide's Human Resources department devises suitable compensation packages and programs to maintain a resilient workforce.



Disclosure	MCC			MWMTI	GMCAC
	HoldCo	BU	EPC		
<b>Total training hours provided to employees*</b>					
a. Female employees	12	2,038	4,895	1,424	2,490.6
b. Male employees	12	4,721	10,940	1,361.5	2,123.5
<b>Average training hours provided to employees**</b>					
a. Female employees	12	45.29	9.47	45.94	23.95
b. Male employees	12	23.37	5.46	50.43	26.22

\*in hours

\*\*in hours/employees

## HoldCo

In 2021, HoldCo took a step back to identify the competencies required from its people in order to be successful in its endeavors. These competencies, categorized as Behavioral, Leadership, and Functional, or Technical, have been used as the basis for Learning and Development Programs. It also served as the foundation for the Learning and Development Curriculum.

In the middle of 2021, Megawide rolled out its Leadership Initiative, a 12-hour webinar, as well as a 360-Degree Feedback mechanism using the MLEAD Effectiveness Scale. "Lead to Drive Business Results" is a 4-module program that covers Fundamentals of Management, Creating Accountability and Delegation, Leader as a Communicator, and Leader as a Coach. The program included lectures, tailored case studies, and breakout sessions to provide more interactive opportunities for discussions.

These programs were attended by and conducted among executives and selected managers. Moving forward, the intent is for these programs to be cascaded to the rest of the managers and supervisors to ensure a common understanding of Management and Leadership essentials.

MLEAD Effectiveness is a statistically validated tool that covers the following factors:

- Communicates a Shared Vision & Monitors Progress
- Inspires & Develops Others
- Leads with Presence
- Thinks on Strategy & Focuses on Results

Using the MLEAD Tool, attendees of the leadership webinar underwent self-assessment and were given feedback by their immediate superiors, peers, and subordinates. These results aim to raise self-awareness which could also become a point of discussion and coaching during executive sessions later on.

## Business Units (BUs)

The BUs prioritize training and development for their employees by investing in capacity-building to improve job satisfaction and boost talent retention. At the onset, they invest in training needs evaluation, SWOT analysis, and strategic planning to develop the appropriate packages for their employees. The BUs also conduct performance evaluations and roll-out Individual Development Plans that guide in implementing effective skills enhancement and career growth programs for workers.

A Competency Gap Matrix is in place to identify the needed training of each employee, which the BUs use to design or outsource training programs to address the skill or knowledge gap. This is complemented by Health and Safety department's training programs, which are based on the Department of Labor and Employment (DOLE) Occupational Safety and Health (OSH) requirements.

External sources and internal experts are considered as trainers, who can share their learnings and competencies with the rest of the team. Through free webinars, these resource persons were able to share their experiences via a cost-effective method, especially during the pandemic, when face-to-face events were limited.

In 2021, the following training programs were conducted:

### 404-2

Facilities Management Department (FMD)	Formworks and C.E.L.S.
<ul style="list-style-type: none"> <li>• Leadership Skills Training</li> <li>• Train the Trainer</li> <li>• Project Management Training</li> </ul>	<ul style="list-style-type: none"> <li>• Forklift Training</li> <li>• SMAW Training</li> <li>• GMAW Training</li> <li>• GTAW Training</li> <li>• Rigger Training</li> <li>• Leadership Skills Training</li> <li>• Train-the-trainer training</li> <li>• Project Management Training</li> <li>• 5S Training, COSH Training</li> <li>• SSS In-depth Training</li> <li>• ISO Awareness Training</li> <li>• Lead Auditor Training</li> <li>• Internal Auditor Training</li> </ul>



Even before the pandemic, barracks and dormitories are provided for employees in different project sites, who would have to stay overnight. In terms of development programs, employees are also endorsed to TESDA Accredited Assessment Centers for certification with NCII, which can be use in their future employment.

Performance Reviews are conducted every six months to assess employee performance and identify those who need to undergo the training and skills enhancement. Employees who fail to meet their targets and KPIs are re-evaluated, together with the Learning and Development Department, after another six months to check if they are able to apply their learnings to the actual job.

## Engineering, Procurement, and Construction (EPC)

EPC enhances its strategic approach to determining learning, competency, and performance gaps by introducing a more comprehensive process for conducting Training Needs Analyses, Competency Assessments, and Performance Management.

EPC is continuously improving its procedures by integrating its various systems to align and connect processes and provide readily available data. They conduct effectiveness evaluations through regular monitoring, audit, feedback surveys, assessments, and check-back to determine areas for improvement in their programs.

To help upgrade employee skills, EPC provides Leadership, Technical, Behavioral, and Developmental Programs.

They also provide other assistance such as:

- Enrollment in Certification Training;
- Support to gain CPD points or renewal of required licenses;
- Participation in Technical Conventions;
- Assistance with accreditations and certifications;
- Internal Talent Building (Cross-posting/internal mobility/secondments)

Furthermore, EPC offers rehiring for new and ongoing projects for project-based employees whose contracts are terminated due to project phase completion. Individuals who have reached retirement age may be qualified for and request for consultancy arrangements for technical positions.

**MWM Terminals, Inc. (MWMTI)**

The company's talent development efforts focused on upgrading leadership skills, acquiring coping mechanisms with COVID-19 and mental health issues, and keeping the workplace safe and secure. This included webinars on COVID-19, caring for one's mental health, building emotional resilience, physical wellness, and occupational safety and health, including basic life support and first-aid, and bomb awareness.

People Managers received training on the Mega-PEAK Performance Management System, which was cascaded to all employees, as a means of monitoring employee effectivity and developing future growth programs. A few face-to-face training sessions, with small class sizes, were conducted in 2021 to comply with distancing guidelines. However, most training programs were still done online due to COVID-19 restrictions. By June 2021, monthly leadership learning sessions were held online with managers and supervisors.

The Code of Discipline lecture, which included topics on anti-bullying, anti-harassment, and anti-discrimination, is a regular fixture on the employee onboarding for all new hires. MWMTI also provided other forms of development assistance, in the form of coaching and counseling, as well.

**GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)**

GMCAC does not implement training bonds as a strategy to maximize its training investment. Instead, to retain employees, it focuses on strong employee engagement and welfare programs. The company also implements various employee engagement programs and conducts regular talent reviews and succession planning in an effort to maximize the training they provide.

The company also has plans to develop internal subject matter experts, covering strategic planning and performance management topics, as future resource persons. GMCAC believes that investing in employee training and development is aligned with their vision to be the leading airport operator in the Philippines.

**OCCUPATIONAL HEALTH AND SAFETY**

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The company adheres to the highest occupational health and safety standards in all operations and maintains an Occupational Health and Safety (OHS) certification across business units to manage related concerns. Megawide also complies with the Philippine Occupational Safety and Health (OSH) Standards, monitored by the Department of Labor and Employment (DOLE).

Disclosure	MCC		MWMTI	GMCAC
	BU	EPC		
Safe Man-Hours	203,400	693,013	2,303,335	403,316
No. of work-related injuries	73	0	0	1
No. of work-related fatalities	0	0	0	0
No. of work related ill-health	35	0	43	0
No. of safety drills	3	0	1	0

**Business Units (BUs)**

The BUs adopt a strict OHS management policy covering all workers, areas, and activities. Work-related hazards are identified through a routine inspection of the site, after which results and recommendations are communicated to all employees. The hierarchy of controls is applied to eliminate hazards and mitigate risks moving forward. Furthermore, the results of routine inspections are used for auditing and taken into consideration when evaluating the OHS management system.

During hazard and risk orientation and training, workers are informed about how to spot and report hazardous situations. Employees are also instructed to proceed to the medical department to assess any injury sustained.

Work-related incidents are investigated with all parties involved, with corrective actions carried out later on. For OHS-related concerns, workers are encouraged to participate through capacity-building activities, such as toolbox meetings and drills. A safety committee is also established where all workers are represented. In terms of OHS-related training, all employees must undergo an 8-hour seminar on safety awareness and other work-specific trainings.

Although the COVID-19 pandemic affected everyone, including the industry, companies slowly transitioned in 2021. Megawide continues to follow health and safety guidelines mandated by the government, where workers and subcontractors are encouraged to undergo COVID-19 vaccination

and get booster shots as necessary and mandated.

All BU workers and subcontractors practice a bubble system, wherein workers are prohibited from going outside the premises to avoid cross-contamination with the virus. The company constantly ensures that safety and health protocols are strictly implemented within the organization, such as social distancing, wearing of masks, checking of body temperature, and monitoring of COVID-19 related symptoms. Antigen Testing Kits are also readily available for all BUs if workers exhibit signs and symptoms, while isolation facilities are provided for COVID-positive workers or workers exposed to positive cases.





### Engineering, Procurement, and Construction (EPC)

EPC holds an OHSAS 18001 Certification – the international standard for OHS procedures, policies, forms, and methodologies – which includes the necessary controls to ensure that all tasks within project sites and various departments are accomplished safely and efficiently. In addition, EPC conducts a Hazard Risk Assessment and Control (HIRAC) process, which provides an additional basis for controls and actions to take.

Before employment, workers are required to undergo physical and medical examinations to determine their fitness to work. They also undergo an Environmental, Health, and Safety Orientation seminar. Toolbox and health talks are regularly held at the beginning of each shift to go over health and safety protocols. The company also provides a dedicated staff nurse on-site to monitor workers' health and provide immediate care in cases of emergency.

An approved method statement and Job Hazard and Risk Assessment form are required prior to the start of each project task to guarantee that proper health and safety controls are implemented on-site. Controls are regularly monitored for compliance, and project sites conduct safety inspections and audits, where results are later on communicated to the persons-in-charge for immediate rectification and resolution.

The risk of injury is inherent to the construction and engineering industry. As such, EPC has adopted the European Standard on Safety Scaffoldings, which uses secure and stable scaffoldings as a requirement to provide safe access in the workplace. They also have a Zero Accident Safety Program that focuses on preventing fatal accidents or severe injuries to workers.

In line with this, EPC strictly enforces the use of personal protective equipment (PPE), which a Safety Engineer stationed at each construction site checks to ensure that all safety protocols are observed.

When an incident occurs, an investigation team is formed, consisting of site supervisors, foremen, a safety advisor, a Safety Officer, and a nurse. EPC conducts a root cause analysis and implements corrective and preventive actions to ensure that such incidents will not be repeated. EPC also has a company policy to provide all projects with a Contractors' All Risk Insurance (CARI) to cover risks of possible injuries, death, or property damage.



### MWM Terminals, Inc. (MWMTI)

In 2021, MWMTI focused on improving its own OSH Management System by conducting virtual trainings for the continuous improvement of employees and increased awareness for OSH. The participation of employees in these programs allows them to learn more details on OSH, therefore ensuring compliance within the workplace. As a bonus, they also engaged in wellness activities for employees to manage their BMIs and improve their lifestyles.

An Occupational Safety and Health Program was submitted in 2021 for DOLE approval, subject to further enhancements and revisions as well as implementation of additional programs. The OSH Program covers all organic and inorganic employees at PITX, using a Hazard Identification, Risk Assessment and Risk Control, and Job Hazards Analysis to identify how exposed workers are to hazards present in their work area. Evaluated results from these processes will identify residual risks that could still be present in the workplace. The company will then use the results to continue to improve the OSH Management System.

Moreover, workers can report any work-related hazards through any means necessary, through the clinic, via the Information Counter, Viber and MS Teams Chat, and other related applications.

To prevent accidents or injuries in the workplace, each employee is required to undergo the Mandatory Eight-Hours OSH Orientation, which will also raise their awareness of identifying and preventing hazards in the workplace. Any work-related incident undergoes thorough investigation from the team, the clinic, and security teams. The results will be evaluated and utilized by their immediate superiors for implementation of proper controls.

In terms of occupational health services, PITX engages with Clinic Management, which is supervised and monitored by the Health and Safety Specialist, to ensure that clinic manning and quality of services being provided are adequate. Clinic records are kept with the utmost confidentiality and consent is required prior to the release of information to others, if necessary. These and other services are evaluated through KPIs on a monthly basis.

PITX also has a joint management-worker health and safety committee in place. Aside from the Mandatory Eight-Hour Orientation on OSH, Fire Safety Seminar and Health Talks are conducted for workers. Meanwhile, a consultation program with the company's physician is made available to promote health and safety at all times.

## GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

GMCAC promotes an OHS management system for safety, risk management, assurance, and overall awareness for safe practices. The GMCAC OHS management system is an integrated set of work practices, beliefs, and procedures for monitoring and improving the safety and well-being of all employees across the different aspects of the company. An OHS Performance Indicator is used by the company to evaluate its own management system.

Several controls are in place to ensure the health and safety of employees and other stakeholders. The OHS management system covers critical stakeholders, like GMCAC employees and airport terminal operations, except government agencies, airline operators, and ground service providers. It also includes other activities, such as customer service, engineering activities, aerobridge operations, office works, and conduct of inspection.

The company has switched to water-based paint from thinner-based and established engineering controls, such as the provision of table manning (plexiglass barrier), machine guarding, and an exhaust system to be more conducive. GMCAC also employs administrative controls, such as the permit to a working system, implementation of safety orientation, and safety signages, as well as training and certification. PPEs such as protective clothing and safety shoes are also provided.

In evaluating and improving the OHS management system, GMCAC conducts risk assessment regularly. For work-related incidents, these are investigated through daily shift inspections and walkthroughs, where workers are encouraged to report any work-related hazards to the safety team during their shifts. They are also expected to utilize the safety management manual as their guide in removing themselves from work situations that they believe could cause injury or ill-health.



As part of their medical surveillance program, health insurance is provided. There are also designated clinics for Terminals 1 and 2, an ambulance on standby, and doctors and nurses on duty 24/7. The company does not disclose any personal health-related information to other parties as these are only accessed by key personnel to maintain the confidentiality of the worker's health status.

In terms of worker participation, safety reporting is implemented, and an Environment, Health, and Safety (EHS) Committee is selected and formed, based on the identified safety program. Worker training includes an on-boarding EHS orientation program for new employees, certification for designated safety officers, and process certification for passenger boarding bridge operators.

In terms of work-related injuries, first-aid cases were the most common in 2021. Although there were no cases of work-related ill health, COVID-19 was still determined to be a risk, which is addressed through the implementation of various safety and health controls.

GMCAC conducts hazard identification, risk assessment, and recommends controls. The spread of infectious diseases and viruses from infected passengers was identified to be a risk to the business. In response, GMCAC has adjusted its operations and constantly enhances procedures to prevent the potential spread of diseases or viruses, specifically COVID-19.

GMCAC is committed to improving its OHS initiatives and programs by setting aside a budget for health facilities. This includes providing an emergency treatment/isolation room and a clinic. The company has also partnered with health providers to offer medical surveillance at the workplace and maintain close communications with the Department of Health, Bureau of Quarantine, and the LGU.

# DIVERSITY

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Across the business, Megawide upholds the value of diversity and equal opportunity and maintains a work environment that respects the dignity of all. The company promotes equal opportunity and does not discriminate against company personnel, officers, directors, or even applicants on the basis of race, color, religion, sex, national origin, age, sexual orientation, or disability.

The organization upholds policies and complies with all laws that protect people, regardless of their age, ethnicity, or gender, such as The Anti-Age Discrimination in Employment Act (RA No. 10911), The Solo Parents' Welfare Act (RA No. 8972), The Magna Carta of Women (RA No. 9710), The Magna Carta for Persons with Disability (RA No. 7277, as amended). Being a multicultural company, Megawide respects and values the religions, beliefs and cultures of their expatriates.

All employees, regardless of rank or level, are encouraged to voice out their thoughts and share ideas regarding inclusivity and equal opportunity, allowing them to learn and incorporate other global best practices related to these matters. For instance, Mother's Day and Father's Day are celebrated within the company.

## Business Units (BUs)

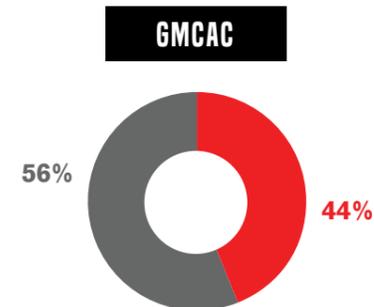
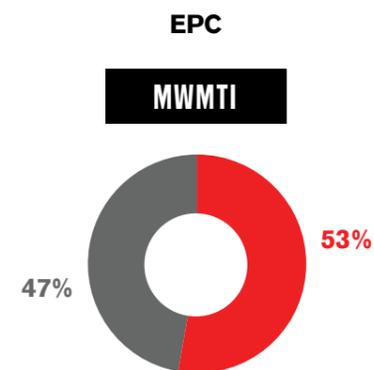
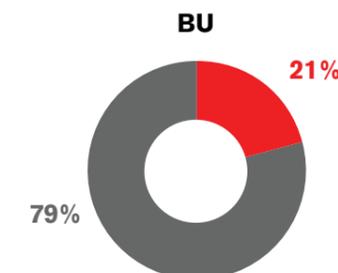
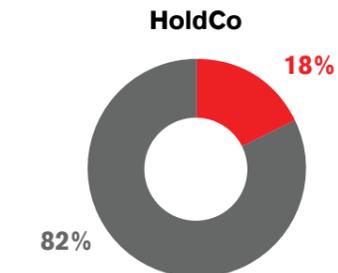
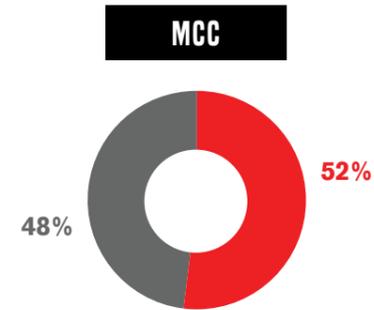
With respect to diversity and equal opportunity, there is minimal risk for BUs since they comply with government rules in their Human Resource processes. Opportunities for on-the-job (OJT) training are also provided to qualified students, where risks are mitigated by requiring documentation from the participating schools. The OJT program is office-based, limited to graduating students, and done in coordination with the participating schools.



# WORKFORCE DEMOGRAPHICS

(% share)

■ Male workers ■ Female workers



## MWM Terminals, Inc. (MWMTI)

The company upholds the principle of equal opportunity in hiring, promotion, rewards and recognition, and other career development opportunities by non-discrimination in terms of age, race, gender, religion, sexual orientation, civil status, health conditions, and disabilities. All employees were provided sensitivity training to eliminate incidents of bullying, harassment, and discrimination to promote the concept of equality.

## GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

GMCAC implements a recruitment strategy that is fair and inclusive. There is no gender and civil status preference across all job positions as the company aims to uphold equal male and female representation across all job levels. The company also offers equitable leave benefits to all employees and additional benefits for employees from the vulnerable sector. In addition, GMCAC is currently working on and strengthening women empowerment in the workplace even more.

The presence of women leaders in the company is expected to encourage other women to take on greater roles and responsibilities and participate more actively in the business. In the long run, a high female representation will promote gender equality.



## HUMAN RIGHTS

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Megawide strictly complies with labor and human rights laws, leading to zero legal actions or employee grievances involving forced or child labor.

The Company's Code of Business Conduct and Ethics contains provisions, in relation to labor laws and human rights, that uphold a non-discriminatory environment and harassment- and violence-free workplace. Specifically, violent behaviors, misconduct, discrimination, any form of harassment, retaliation, and other forms of unaccepted office demeanor, even if they are not unlawful, are subject to disciplinary action in the Company.

To ensure that these are properly communicated to employees, an annual reorientation of the Code of Business Conduct and Ethics is held across the organization.

### MWM Terminals, Inc. (MWMTI)

MWMTI continues to place a premium on employee values, customer satisfaction, respect for business partners, and investor confidence by interacting lawfully, decently, and professionally with colleagues, suppliers, customers, and investors. They seek to conduct their business with the highest regard for human rights and with honesty, integrity, and good faith at all times, while respecting the legitimate interests of those they conduct business with.

MWMTI is compliant with all national labor laws and regulations and all local ordinances that pertain to wages, labor standards, workplace conditions, compensation, benefits, due process, and employee discipline and severance. In 2021, 60% of all employees underwent a total of 22.5 hours of training on human rights policies and procedures.

### GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

GMCAC is compliant with labor laws and human rights requirements, which creates a positive impact on team dynamics, work culture, and stakeholder relations. It ensures proper compliance with these laws and regulations by implementing of the Organizational Climate Survey, Employee Engagement Survey, Human Resources Buddy System, and Department Coordination Meetings. GMCAC has also organized the Banwag and Employee Engagement Committees to support these initiatives.

GMCAC automatically prevents child labor by registering all its personnel with SSS, Pag-Ibig, PhilHealth, and BIR, among others, which require registrants to be at least 18 years of age. Furthermore, the company does not accept children below lawful working age to be employed by contractors in any of its projects. Apart from being a direct violation of local and international labor laws, this also poses safety concerns to the business.

GMCAC improves its compliance with labor laws by benchmarking against global best practices, reflecting on its core values, and defining a positive and engaging work culture and environment. They have also invested in personnel training, employee engagement activities, and continuous communication with employees for updates and concerns.

## LABOR MANAGEMENT RELATIONS

103-1 103-2 103-3

Maintaining good relations between management and the workforce helps build business continuity, operational stability, and economic sustainability. Establishing trust between the two parties makes for a smooth working process and a harmonious labor-management relationship.



### Business Units (BUs)

The BUs promote and cultivate strong labor-management relations to protect against the risk of labor disputes that might result in work stoppages or operational disruptions. They also ensure that all the minimum requirements set forth by DOLE are followed at all times. In addition, employee engagement programs are conducted regularly despite the pandemic. Virtual *kamustahan*, virtual Heroes' Day, and a Halloween session are some of the programs conducted amid the physical restrictions caused by the health crisis.

The BUs strictly implement the company's Code of Conduct by administering the due process for violators and recognizing employees for exemplary performance. They are also supported by the Legal Department, which helps resolve concerns or disputes amicably.

Social media and online platforms such as MS Teams are used and enhanced for more stable and open lines of communications. Regular site visits are also conducted to gather concerns from workers. An employee engagement survey is also carried out to measure the effectiveness of the different Human Resources programs as well as in improving the level of employee engagement.



### Engineering, Procurement, and Construction (EPC)

EPC implements various Employee Listening Strategies in order to understand the concerns and issues of its employees, ensuring that these are addressed before they escalate into more serious problems through a more proactive stance. An effective employee engagement program involves hearing and understanding concerns, and immediately providing feedback.

Human Resources is committed to providing responses and action plans in relation to concerns raised. Furthermore, EPC has identified common employee concerns through the implementation of various listening and interaction strategies. They have a key performance indicator (KPI) for the formulation of action plans on these identified issues.

Through quarterly employee hours, the Human Resources department conducts town halls and site visits to update employees, facilitate values formation, and solicit feedback from employees. Human Resources also conducts a regular Employee Engagement Survey to gauge the level of employee engagement in company activities and decision-making. EPC also manages an online tool called Share Your Concern, where employees can communicate work-related concerns anonymously.

Managers are provided continuous education on handling discipline and management of project employees to ensure that they stay involved in maintaining good relations with employees.

### MWM Terminals, Inc. (MWMTI)

The first MWMTI employee survey was rolled out, and subsequent focus group discussions were conducted to gather information about the level of employee engagement and to listen to the issues and concerns affecting employees. The information gathered was reported to Management, and action plans were developed to address the brewing issues and concerns.

Employee engagement programs include an employee bonding activity held every month to bond, unwind, relieve stress, and build camaraderie.

Moreover, the company complies with applicable labor laws and standards and follows due process in resolving disciplinary cases. Policies and guidelines are communicated and disseminated to employees through alignment meetings and memoranda to ensure clear understanding from management to the workforce.

### GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

Employees of GMCAC are provided with channels to air their grievances to management, which were found to be successful at addressing employee concerns and grievances through an effective engagement processes with the relevant departments.



## FOR OUR COMMUNITIES

103-1 103-2 103-3

Megawide operations are strategically situated in areas that allow the company to optimize co-existence and efficiency. However, these operations sometimes may result in direct and indirect negative impacts on neighboring communities and the local environment. To promote collaboration and strong communications, Megawide hears out the concerns of its local communities and creates solutions for addressing complaints.

Construction activities in project sites, as well as in the Taytay Industrial Complex, generate dust and waste, contribute to noise pollution, produce dust and waste, and may cause traffic congestion. Megawide carries out strategies to manage these negative impacts, including the installation of technology and equipment to reduce noise and dust. They also invest in the formulation of traffic management plans to ease the congestion caused by operations and activities.



# FOR OUR CUSTOMERS

Megawide places a premium on customer well-being and satisfaction. As a key stakeholder group supporting the business, the Company works towards creating new modes of engagement and feedback to ensure that our customers' needs are met and satisfied always.

## CUSTOMER SATISFACTION

### MWM Terminals, Inc. (MWMTI)

Customer satisfaction is MWMTI's top priority and operates a 24-hour feedback center that caters to all customer concerns. Training is provided to customer-facing employees to ensure high standards of service, with the goal of making all PITX frontline staff consistently provide excellent levels of customer service.

The Customer Service Culture at the landport continues to measure customer satisfaction by monitoring Customer Satisfaction (CSAT) scores through the Landport Service Quality (LSQ) Survey. PITX defines and builds its Customer-Centric strategy by putting customers' needs at the core of its business. The PITX LSQ Survey also provides more in-depth data analysis between Overall Satisfaction Score and Passenger Stated Importance.

### Business Units (BUs)

The Batching Plant (BP) has been working in coordination with Megawide Foundation for CSR activities. In response to the events of 2021, BP made plans for a blood donation activity with their partner local communities. This activity was initiated to address the needs of employees and the local community where mobile plants are located. Unfortunately, this was rescheduled to 2022 due to the COVID-19 lockdown during the scheduled dates.

### MWM Terminals, Inc. (MWMTI)

MWMTI upgraded its facilities to accommodate increasing passenger traffic and tenants in the facility. The company recognizes that its activities and operations can result in environmental impacts, such as air pollution, solid waste, and increased traffic congestion. MWMTI ensures the proper implementation of waste management procedures to mitigate these impacts, as well as traffic management schemes to manage the vehicular flow.

### GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

GMCAC acknowledges that its operations can give rise to impacts such as traffic congestion, noise and air pollution due to airside operations, and waste generation from terminal operations. Furthermore, there is the presence of health risks due to the COVID-19 pandemic. Given the wide scope of airport operations that encompass several local communities, GMCAC works closely with its neighboring communities to ensure that these harmful aftermaths are mitigated and managed.

Guided by its 10-year CSR Roadmap, GMCAC ensures the implementation of its social programs for its local communities, such as livelihood and educational initiatives through the donation of school supplies for distance and modular learning, community relief operations, donation of basic PPEs to health workers, compliance to local and national health protocols, and consultation sessions with stakeholders, particularly its host communities in Ibo and Pusok.

In 2021, GMCAC continued to implement initiatives in ways that can help the community, given the available resources. In particular, GMCAC remained committed to its local communities through the provision of school supplies to Pusok Elementary School to support its teachers and students in distant modular learning.

GMCAC also donated basic PPEs to local health workers and sanitary and hygiene kits to Barangay Mambaling, where around 1,000 households were affected by a fire incident. In addition, the company supported the Department of Health (DOH) by holding its own mobile blood donation program to contribute to the DOH National Voluntary Blood Services Program.

To ensure the viability of each program, these are annually evaluated and aligned with the core values and annual goals of the company. Post-Mortem activities and After-event Evaluation Reports are also submitted to various stakeholders, such as grantors and lenders.



MWMTI implemented safety and health protocols for the well-being of customers and passengers by sanitizing the terminal multiple times daily. In addition, the landport has implemented the PITX COVID Ambassador Program as an effort to make travel safer during the ongoing COVID-19 pandemic. Through the program, PITX deploys travel safety ambassadors at the terminal to ensure that the seven commandments for public transport are followed by passengers, stakeholders, visitors, and commercial establishments.

### The 7 Commandments for Public Transportation

1. Wear proper face mask
2. Wear face shield
3. No talking, no eating
4. Adequate ventilation
5. Frequent and proper disinfection
6. No symptomatic passengers
7. Observe physical distancing

## GMR-MEGAWIDE Cebu Airport Corporation (GMCAC)

The Mactan-Cebu International Airport Authority (MCIAA) measures quality and customer satisfaction through the Airport Service Quality (ASQ) survey, which considers 33 service parameters.

There is an established process for managing customer complaints based on the Minimum Performance Specifications and Standards (MPSS), including a target period for acknowledging complaints within two days and resolving cases within five days.

GMCAC continues to invest in the improvement of its services and facilities and performs regular data collection, performance audit and monitoring, and reporting activities to identify and institute the required improvements. The IMS Certification process, which aims to validate these processes, however, was also put on hold due to the current COVID-19 situation.

The physical manning of information counters at GMCAC is terminally suspended. Instead, Virtual Passenger Service Agents were set up to attend to customer-related concerns. This initiative was implemented to comply with the DOH, DOLE, and DOTr health control measures during the pandemic.

Since health and safety were an operational priority for airport terminals, MCIA ReStart Guidelines were established and implemented in response to the pandemic. These guidelines contain health control measures to reduce the risk of COVID-19 transmission and infection.



## RESPONSIBLE MARKETING AND LABELING

103-1 103-2 103-3

Megawide has an established portfolio in the construction and infrastructure industry, given its strong brand name and proven track record of providing excellent construction and infrastructure services and world-class development and management of the airport and terminal operations. The Company also continues to participate in biddings for big-ticket infrastructure projects due to their Large B classification for government registration.

Properties and future developments aim to obtain ISO and LEED certification as a commitment to provide quality work to clients and advocate for responsibility in their operations. Megawide secures its equipment in different business segments, with the necessary certifications and licenses. They also regularly apply for and renew the proper environmental and safety licenses and permits required for providing reputable workmanship and services.

MWMTI distributes flyers to all passengers and patrons, that contain the vicinity map, route destinations, and terminal guide. To further enhance the marketability of the landport, the company is likewise expanding its partnerships with different institutions and organizations.

Meanwhile, GMCAC protects its reputation by accommodating stakeholder feedback through social media channels and providing timely and appropriate responses. These avenues also allow the company to improve its processes and services based on customer perception.

Megawide is exposed to the risk that their name or marks, or those confusingly similar to them, will be used, copied, reproduced, imitated, or infringed by an unauthorized third party. Moreover, such risk includes the use of the Megawide name or marks for projects, goods, or services that they are not a part of, have not produced, or are not offered by the company.

This leads to the unfair and illegal appropriation of the goodwill associated with Megawide's name and marks. To minimize or address the marketing and labeling-related risks faced by Megawide, our name and marks are registered with the Intellectual Property Office of the Philippines (IPO). In particular, the IPO has issued Certificates of Registration for Megawide's typeface, logo, and logo with the typeface. Meanwhile, Megawide has received a Notice of Allowance for their tagline from the IPO and has paid the required fees for issuing the Certificate of Registration.

By registering its name and marks with the IPO, Megawide is protected against the unauthorized use or infringement of its name and marks or those confusingly similar to them.

As a fair competitor in the industry, Megawide upholds its accreditation and certifications from regulatory and voluntary codes. Aside from maintaining the uniqueness of their brand and trademark, processes across the strategic business units (SBUs) are also being managed to maintain quality and timely delivery of work that are true to all accreditations and certifications of the company. They market construction products and services, as well as the Terminal and Airport operations, through various platforms and media. The Branding Team continues to develop its marketing strategies to effectively communicate its products and services to wider audiences.

## CUSTOMER PRIVACY

103-1 103-2 103-3

Megawide recognizes that there may be instances when the protection and security of personal data can get destroyed, lost, altered, or disclosed, accessed, and processed without consent. To prevent cases of digital identity theft, fraud, and file corruption, the Company implements reasonable and appropriate organizational, physical, and technical measures intended for the protection of personal data against any accidental or unlawful destruction, alteration, and disclosure, as well as against any other unlawful processing. These include the implementation of safeguards to protect their computer network and regular monitoring for security breaches.

The Megawide Group is firmly committed to ensuring that all personal data collected from clients, employees, suppliers, stakeholders, and other relevant external parties, are processed in compliance with Republic Act No. 10173 ("Data Privacy Act"), its Implementing Rules and Regulations, and other relevant policies and issuances of the National Privacy Commission (NPC).

On September 3, 2018, Megawide adopted a Data Privacy Manual (the "Data Privacy Manual") in compliance with the Data Privacy Act. In adherence to the general principles of transparency, legitimate purpose, and proportionality under the Data Privacy Act, Megawide abides by the Data Privacy Manual

in carrying out its principal business. This is to ensure that personal data under its control remain safe and secured while being processed in the course of its key operations and processes.

Moreover, Megawide recognizes that robust information technology ("IT") management systems are critical to protecting personal data. Thus, in addition to the Data Privacy Manual, Megawide also adopted IT data protection policies and procedures, such as hard disk drive low-level formatting and firewall configuration management and monitoring systems.

In compliance with the preventive and control measures imposed by the government in response to COVID-19, the Company implemented work-from-home arrangements in 2020 and 2021, which created security challenges.

However, to ensure that the data privacy of data subjects remains protected, the IT Department initiated the following measures in the new remote work reality: (i) migration of all working documents and resources in the cloud services of Microsoft Office; (ii) installation of antivirus software for end-point security with data loss prevention features for all users; (iii) continuous monitoring of firewall logs for any security breaches; and (iv) setting up of alert mechanisms for any unauthorized attempt to the IT system of Megawide.



## FOR OUR SUPPLIERS

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We aim to create a productive and well-maintained working relationship with our business partners and suppliers. To this end, Megawide has specific criteria for evaluating suppliers that are aligned with our values and sustainability goals. Recognizing the importance and impact of procurement on the environment and society, Megawide is currently exploring ways to implement specific environmental and social assessment criteria in the screening process.



## LOCAL PROCUREMENT

We promote local procurement to further the growth of communities around our areas of operation and the national economy, as a whole, by nurturing collaborative trade partnerships. The Procurement Department is in charge of direct sourcing agreements with authorized distributors, importers, and manufacturers. Megawide regularly conducts plant visits and background checks to ensure that our suppliers comply with regulations and are aligned with our objectives.

In an environment with fluctuating raw material prices and logistical disruptions, local procurement enable us to establish better communication lines to minimize drawbacks in our supply chain and manage our handling and transport costs better. We evaluate our success in supplier management by looking at any shortages that happened during the year.

## ASSESSING IMPACTS

Beyond general compliance, Megawide's Accreditation Team for its business units assesses the environmental and social impacts of potential suppliers by looking at their environmental certificates and possible quarry ownership. Risks of bribery, corruption, forced and child labor, and human rights are also considered during supplier assessment.

As we sharpen our systems, the Company plans to establish more detailed accreditation assessment policies for environmental and social impacts at EPC in the future. Our current basis for the successful implementation of our assessment policies includes a review of the quality and quantity of suppliers rejected and approved.

Across its subsidiaries and business units, Megawide evaluates its success with supplier selection based on any shortages, mishandling, and quality issues encountered along the supply chain.

# CORPORATE GOVERNANCE





# CORPORATE GOVERNANCE

Megawide believes in leading by example, stopping corruption at the source, and creating a just working environment free of abuse and malpractice. Driven by its vision of a First-World standard, the Company enforces good governance through a qualified leadership team and corporate policies.

## KEY INITIATIVES

We are committed to good corporate governance and endeavour to improve our governance practices. Below are some of the Company's policies and programs in relation to corporate governance:

1. In compliance with SEC M.C. No. 19, Series of 2016, Megawide adopted its New Manual and has taken several steps to apply its principles, such as constituting all the Board Committees required therein:

- I. Executive Committee;
- II. Finance Committee;
- III. Audit and Compliance Committee;
- IV. Risk Oversight Committee; and
- V. Governance, Nomination, and Compensation Committee.

The charters and compositions of the foregoing Board Committees are in accordance with the Manual.

2. The Company has elected three (3) Independent Directors to ensure that the Board will protect, not only the interests of the Company, but its shareholders as well.

3. To further its corporate governance initiatives, Megawide, in 2018, implemented its Code of Business Conduct and Ethics, Code of Conduct and Ethical Standards for Suppliers, Insider Trading Policy, and Conflict of Interest Policy Supplemental Guidelines and Conflict of Interest Disclosure Form. Further, Megawide actively rolled out its Whistleblowing Policy to its employees, suppliers, vendors, and clients, to encourage the disclosure of illegal and dishonest activities occurring within the Company.

4. In 2019, Megawide adopted its Anti-Fraud Policy, Board Self-Evaluation Policy, and introduced changes to its Related Party Transactions Policy in compliance with SEC M.C. No. 10 series of 2019. It also conducted an Annual Corporate Governance Training on November 13, 2019, with the assistance of the Institute of Corporate Directors, which was attended by the Company's Directors and key officers.

5. The Board revised the Company's vision, mission, and values, which it launched in 2019.



# CORPORATE POLICIES

Our corporate policies aim to safeguard the stability of the Company as well as the rights of our stakeholders. These policies cover various aspects of corporate governance, transparency, safety, and ethical business practices.

6. The Company received the 2019 ASEAN Asset Class PLCs (Philippines) award in relation to its 2019 ASEAN Corporate Governance Scorecard (ACGS), where Megawide obtained a score of ninety-eight and 47/100 (98.47). The Company was also recognized by the Institute of Corporate Directors (ICD) with two (2) Golden Arrow Awards and was identified as the most improved publicly-listed Company in the Philippines in terms of corporate governance.
7. Meanwhile, for the 2020 ACGS, Megawide received a score of one hundred two and 22/100 (102.22), which represents an increase of three and 75/100 (3.75) points from 2019.
8. Additionally, for 2020, Megawide amended its governance structure and created several management committees, including their charters and procedures, for the proper management and control of the Company. Similarly, Megawide established the governance structures of its subsidiaries, such as MWMTI, Cebu2World, and Wide-Horizons. Moreover, the Company implemented an Enterprise Risk Management Framework and a Risk-Based Internal Audit approach.
9. On November 17, 2020, the Company conducted a seminar on the Data Privacy Act and its implementing rules and regulations, to remind its employees of their obligations and responsibilities therein.
10. Pursuant to its annual compliance procedures, the Company, in 2020, required its employees to complete the Conflict of Interest Disclosure Form to ensure that all conflicts of interest are disclosed.
11. The results of the annual Board self-evaluation for 2020 was discussed and deliberated during the Governance, Nominations, and Compensation Committee held last March 04, 2021. The said results shall remain confidential. Thereafter, the Board was informed that the annual self-evaluation forms for 2021 will be transmitted to them.
12. The Company conducted its Annual Corporate Governance Training for its Directors and key officers, with the Institute of Corporate Directors, last April 22, 2021. The topics discussed were: (a) Building Resilience in the Business Strategy; (b) Business Integrity and Corporate Culture; (c) Environmental, Social, and Governance; and (d) Digital Transformation. Moreover, the Company held an internal seminar on Corporate Governance on July 16, 2021, wherein its Chief Legal Officer, Compliance Officer, and Data Protection Officer, Atty Raymund Jay S. Gomez, was the instructor.
13. Megawide is committed to complying with Republic Act No. 10173 or the Data Privacy Act, its Implementing Rules and Regulations, and other related government issuances (the "Data Protection Laws"). As such, Megawide continues to regard data privacy seriously by conducting orientation for new hires on the Data Protection Laws to guarantee employee awareness. During the said orientation, the Legal Department informs the new employees of their rights and obligations under the Data Protection Laws, including the data privacy measures being implemented by Megawide.
14. The Company also adheres with the regulatory requirements on corporate governance through the timely submission of its Integrated Annual Corporate Governance Report with the SEC and the regular updating of its corporate website ([www.megawide.com.ph](http://www.megawide.com.ph)).

<b>Anti-Fraud Policy</b>	Establishes the guidelines, procedures, and controls that facilitate the prevention, detection, reporting, investigation, and punishment of fraudulent activities committed by members of the Company.
<b>Board Charter</b>	Specifies the duties, functions, procedures, composition, and qualifications of the Board and its members.
<b>Board Self-Evaluation Policy</b>	Provides an avenue for the Board and its members to assess, appraise, and measure their annual performance.
<b>Code of Conduct and Business Ethics</b>	States the Company's ethical beliefs, values, and commitments to guide the transactions and activities of Company personnel.
<b>Code of Conduct and Ethical Standards for Suppliers</b>	Informs suppliers of the virtues, values, and practices that they must uphold in dealing with the Company.
<b>Conflict of Interest - Supplemental Guidelines</b>	Reiterates to Company personnel that they must avoid conflicts of interest and situations where their personal and/or financial interests could influence the Company's performance.
<b>Data Privacy Manual</b>	Informs clients, employees, partners, and stakeholders of the Company's data protection and security measures.
<b>Employee Code of Discipline</b>	Standardizes the procedures in handling administrative cases and the imposition of administrative sanctions for violations committed by Company personnel.
<b>New Manual on Corporate Governance</b>	Complies with the Securities and Exchange Commission's (SEC) Code of Corporate Governance for Publicly Listed Companies and institutionalizes the best practices of good corporate governance throughout the organization.
<b>Quality, Environmental, Safety and Health (QESH) Policy</b>	Details the objectives, controls, and initiatives to be implemented at the Company to maintain full compliance with legal requirements and health and safety standards.
<b>Related Party Transactions (RPT) Policy</b>	Provides guidelines and procedures for handling such transactions in a manner that promotes transparency, fairness, and compliance.
<b>Trading Policy</b>	Sets out the implementing guidelines for ensuring the compliance of all Company directors, officers, and employees with applicable securities laws, rules, and regulations.
<b>Whistleblowing Policy</b>	Encourages and allows individuals to report fraudulent activity, misrepresentation, and other breaches of guidelines and compliance policies to the Company.

# REGULATORY REQUIREMENTS

It is the firm belief of Megawide that an organization that faithfully practices and implements the core principles of good corporate governance such as honesty, integrity, fairness, accountability, and transparency will, more often than not, outperform and outshine its competitors. Thus, Megawide is in full compliance with the rules and regulations of the SEC, the PSE, and all other relevant rules and regulations, especially those involving public-listed companies. As required by SEC, Megawide submitted its Integrated-Annual Corporate Governance Report (I-ACGR) for 2021 on 30 May 2022. A full discussion on the corporate governance practices of Megawide are provided and explained in its I-ACGR.

# FOR SHAREHOLDERS

## SHAREHOLDER RIGHTS

The rights of the Company's shareholders are recognized in our Articles of Incorporation, By-Laws, New Manual on Corporate Governance, and Code of Business Conduct and Ethics.

- 1 Voting Right**  
Shareholders shall have the right to elect, remove, and replace Directors. Directors are elected through cumulative voting and cannot be removed without cause if it will deny minority shareholders representation in the Board. Shareholders may also vote on corporate acts in accordance with the Revised Corporation Code of the Philippines.
- 2 Pre-emptive Right**  
All shareholders shall have the pre-emptive right unless the same is denied in the articles of incorporation or any amendment thereto, or as required by the SEC, and in documents signed by



such shareholders. They shall have the right to subscribe to the capital stock of the Company. The Company's articles of incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not conflict with the Revised Corporation Code, as amended from time to time.

- 3 Power of Inspection**  
Shareholders shall be allowed to inspect corporate books and records, including minutes of Board meetings and stock registries, in accordance with the Revised Corporation Code. They shall be furnished with Annual Reports (SEC Form 17-A), including financial statements, without cost or restrictions. This is subject to reasonable restrictions in accordance with the Revised Corporation Code and jurisprudence.

- 4 Right to Information**  
Shareholders shall be provided, upon request, periodic reports which disclose personal and professional information about the Directors and officers and certain other matters such as their holdings of the Company's shares, dealing with the Company, relationships among Directors and key officers, and the aggregate compensation of Directors and officers.

The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority shareholders shall have access to all information relating to matters for which the management is accountable and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meeting, being within the definition of "legitimate purposes."

- 5 Rights to Dividends**  
Shareholders shall have the right to receive dividends subject to the discretion of the Board.

The Company shall be compelled to declare dividends when its retained earnings shall be in excess of one hundred percent (100%) of its paid-in capital stock, except:

- when justified by definite corporate expansion projects or programs approved by the Board; or
- when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or
- when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

- 6 Appraisal Right**  
Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Revised Corporation Code, under any of the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; and
- In case of merger or consolidation.



## PROMOTION AND ENHANCEMENT OF RIGHTS

The Board shall be transparent and fair in the conduct of the annual and special shareholders' meetings of the Company. The shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted, and any doubt about the validity of a proxy shall be resolved in the shareholder's favor.

It is the duty of the Board to promote the rights of the shareholders, remove impediments to the exercise of those rights, and provide an adequate avenue for them to seek timely redress for the breach of their rights.

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the shareholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all shareholders shall be treated equally or without discrimination, the Board shall give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

## EQUITABLE TREATMENT OF SHAREHOLDERS

While protecting the rights of our shareholders, Megawide also ensures that all shareholders are treated equally and are not discriminated against. The Company has protocols in place, such as the full disclosure and review of all related-party transactions (RPTs) by the Audit and Compliance Committee. Our Insider Trading Policy prohibits insider trading, serving to protect members of the Company from misuse of power and position.



# ANTI-CORRUPTION PROGRAMS AND PROCEDURES

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Disclosure	MCC	MWMTI	GMCAC
Percentage of directors to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of directors and management that have received anti-corruption training	100	100	100
Percentage of employees that have received anti-corruption training	100	100	100

Megawide takes a zero-tolerance approach to corruption and abuse. The Company has cemented this commitment by having an anti-corruption policy and several supporting programs to discourage unethical behavior and further communicate this message to employees.

In compliance with its Manual on Corporate Governance, the Board of Directors instituted various policies against corruption. It is consistently stated that it does not condone dishonest, unethical, or unprofessional behavior regardless of the level of authority of the other individual. Any violations or suspected violations shall be reported to the Compliance Officer, Chief Human Resources Officer, or Acting Chief Audit Executive.

Megawide endeavors to regularly conduct orientation seminars for its directors, senior management, and employees where the Manual on Corporate Governance, Code of Business Conduct and Ethics, Employee Code of Discipline, and Code of Conduct and Ethical Standards for Suppliers, Whistleblowing Policy, and Anti-Fraud Policy are discussed and explained thoroughly.

## EPC and BUs

At the Engineering, Procurement, and Construction (EPC) and business units (BUs), individuals are expected to report fraudulent activity to the Internal Audit Department, Legal Department, and Human Resources Department. The Whistleblowing Policy upholds the confidentiality of the reporter, while programs and anti-corruption campaigns such as Sumbong Anomalya Para sa Kompanya (S.A.P.A.K.) empower employees to report dubious behavior.

## Other Programs and Supporting Policies

- **Conflict of Interest Disclosure:** All of Megawide's employees, managers, and Directors are required to fill out a Conflict of Interest Disclosure Form annually or as often as needed.
- **Communication:** Policies such as the Manual on Corporate Governance, Code of Business Conduct and Ethics, Employee Code of Discipline, Code of Conduct for Ethical Standards for Supplier, Whistleblowing Policy, and Anti-Fraud Policy are regularly promoted and enforced consistently throughout the Company through seminars.
- **Audits:** The Company's Compliance Officer ensures compliance with all laws and regulations. Operations are assessed through internal audits conducted by an internal audit group.



## RECOGNITION

Megawide Construction Corporation

as a top-performing publicly listed company in the Philippines under the 2019 ACGS

Given on the 19th day of February 2021 via Zoom Meetings

  
Leonardo Jose M. BerDa  
Chief Executive Officer

  
Rex C. Drifon II  
Chairman



# DISCLOSURE AND TRANSPARENCY

Disclosure and transparency are key to running a responsible and ethical business. We ensure that all information on crucial decisions and operations within the Company are disclosed to the concerned persons. Enhancing transparency is a continuous goal that Megawide outlines in the New Manual on Corporate Governance.

Our main channels for communicating company activities to our stakeholders are:



## COMPANY WEBSITE

Found at [www.megawide.com.ph](http://www.megawide.com.ph), the Company website publishes all disclosures, stock information, and resources on corporate governance activities.



## ANALYSTS' BRIEFING

Quarterly analysts' briefings keep investors up-to-date on Megawide's operational and financial performance, as well as significant developments.



## INVESTOR CONFERENCES, NON-DEAL ROADSHOWS, ONE-ON-ONE MEETINGS, AND CONFERENCE CALL

The Investor Relations Team, Chief Financial Officer, Chairman, President, or other members of the Management Team may meet with fund managers and investors to discuss matters of business.



## PRESS RELEASES

The Company publishes and submits press releases and other disclosures to the SEC. These are available on the Philippine Stock Exchange (PSE) Edge website, [http://edge.pse.com.ph/companyInformation/form.do?cmpy\\_id=627](http://edge.pse.com.ph/companyInformation/form.do?cmpy_id=627).



## SITE VISITS

Investors may make arrangements through the Investor Relations Team to conduct site visits at our Precast Facility, MCIA, PITX, and other project sites.

The following information is also provided in the interest of transparency for our stakeholders:

## 1 Ownership Structure

Owners holding more than 5 percent (5%) of Megawide's shares of stock (as of December 31, 2021) are as follows:

Class of Shares	Shareholder	No. of Common Shares	%	Beneficial Owner
Common	<b>Citicore Holdings Investment, Inc.</b> (Filipino)  No. 20 N. Domingo Street, Barangay Valencia, Quezon City	712,925,501	35.41%	Edgar B. Saavedra
Common	<b>Megacore Holdings, Inc.*</b> (Filipino)  No. 20 N. Domingo Street, Barangay Valencia, Quezon City  <i>*Shares are lodged with PCD Nominee Corporation (Filipino)</i>	617,709,197	30.68%	Edgar B. Saavedra
Common	<b>PCD Nominee Corporation</b> (Filipino)  37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	1,164,870,236	57.86%	Publicly-Held Shares
Common	<b>PCD Nominee Corporation</b> (Non-Filipino)  37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	88,797,521	4.41%	Publicly-Held Shares

The following table sets forth the participants under the PCD accounts who own more than 5% of the voting securities of Megawide:

Name	Number of Shares Held	Percent (%)
BDO Securities Corporation	648,467,517	32.21%
CLSA Philippines, Inc.	382,920,604	19.02%

The following table sets forth the security ownership of Megawide's Directors and officers as of December 31, 2021:

## 2

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Owner	Citizenship	Percentage
Common	<b>Edgar B. Saavedra</b> Chairman of the Board, CEO, and President	1 (Direct)  2 (Indirect)	Filipino	Nil
Common	<b>Manuel Louie B. Ferrer</b> Vice-Chairman of the Board, Executive Director for Infrastructure Development, and Chief Corporate Affairs and Branding Officer	1 (Indirect)	Filipino	Nil
Common	<b>Oliver Y. Tan</b> Director	18,767,852 (Indirect)	Filipino	0.93%
Common	<b>Ramon H. Diaz</b> Executive Director and Group Chief Financial Officer	350,000 (Indirect)	Filipino	0.02%
Common	<b>Hilario G. Davide, Jr.</b> Independent Director	1 (Direct)	Filipino	Nil
Common	<b>Celso P. Vivas</b> Independent Director	1 (Indirect)	Filipino	Nil
Common	<b>Alfredo E. Pascual</b> Independent Director	1 (Direct)  10,900 (Indirect)	Filipino	Nil
Common	<b>Christopher A. Nadayag</b> Treasurer and Deputy Chief Financial Officer	49 (Indirect)	Filipino	Nil
Common	<b>Raymund Jay S. Gomez</b> Chief Legal Officer, Compliance Officer, and Data Protection Officer	0	Filipino	Nil

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Owner	Percentage
Common	<b>Maria Belinda Morales</b> Chief Human Resources Officer	Filipino	35,000 (Indirect)	Nil
Common	<b>Zheena E. Ocampo</b> Acting Chief Audit Executive	Filipino	7,500 (Indirect)	Nil
Common	<b>Kama Neson Ganeson*</b> Acting Chief Risk Officer	Malaysian	0	Nil
Common	<b>Martin Miguel Flores**</b> Chief Risk Officer	Filipino	4,400 (Indirect)	Nil
Common	<b>Abigail Joan R. Cosico**</b> Chief Investor Relations Officer	Filipino	0	Nil
Common	<b>Anthony Leonard G. Topacio*</b> Corporate Secretary	Filipino	0	Nil
Common	<b>Charlotte Y. King**</b> Corporate Secretary	Filipino	0	Nil
Common	<b>Jasmine M. Jimenez</b> Assistant Corporate Secretary	Filipino	0	Nil
Common	<b>Ma. Criselle R. Zapata-Herrera**</b> Assistant Corporate Secretary	Filipino	25,200	Nil
<b>Aggregate Shareholdings of Directors and Officers as a Group</b>			<b>19,200,908</b>	<b>0.95%</b>

\*Resigned April 08, 2022 effective April 08, 2022

\*\*Appointed April 08, 2022 effective April 08, 2022

## EXTERNAL AUDIT FEES AND SERVICES

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by Megawide's external auditors:

Particulars	Nature	Audit Fees (amounts in PhP) For the years ended December 31		
		2021	2020	2019
Punongbayan & Araullo	Audit of Financial Statements	3,535,000.00	3,346,250.00	2,875,000.00
Punongbayan & Araullo	Summary of Application of Proceeds on Preferred Shares	600,000.00 (Q1 to Q4)	150,000.00 (Q4)	600,000.00 (Q1 to Q4)
Punongbayan & Araullo	Transfer Pricing Documentations and Review of Information Return	2,600,000.00	-	-
Punongbayan & Araullo	Agreed Upon Procedures (PCAB Renewal)	35,000.00	35,000.00	-
Punongbayan & Araullo	Benchmarking of Accounting Policies and Procedures	-	-	900,000.00
Punongbayan & Araullo	Q1 and Q2 Consolidated Financial Statements Review and Prospectus Circle-Up (for Preferred Shares Offering)	3,500,000.00	3,500,000.00	-
Punongbayan & Araullo	Quarterly Review of Financial Statements	-	-	300,000.00
Punongbayan & Araullo	Tax Opinion on Development Projects	100,000.00	250,000.00	580,000.00
SyCip Gorres Velayo & Co. (SGV)	Audit of Financial Statements of GMCAC	1,339,000.00	1,339,000.00	1,300,000.00

### 3 Audited Financial Statements

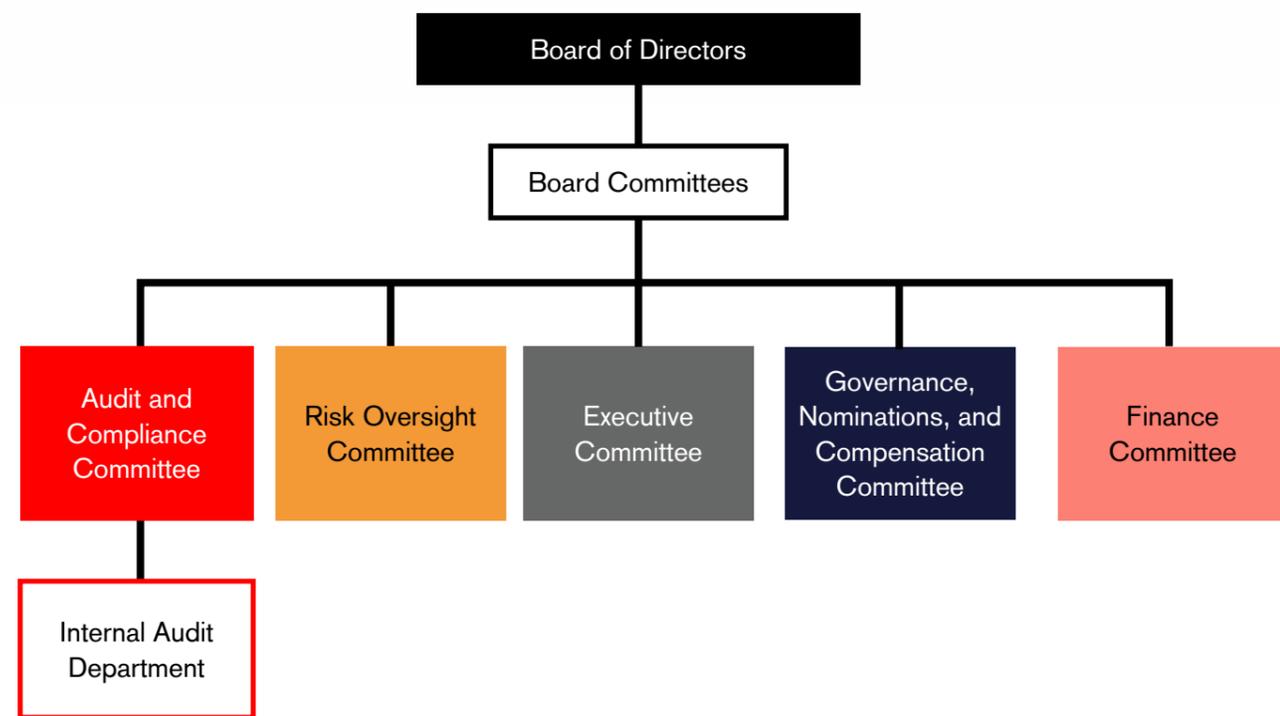
The Audited Financial Statements as of and for the year 2021 were released on 12 May 2022, and is uploaded in Megawide's website.

### 4 RPTs

The Related Party Transactions (RPTs) are presented in Note 28 of the Audited Financial Statements for the year 2021 and in the Annual Report (SEC Form 17-A) of Megawide.



# THE BOARD OF DIRECTORS



As the Company's highest governing body, the Board of Directors spearheads the planning and oversight of the business. Directors fulfill their responsibilities and functions in accordance with what is outlined in the Charter of the Board of Directors and do so on a fully informed basis, in good faith, with due diligence and care, and in the best interest of Megawide.

The Board sets and approves the strategic direction of the Company annually. It is then up to the various Board Committees to support the fulfillment of the approved plans. Throughout the year, key departments report directly to the Board on the status of Company activities and operations, which the Board may ask questions and clarifications.

## BOARD COMMITTEES

Currently, five (5) Board Committees assist the Board in overseeing Megawide's business and operations:

- Executive Committee**  
 The Executive Committee shall exercise all the fiduciary powers of the Board to act upon any matter which should not be postponed until the previously scheduled Board meetings, as well as oversee, without limitations and to the extent allowed by the By-Laws, the management of the Company's businesses and other affairs, particularly during the intervening periods when the Board has no scheduled meetings or is unavailable or unable to meet.

<b>Chairman</b>	Edgar B. Saavedra
<b>Vice-Chairman</b>	Manuel Louie B. Ferrer
<b>Member</b>	Oliver Y. Tan

- Audit and Compliance Committee**  
 The Audit and Compliance Committee shall assist the Board in its function and responsibilities over the Company's internal controls, audit, financial reporting, and related party transactions.

<b>Chairman</b>	Celso P. Vivas
<b>Vice-Chairman</b>	Leonilo G. Coronel* Chief Justice Hilario G. Davide, Jr. (Ret.)**
<b>Member</b>	Oliver Y. Tan
<b>Member</b>	Alfredo E. Pascual

\* Vice-Chairman until 30 June 2021  
 \*\* Vice-Chairman from 01 July 2021

## 3

**Finance Committee**

The Finance Committee shall assist the Board in its oversight responsibilities over management's regular finance functions and the Company's asset management, and bidding activities.

<b>Chairman</b>	Leonilo G. Coronel* Ramon H. Diaz**
<b>Vice-Chairman</b>	Oliver Y. Tan
<b>Member</b>	Chief Justice Hilario G. Davide, Jr. (Ret.)
<b>Member</b>	Celso P. Vivas
<b>Member</b>	Alfredo E. Pascual

\* Chairman until 30 June 2021

\*\* Chairman from 01 July 2021

## 4

**Governance, Nominations and Compensation Committee**

The Governance, Nominations and Compensation Committee shall assist the Board in corporate governance, nomination and election of its Directors and key officers, and in determining their proper compensation.

<b>Chairman</b>	Chief Justice Hilario G. Davide, Jr. (Ret.)
<b>Vice-Chairman</b>	Alfredo E. Pascual
<b>Member</b>	Manuel Louie B. Ferrer
<b>Member</b>	Leonilo G. Coronel*
<b>Member</b>	Celso P. Vivas

\* Member until 30 June 2021

## 5

**Risk Oversight Committee**

The Board Risk Oversight Committee shall assist the Board in its oversight responsibilities over the Company's Enterprise Risk Management Framework and Security Management Systems. The committee is guided by the Company's Enterprise Risk Management Framework in identifying Megawide's risk exposure and in determining the effectiveness of the risk management strategies.

<b>Chairman</b>	Alfredo E. Pascual
<b>Vice-Chairman</b>	Celso P. Vivas
<b>Member</b>	Edgar B. Saavedra
<b>Member</b>	Leonilo G. Coronel*
<b>Member</b>	Chief Justice Hilario G. Davide, Jr. (Ret.)
<b>Member</b>	Ramon H. Diaz**

\* Member until 30 June 2021

\*\* Member from 01 July 2021

**BOARD MEETING ATTENDANCE**

Below is the recorded attendance of Megawide's Directors to Board and Board Committee meetings held from January 1, 2021 to December 31, 2021.

**1 Board of Directors' Meetings**

Name	Position	No. of Meetings	No. of Meetings Attended
Edgar B. Saavedra	Chairman of the Board, CEO, and President	6	6
Manuel Louie B. Ferrer	Vice-Chairman of the Board and Executive, Director, Infrastructure Development	6	6
Oliver Y. Tan	Director	6	6
Ramon H. Diaz*	Executive Director and Group Chief Financial Officer	2	2
Leonilo G. Coronel**	Independent Director	4	4
Hilario G. Davide, Jr.	Independent Director	6	6
Celso P. Vivas	Independent Director	6	6
Alfredo E. Pascual	Independent Director	6	6

\*Elected on June 30, 2021

\*\*Tenure ended on June 30, 2021

**2 Audit and Compliance Committee Meetings**

Name	Position	No. of Meetings	No. of Meetings Attended
Celso P. Vivas	Chairman	8	7
Leonilo G. Coronel	Vice-Chairman until 30 June 2021	4	4
Hilario G. Davide, Jr.	Vice-Chairman from 01 July 2021	8	8
Alfredo E. Pascual	Member	8	8
Oliver Y. Tan	Member	8	4

### 3 Finance Committee Meetings

Name	Position	No. of Meetings	No. of Meetings Attended
Leonilo G. Coronel	Chairman until 30 June 2021	4	4
Ramon H. Diaz	Chairman from 01 July 2021	3	3
Oliver Y. Tan	Vice-Chairman	7	4
Hilario G. Davide, Jr.	Member	7	6
Celso P. Vivas	Member	7	7
Alfredo E. Pascual	Member	7	7

### 4 Governance, Nominations, and Compensation Committee Meetings

Name	Position	No. of Meetings	No. of Meetings Attended
Hilario G. Davide, Jr.	Chairman	4	4
Alfredo E. Pascual	Vice-Chairman	4	4
Leonilo G. Coronel	Member until 30 June 2021	2	2
Celso P. Vivas	Member	4	4
Manuel Louie B. Ferrer	Member	4	4

### 5 Board Risk Oversight Committee Meetings

Name	Position	No. of Meetings	No. of Meetings Attended
Alfredo E. Pascual	Chairman	4	4
Celso P. Vivas	Vice-Chairman	4	4
Leonilo G. Coronel	Member until 30 June 2021	2	2
Hilario G. Davide, Jr.	Member	4	4
Edgar B. Saavedra	Member	4	4
Ramon H. Diaz	Member from 01 July 2021	2	2

## REMUNERATION OF THE BOARD

Under the By-Laws of Megawide, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each Board meeting. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The total per diem paid to the Directors for the year ended December 31, 2021, was Four Million Four Hundred Ten Thousand Pesos (₱ 4,410,000.00).

## STAKEHOLDER PROGRAMS

Building positive, collaborative relationships with stakeholders is equally important to Megawide as we set our vision for a First-World Philippines. Our stakeholder programs are geared towards promoting ethical business practices with the welfare of our stakeholders in mind.

- 1 Policies Relating to Health, Safety, and Welfare of Employees**  
 The Quality, Environment, Safety, and Welfare (QESH) Department oversees any reports made by employees about accidents or safety concerns. The Company Manual on Safety Procedures identifies safe workplace practices for our employees to refer to. Additionally, the Company has also contracted with insurance companies as part of our employees' healthcare benefits.
- 2 Reward/Compensation Policy**  
 Employees receive incentives based on their performance evaluations conducted every June and December.
- 3 Training and Development Programs for Employees**  
 The Human Resources Department formulates training and development programs to upgrade the skills and capabilities of employees according to their specific roles.
- 4 Policies and Activities with regard to Suppliers/ Contractors as well as Efforts to Address Customer Welfare and Safeguard Creditors' Right**
  - Anti-Corruption Programs and Procedures
  - Community Interaction through Megawide Foundation
  - Customers' Welfare through Quality Assurance and Control
  - Safeguarding Creditors' Rights through Cash Flow Management
  - Vendor Accreditation Policy
- 5 Procedures to Protect an Employee or Person who Reveals Illegal/ Unethical Behavior from Retaliation**  
 Individuals are encouraged to report unethical behavior at the workplace and are protected under the Code of Business Conduct and Ethics, Whistleblowing Policy, and Anti-Fraud Policy, among others. Their reports are kept confidential.
- 6 Stockholder Engagement**  
 The Investor Relations Team actively and regularly engages with stockholders, catering to queries and concerns that they may have, as well as formulating other programs for their benefit.

**REPORT OF THE GOVERNANCE, NOMINATIONS, AND COMPENSATION COMMITTEE  
TO THE BOARD OF DIRECTORS**  
For the Year Ended 31 December 2021

This report covers the activities of the Governance, Nominations, and Compensation Committee (the “GNCC”) of the Board of Directors (the “Board”) of Megawide Construction Corporation (“Megawide”) for the year ended 31 December 2021, pursuant to the provisions of Megawide’s Manual on Corporate Governance.

The following are the activities of the GNCC in 2021, in fulfillment of its oversight duties, functions and responsibilities:

- a. The GNCC held four (4) meetings, or once every quarter in 2021.
- b. The GNCC provided valuable observations and advice to management, on the restructuring of the governance framework of Megawide, including its subsidiaries and affiliates (the “Megawide Group”).
- c. The GNCC monitored the implementation of the strategic plans, objectives and initiatives, digitalization efforts, and new policies of the following departments:
  - i. the Human Resources (“HR”) Department, which are directed towards the development of employees and increasing their productivity;
  - ii. the Corporate Affairs and Branding (“CAB”) Department, which are focused on stakeholder management; and
  - iii. the Legal Department, which ensured the fulfillment of regulatory requirements.
- d. The GNCC supervised the environmental, social, and governance (“ESG”) initiatives of the Megawide Group, including its proper reporting and disclosures.
- e. The GNCC oversaw Megawide’s compliance with the requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange, Inc. (PSEI), especially the Integrated Annual Corporate Governance Report.
- f. The GNCC nominated Mr. Ramon H. Diaz as the new *Executive Director* of Megawide to replace Mr. Leonilo G. Coronel, its former *Independent Director* who has reached the maximum term limit for Independent Directors.

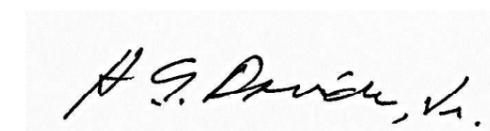
The foregoing contributions of the GNCC helped the Megawide Group to design an efficient and transparent governance framework where information and issues are discussed and addressed by the appropriate management committees to prevent redundancies, among others. This also paved the way for the implementation of the strategic initiatives and new policies of the HR Department, the CAB Department, and the Legal Department. The Megawide Group also made great efforts in pursuing its ESG projects, even incorporating the same in its day-to-day business activities, reflecting its commitment in contributing to society in a meaningful way.

The GNCC notes that the next challenge of the Megawide Group is for its officers and employees to embody and efficiently and effectively apply the governance and process improvements introduced this year in their daily work routines and activities, to ensure its integration in the business and operations of the Megawide Group.

Finally, the GNCC lauds and congratulates the Megawide Group in all the strategic plans, objectives and initiatives it has successfully accomplished in 2021, particularly its shift towards digitizing its major tools and procedures, which has allowed it to remain indomitable despite the limitations and difficulties brought by the COVID-19 pandemic.

**GOVERNANCE, NOMINATIONS,  
AND COMPENSATION COMMITTEE**

By:



**HILARIO G. DAVIDE, JR.**  
*Chairman of the GNCC  
and Independent Director*

Noted by:



**EDGAR B. SAAVEDRA**  
*Chairman of the Board,  
Chief Executive Officer, and President*

**REPORT OF THE BOARD RISK OVERSIGHT COMMITTEE  
TO THE BOARD OF DIRECTORS**  
For the Year Ended 31 December 2021

This report covers the activities of the Board Risk Oversight Committee (the “BROC”) of the Board of Directors (the “Board”) of Megawide Construction Corporation (“Megawide”) for the year ended 31 December 2021, pursuant to the provisions of Megawide’s Manual on Corporate Governance.

In 2021, the BROC met four (4) times and held meetings to focus on the continuing implementation and customization of the enterprise risk management (“ERM”) framework and processes across the Megawide Group (or Megawide and its subsidiaries and affiliates).

In fulfilling its primary function of assisting and advising the Board in its oversight responsibilities and driving executive management to lead the development and implementation of an efficient and sustainable ERM framework, the BROC oversaw the following activities:

- a. Setting up of the risk governance and management structure of the Megawide Group;
- b. Development of comprehensive risk registers and the embedment of risk management in the strategic planning of the Megawide Group;
- c. Preparation of a common risk language;
- d. Automation of the strengths, weaknesses, opportunities, and threats (“SWOT”) analysis; and
- e. Identification, assessment, and consolidation of priority risks and opportunities of Megawide.

The priority risks identified and presented to the BROC during the year included the following: (a) political risks - shift to a new government administration; (b) competition risk - uncompetitive bids due to unavailability of prices; and (c) procurement risk - ineffective procurement process. In performing its risk management functions, the Office of the Chief Executive Officer (“CEO”) developed strategic and remediation measures and other initiatives to address residual and inherent risks.

During the year, the BROC also reviewed reports on the following:

- a. Creation of the stakeholder map template;
- b. COVID-19 management initiatives;
- c. Strategic plans for transport-centric developments; and
- d. Development of a cybersecurity framework to summarize and address the cybersecurity risks provided in the draft Memorandum Circular of the Securities and Exchange Commission, which was done under the guidance of Mr. Celso P. Vivas, *Vice-Chairman of the BROC and Independent Director*.

Overall, the Megawide Group’s progress in adopting and implementing the ERM framework is advancing rapidly. It is now integrated with and considered an integral part of its strategic objectives and direction. These improvements are due to the firm commitment of the Office of the CEO to

integrate ERM into the Megawide Group’s organizational processes, with the full support of the BROC and the Board.

The BROC encourages the Office of the CEO and executive management to continue championing the ERM initiatives and other related activities and to ensure that ERM is embedded as part of the culture of the Megawide Group.

**BOARD RISK OVERSIGHT COMMITTEE**  
By:



**ALFREDO E. PASCUAL**  
*Chairman of the BROC  
and Independent Director*

Noted by:



**EDGAR B. SAAVEDRA**  
*Chairman of the Board,  
Chief Executive Officer and President*

**REPORT OF THE FINANCE COMMITTEE  
TO THE BOARD OF DIRECTORS**  
For the Year Ended 31 December 2021

This report covers the activities of the Finance Committee (the “FinCom”) of the Board of Directors (the “Board”) of Megawide Construction Corporation (“Megawide”) for the year ended 31 December 2021, pursuant to the provisions of Megawide’s Manual on Corporate Governance.

In 2021, the FinCom met six (6) times or every other month and received regular reports from the Finance Team, which is led by Mr. Ramon H. Diaz, *Chairman of the FinCom, Executive Director, and Group Chief Financial Officer*. These reports were comprised of updates from (a) financial reporting and tax, (b) corporate finance and planning, (c) treasury, and (d) investor relations, encompassing Megawide and its subsidiaries and affiliates (the “Megawide Group”).

The FinCom oversaw the accomplishment of the strategic initiatives and objectives of the Finance Team for the Megawide Group, as embodied in its five (5)-year roadmap, which were focused on (a) fundraising, (b) cash and liability management, (c) digitalization of processes and procedures, and (e) decentralization of functions to the strategic business units.

With the support and guidance of the FinCom, the Finance Team completed the following activities for the Megawide Group:

- a. Secured a Three Billion Six Hundred Million Pesos (PhP 3,600,000,000.00) corporate note;
- b. Secured a One Billion Three Hundred Million Pesos (PhP 1,300,000,000.00) one (1)-year bridge loan;
- c. Issued and listed preferred shares (Series 2A and 2B) in the amount of Four Billion Three Hundred Sixty Million Pesos (PhP 4,360,000,000.00);
- d. Restructured the Twenty-Three Billion Nine Hundred Million Pesos (PhP 23,900,000,000.00) loan of GMR Megawide Cebu Airport Corporation;
- e. Issued and listed preferred shares (Series 4) in the amount of Four Billion Pesos (PhP 4,000,000,000.00); and
- f. Secured a Five Billion Five Hundred Million Pesos (PhP 5,500,000,000.00) long-term bank facility.

Furthermore, the FinCom supported the digitalization of the accounting, tax, and financial processes and procedures of the Megawide Group, particularly the implementation of the systems, applications, and products (“SAP”) software, for a more transparent and efficient approach.

Finally, the FinCom congratulates the Finance Team on the strategic initiatives and objectives it successfully accomplished in 2021, which ensured that all the funding needs and requirements of the Megawide Group are fulfilled.

FINANCE COMMITTEE  
By:



**RAMON H. DIAZ**  
*Chairman of the FinCom, Executive Director,  
and Group Chief Financial Officer*

Noted by:



**EDGAR B. SAAVEDRA**  
*Chairman of the Board,  
Chief Executive Officer, and President*

**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE  
TO THE BOARD OF DIRECTORS**  
For the Year Ended 31 December 2021

This report covers the activities of the Audit and Compliance Committee (the “ACC”) of the Board of Directors (the “Board”) of Megawide Construction Corporation (“Megawide”) for the year ended 31 December 2021, pursuant to the provisions of Megawide’s Manual on Corporate Governance.

During the year, the ACC met every other month and its regular agenda items covered the following:

- a. Approval of the minutes of the regular and special meetings of the ACC;
- b. Regular updates on the audit activities and engagements of the Internal Audit Department (“IAD”), focusing on the effectiveness of the internal control environment of Megawide and its enterprise risk management (“ERM”) programs;
- c. Regular updates on related party transactions (“RPTs”) and review and approval of material RPTs; and
- d. Review of quarterly and annual financial reports submitted to the Securities and Exchange Commission (“SEC”).

In specific terms, the ACC undertook the following tasks during the year 2021:

- a. Reviewed and approved the updated Risk-Based Internal Audit (“RBIA”) methodology of the IAD, whose digitalization is on the fast track to implementation;
- b. Reviewed and approved all the audit services performed by the external auditor of Megawide and its subsidiaries and affiliates (the “Megawide Group”), Punongbayan & Araullo (“P&A”), as well as their audit fees;
- c. Evaluated the non-audit work furnished by P&A, including the non-audit fees paid, particularly, on its impact to the total annual audit fees and consultancy expenses of the Megawide Group. As noted by the ACC, the non-audit work performed by P&A did not appear to be in conflict with their duties as external auditor, nor posed a threat to their independence;
- d. Reviewed and discussed with P&A the scope and methodology of their audit, the results of their examination, and the quality of their financial reports; and
- e. Evaluated the performance, independence, and qualifications of P&A in the conduct of their audit. In this regard, the ACC received a letter from P&A confirming their independence and containing other matters that require disclosure under applicable auditing standards. Based on its review, the ACC recommended the re-appointment of P&A as the external auditor of the Megawide Group for the year 2022.

Before finalizing this ACC report to the Board, the ACC completed the following tasks as mandated under the Manual on Corporate Governance:

- a. In behalf of the ACC and before the completion of P&A’s audit, the independent directors of the ACC had an online meeting with P&A which was headed by its engagement partner, Ms. Mailene

Sigue-Bisnar. This meeting was not attended by any of the Megawide Group’s executives or officers, as required by the rules and regulations of the SEC and the Manual on Corporate Governance; and

- b. During its regular meeting on 06 April 2022, the ACC reviewed the final draft of Megawide’s 2021 Consolidated Audited Financial Statements (“2021 AFS”) as presented by P&A and Megawide’s Finance Department. After considering the significant changes or amendments presented to the ACC, it recommended the approval of the 2021 AFS to the Board.

**AUDIT AND COMPLIANCE COMMITTEE**

By:



**CELSO P. VIVAS**  
*Chairman of the ACC  
and Independent Director*

Noted by:



**EDGAR B. SAAVEDRA**  
*Chairman of the Board,  
Chief Executive Officer, and President*

**STATEMENT OF THE ACTING CHIEF AUDIT EXECUTIVE  
ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM OF  
MEGAWIDE CONSTRUCTION CORPORATION**  
For the year ended 2021

I, **ZHEENA E. OCAMPO**, as the Acting Chief Audit Executive of Megawide Construction Corporation (“Megawide”), including its subsidiaries and affiliates (collectively the “Megawide Group”), hereby state that:

- With the guidance and supervision of the Audit and Compliance Committee (“ACC”) of the Board of Directors (“Board”) of Megawide, the Internal Audit Department (“IAD”) has been focused on enhancing and strengthening the internal control system of the Megawide Group by providing independent assurance and recommendations in a systematic and disciplined approach, which are designed to add value and improvements to the Megawide Group’s business and operations.
- The Megawide Group’s present internal control system appears strong and able to provide reasonable assurance on the accomplishment of its overall business objectives, which include: (i) producing reliable financial reports; (ii) developing effective enterprise risk management (“ERM”) programs across its departments and business units; and (iii) complying with corporate governance, financial, legal, and tax reporting requirements.
- The management of the Megawide Group and its process owners have consistently adopted the recommendations of the IAD for the improvement of its internal control systems and for the effectiveness of its ERM programs.
- The IAD has complete independence with respect to the departments and business units in the Megawide Group that it is auditing. In fact, the Board and the management of the Megawide Group have not placed any limitations or restrictions on the scope of the audit of the IAD.
- The Board, through the ACC, and the Office of the Chief Executive Officer have provided the IAD with general direction and guidance on the scope of its work and the activities covered in its 2021 Annual Audit Plan.
- Lastly, the auditees, through the Heads of the Departments, have provided IAD with utmost support and cooperation during the course of the audit engagements.

Prepared by:

  
**MS. ZHEENA E. OCAMPO**  
*Acting Chief Audit Executive*  
Date: 25 May 2022

Concurred by:



**MR. CELSO P. VIVAS**  
*Chairman of the ACC*  
Date: 25 May 2022



**MR. EDGAR B. SAAVEDRA**  
*Chairman of the Board,  
Chief Executive Officer, and President*  
Date: 25 May 2022

# ANNEX

## ANNEX A – ECONOMIC

### I. PROPORTION OF SPENDING ON LOCAL SUPPLIERS (204-1)

Disclosure	MCC			MWMTI	GMCAC
	HoldCo	BU	EPC		
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers (%)	N/A	90	85	100	90

### II. ANTI-CORRUPTION (205-3)

Disclosure	MCC
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	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcome of such cases	1*

\*On 05 November 2021, the following Directors and Officers of Megawide Construction Corporation, in their capacity as Directors of GMR-Megawide Cebu Airport Corporation, received a Joint Resolution of the Office of the Ombudsman (the "Resolution"):

- Mr. Manuel Louie B. Ferrer – Executive Director, Infrastructure Development and Chief Corporate Affairs and Branding Officer of Megawide;
- Mr. Jez G. Dela Cruz – AVP-Corporate Finance and Planning of Megawide;
- Mr. Edgar B. Saavedra - President and CEO of Megawide; and
- Mr. Oliver Y. Tan - Director of Megawide.

(the "Megawide Respondents")

The Resolution, issued on 20 July 2021, found probable cause against Steve Y. Diccican ("Public Respondent"), Manuel Louie B. Ferrer, Edgar B. Saavedra, Oliver Y. Tan, Jez Dela Cruz, Srinivas Bommidala, P. Sripathy, Vivek Singhai, Andrew Acquaah-Harrison, Ravi Bhatnagar, Ravishankar Saravu, Michael Lenane, Sudarshan MD, Kumar Gaurav, Magesh Nambiar, and Rajesh Mandan

("Private Respondents") (collectively, the "Respondents"), who all allegedly acted in conspiracy with one another, for violation of Section 3(e) of Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act. The Respondents allegedly acted with a common purpose and intention to allow foreign nationals to perform executive functions, particularly to manage and operate the Mactan Cebu International Airport in violation of the Anti-Dummy Law.

Prior to receiving the Resolution, none of the Private Respondents obtained or received any subpoena or order from the Office of the Ombudsman directing the submission of their respective counter-affidavits. As a result, the Private Respondents were not given the opportunity to present their defenses and participate in the preliminary investigation.

Subsequently, the Megawide Respondents filed a Petition for Review with the Department of Justice assailing the finding of probable cause.

Megawide, its Directors, and Officers maintain that they exercise good corporate governance and adhere to all applicable laws, rules, and regulations in all its dealings.

# ANNEX B - ENVIRONMENT

## I. ENERGY CONSUMPTION AND INTENSITY (302-1, 302-3)

Disclosure	MCC		MWMTI	GMCAC
	HoldCo	BU		
Renewable sources (kWh)	N/A	N/A	N/A	565,779.04
LPG (GJ)	N/A	323.16	N/A	N/A
Diesel (GJ)	N/A	2,185	N/A	N/A
Electricity (kWh)	331,609.00	2,305,668.98	21,575,564	13,495,839.09

Disclosure	MCC				
	EPC				
	Head Office	NPL	West Side City A & C	UT5	Ascott
Diesel (GJ)	8.29	180.17	8,085.29	19.78	27.95
Electricity (kWh)	948,320	314,577	365,327	102,192	162,289

Disclosure	MCC				
	EPC				
	CGC	MCRP	TEG	Plumera	Carbon Market
Diesel (GJ)	74	35,809.71	321.73	65.92	0
Electricity (kWh)	29,738	579,010	82,525	42,752	0

Disclosure	MCC				
	EPC				
	Mandani	Gentry	Suncity B	UD-Tondo	Albany
Diesel (GJ)	280.53	759.42	39,124.97	101.05	388.42
Electricity (kWh)	3,743,240	635,410	837,120	931,543	200,310

Disclosure	MCC				
	EPC				
	WWP	IFC	UD-Cubao	UD-Ortigas	DD Tower
Diesel (GJ)	271.76	963.07	1,490.94	4,171.73	1,486.30
Electricity (kWh)	309,388	29,192	239,346	1,441,969	695,242

Disclosure	MCC				
	EPC				
	DD Meridian	Cornerhouse	Aglipay	Hive C & D	Hampton
Diesel (GJ)	93.1	224.46	385.37	242.69	0
Electricity (kWh)	172,705	333,029	83,071	287,572	223,764

Disclosure	MCC	GMCAC
	BU*	
Energy intensity	14.595 li/sqm (diesel), 22.578 kWh/sqm (electricity)	137.3874001 kwh/sqm (electricity)

\*Data includes Batching Plant only

## II. WATER WITHDRAWAL, CONSUMPTION, AND DISCHARGE (303-3, 303-4, 303-5)

Disclosure	MCC		MWMTI	GMCAC
	HoldCo	BU		
Water withdrawal (ML)	889	112.86	234.847	194.46
Water consumption (ML)	889	110.8	118.88	194.37
Water recycled and reused (cu.m)	0	9.198	N/A	N/A

Disclosure	MCC				
	EPC				
	Head Office	NPL	West Side City A & C	UT5	Ascott
Water withdrawal (ML)	5.48	9.96	41.78	4.16	9.64
Water consumption (ML)	5.48	9.96	41.78	4.16	9.64
Water recycled and reused (cu.m)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	CGC	MCRP	TEG	Plumera	Carbon Market
Water withdrawal (ML)	7.43	51.96	11.79	3.22	0.2
Water consumption (ML)	7.43	51.96	11.79	3.22	0.2
Water recycled and reused (cu.m)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	Mandani	Gentry	Suncity B	UD-Tondo	Albany
Water withdrawal (ML)	53.52	24.31	88.98	27.38	26.9
Water consumption (ML)	53.52	24.31	88.98	27.38	26.9
Water recycled and reused (cu.m)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	WWP	IFC	UD-Cubao	UD-Ortigas	DD Tower
Water withdrawal (ML)	179.25	21.2	9.25	95.58	33.62
Water consumption (ML)	179.25	21.2	9.25	95.58	33.62
Water recycled and reused (cu.m)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	DD Meridian	Cornerhouse	Aglipay	Hive C & D	Hampton
Water withdrawal (ML)	4.07	13.26	14.2	15.71	4.69
Water consumption (ML)	4.07	13.26	14.2	15.71	4.69
Water recycled and reused (cu.m)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC		MWMTI	GMCAC	EPC
	HoldCo	BU			
Total volume of water discharges (ML)	This is handled by the building administration; Megawide is only a tenant.	2.06	115.97	N/A	1.67*

\*Data includes Head Office only

### III. GHG EMISSIONS (305-1, 305-2)

Disclosure	MCC		MWMTI	GMCAC
	HoldCo	BU		
Direct (Scope 1) GHG Emissions (Tonnes CO <sub>2</sub> e)	N/A	877.92	N/A	72.17
Energy indirect (Scope 2) GHG Emissions (Tonnes CO <sub>2</sub> e)	229	1,591	14,887	9,312.13

Disclosure	MCC				
	EPC				
	Head Office	NPL	West Side City A & C	UT5	Ascott
Direct (Scope 1) GHG Emissions (Tonnes CO <sub>2</sub> e)	0.17	3.64	163.32	0.4	0.56
Energy indirect (Scope 2) GHG Emissions (Tonnes CO <sub>2</sub> e)	654	217	252	71	112

Disclosure	MCC				
	EPC				
	CGC	MCRP	TEG	Plumera	Carbon Market
Direct (Scope 1) GHG Emissions (Tonnes CO <sub>2</sub> e)	1.49	723.36	6.5	1.33	0
Energy indirect (Scope 2) GHG Emissions (Tonnes CO <sub>2</sub> e)	21	400	57	29	0

Disclosure	MCC				
	EPC				
	Mandani	Gentry	Suncity B	UD-Tondo	Albany
Direct (Scope 1) GHG Emissions (Tonnes CO <sub>2</sub> e)	5.67	15.34	790.32	2.04	7.85
Energy indirect (Scope 2) GHG Emissions (Tonnes CO <sub>2</sub> e)	2,583	438	578	643	138

Disclosure	MCC				
	EPC				
	WWP	IFC	UD-Cubao	UD-Ortigas	DD Tower
Direct (Scope 1) GHG Emissions (Tonnes CO <sub>2</sub> e)	5.49	19.45	30.11	84.27	30.02
Energy indirect (Scope 2) GHG Emissions (Tonnes CO <sub>2</sub> e)	213	20	165	995	480

Disclosure	MCC				
	EPC				
	DD Meridian	Cornerhouse	Aglipay	Hive C & D	Hampton
Direct (Scope 1) GHG Emissions (Tonnes CO <sub>2</sub> e)	1.88	4.53	7.78	4.9	0
Energy indirect (Scope 2) GHG Emissions (Tonnes CO <sub>2</sub> e)	119	230	57	198	154

#### IV. SOLID AND HAZARDOUS WASTE (306-3, 306-4, 306-5)

BU FMD	
Waste composition	Waste generated (T)
Aluma Beam	1.72
Aluminum	4.53
G.I Sheet	1.85
Metal	127.87
Oxygen Tank	2.09
Phenolic	40.7
Plehe	0.88
Rebar	38.82
Safety Net	2.72
Scaffold	6.84
Tin Cans	4.03
Water Tank	0.97
Wire Rope	8.79
Wiremesh	10.53
Wood	12.42
Garbage	102.21
Assorted - No Value	2.27
Phenolic - No Value	17.39
<b>Total Waste</b>	<b>369.24</b>

BU Batching Plant	
Waste composition	Waste generated (T)
Concrete Waste	1,367.3
Metal Scrap	12.06
<b>Total Waste</b>	<b>1,379.36</b>

EPC Head Office	
Waste composition	Waste generated (T)
Recyclable	16.21
Residual Wastes	5.60
<b>Total Waste</b>	<b>21.80</b>

Waste composition	Waste generated (T)					
	EPC					
	NPL	West Side City A & C	UT5	Ascott	CGC	MCRP
Recyclable	45.26	179	37.9	48.22	0	8.5
Residual Wastes	204 truckloads	178	294.37 T, 32 truckloads	53	0	95.36

Waste composition	Waste generated (T)					
	EPC					
	TEG	Plumera	Carbon Market	Mandani	Gentry	Suncity B
Recyclable	80.63 T, 8 truckloads	0	29.16	461.48	51.67 T, 11 truckloads	508.37
Residual Wastes	1,000	11.6	57.27	1,804.76	729	128.43

Waste composition	Waste generated (T)					
	EPC					
	UB-Tondo	Albany	WWP	IFC	UD-Cubao	UD-Ortigas
Recyclable	210	6.67 T, 6 truckload wood	40.24	94.86	56.51	93.6
Residual Wastes	3,271	2,196	16.43	81.00	685.65	4,109

Waste composition	Waste generated (T)					
	EPC					
	DD Tower	DD Meridian	Cornerhouse	Aglipay	Hive C & D	Hampton
Recyclable	131.06 T, 22 truckloads	30.44	34.53	16.66	49.08	91.26
Residual Wastes	914	22	2,675	0.00	2,006	956

MWMTI	
Waste composition	Waste generated (T)
Biodegradable	334
Residual Waste	780
<b>Total Waste</b>	<b>1,114</b>

GMCAC	
Waste composition	Waste generated (T)
Non-recyclable	363.40
<b>Total Waste</b>	<b>363.40</b>

Disclosure	MCC		MWMTI	GMCAC
	HoldCo	BU*		
<b>Total solid waste</b>				
Preparation for reuse (T)	N/A	N/A	N/A	N/A
Recycling (T)	N/A	264,760	0.12	N/A
Incineration (T)	N/A	N/A	N/A	N/A
Landfilling (T)	N/A	2,856,054	1,113,670	363.4
Other recovery operations (T)	N/A	N/A	N/A	N/A
Other disposal operations (T)	0.607	12.06	N/A	N/A

\*Data includes FMD and Batching Plant only

Disclosure	MCC				
	EPC				
	Head Office	NPL	West Side City A & C	UT5	Ascott
<b>Total solid waste</b>					
Preparation for reuse (T)	N/A	N/A	N/A	N/A	N/A
Recycling (T)	N/A	45.26	179	37.9	48.22
Incineration (T)	N/A	N/A	N/A	N/A	N/A
Landfilling (T)	5.6	204 truckloads	178	294.37 T, 32 truckloads	53
Other recovery operations (T)	16.21	N/A	N/A	N/A	N/A
Other disposal operations (T)	1.97	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	CGC	MCRP	TEG	Plumera	Carbon Market
<b>Total solid waste</b>					
Preparation for reuse (T)	N/A	N/A	N/A	N/A	N/A
Recycling (T)	0	8.5	80.63 T, 8 truckloads	0	48.22
Incineration (T)	N/A	N/A	N/A	N/A	N/A
Landfilling (T)	0	95.36	1,000	11.6	53
Other recovery operations (T)	N/A	N/A	N/A	N/A	N/A
Other disposal operations (T)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	Mandani	Gentry	Suncity B	UD-Tondo	Albany
<b>Total solid waste</b>					
Preparation for reuse (T)	N/A	N/A	N/A	N/A	N/A
Recycling (T)	461.48	51.67 T, 11 truckloads	508.37	210	6.67 T, 6 truckload wood
Incineration (T)	N/A	N/A	N/A	N/A	N/A
Landfilling (T)	1,804.76	729	128.43	3,271	2,196
Other recovery operations (T)	N/A	N/A	N/A	N/A	N/A
Other disposal operations (T)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	WWP	IFC	UD-Cubao	UD-Ortigas	DD Tower
<b>Total solid waste</b>					
Preparation for reuse (T)	N/A	N/A	N/A	N/A	N/A
Recycling (T)	40.24	94.86	56.51	93.6	131.06 T, 22 truckloads
Incineration (T)	N/A	N/A	N/A	N/A	N/A
Landfilling (T)	16.43	81	685.65	4,109	913.5
Other recovery operations (T)	N/A	N/A	N/A	N/A	N/A
Other disposal operations (T)	N/A	N/A	N/A	N/A	N/A

Disclosure	MCC				
	EPC				
	DD Meridian	Cornerhouse	Aglipay	Hive C & D	Hampton
<b>Total solid waste</b>					
Preparation for reuse (T)	N/A	N/A	N/A	N/A	N/A
Recycling (T)	30.44	34.53	16.66	49.08	91.26
Incineration (T)	N/A	N/A	N/A	N/A	N/A
Landfilling (T)	23.71	2,675	0	2,006	956
Other recovery operations (T)	N/A	N/A	N/A	N/A	N/A
Other disposal operations (T)	N/A	N/A	N/A	N/A	N/A

## V. ENVIRONMENTAL COMPLIANCE (307-1)

Disclosure	MCC	MWMTI	GMCAC
Total amount of monetary fines for non-compliance with environmental laws and/or regulations (PhP)	0	0	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations (#)	0	0	0
No. of cases resolved through dispute resolution mechanism (#)	0	0	0

# ANNEX C – SOCIAL

## I. EMPLOYEE BREAKDOWN (102-8)

Disclosure	MCC			MWMTI*	GMCAC
	HoldCo	BU	EPC		
<b>Total number of employees</b>	<b>122</b>	<b>247</b>	<b>2,415</b>	<b>58</b>	<b>185</b>
a. Number of female employees	64	45	496	31	81
b. Number of male employees	58	202	1919	27	104
c. Attrition rate	0.22	0.24	1.26	0.13	39.94
d. Ratio of lowest paid employee against minimum wage	1:1	0:1	0	4:0	N/A

\*MWMTI also outsourced 242 workers

Disclosure	MCC		MWMTI	GMCAC
	BU*	EPC		
<b>Total hazardous waste</b>				
Preparation for reuse (T)	N/A	N/A	1.26	N/A
Other recovery operations (T)	N/A	N/A	N/A	N/A
Other disposal operations (T)	1,367.30	1.97	N/A	N/A

\*Data includes FMD and Batching Plant only

## II. NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (401-1)

Age	HoldCo			
	Number of new hires		Number of employee turnover	
	Male	Female	Male	Female
Below 30	7	14	4	3
30-50	4	9	1	2
Above 50	0	0	0	0

Age	BU			
	Number of new hires		Number of employee turnover	
	Male	Female	Male	Female
Below 30	314	55	90	35
30-50	316	16	171	12
Above 50	9	0	51	1

Age	EPC			
	Number of new hires		Number of employee turnover	
	Male	Female	Male	Female
Below 30	560	294	6	5
30-50	1219	197	23	6
Above 50	140	5	3	0

Age	MWMTI			
	Number of new hires		Number of employee turnover	
	Male	Female	Male	Female
Below 30	1	6	0	1
30-50	5	4	4	3
Above 50	0	0	1	0

Age	GMCAC			
	Number of new hires		Number of employee turnover	
	Male	Female	Male	Female
Below 30	1	2	4	9
30-50	8	2	35	19
Above 50	0	0	7	3

### III. EMPLOYEE BENEFITS (401-2, 401-3)

HoldCo			
List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
Life insurance	Y	0%	0%
SSS	Y	12%	5%
PhilHealth	Y	12%	7%
Pag-ibig	Y	0%	0%
Parental leaves	Y	2%	2%
Vacation leaves	Y	81%	77%
Sick leaves	Y	33%	30%
Medical benefits (aside from PhilHealth)	Y	88%	89%
Housing assistance (aside from Pag-ibig)	N	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	0%	0%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	N	0%	0%

BU			
List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
Life insurance	Y	0%	0%
SSS	Y	2%	7%
PhilHealth	Y	0%	2%
Pag-ibig	Y	0%	23%
Parental leaves	Y	4%	1%
Vacation leaves	Y	4%	41%
Sick leaves	Y	7%	26%
Medical benefits (aside from PhilHealth)	Y	0%	22%
Housing assistance (aside from Pag-ibig)	N	0%	0%
Retirement fund (aside from SSS)	N	0%	0%
Further education support	N	0%	0%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	N	0%	0%

EPC Project Sites			
List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
Life insurance	Y	100%	100%
SSS	Y	6.04%	6.90%
PhilHealth	Y	1.01%	0.36%
Pag-ibig	Y	0.40%	0.15%
Parental leaves	Y	2.42%	5.58%
Vacation leaves	Y	6.02%	49.10%
Sick leaves	Y	16.57%	21.39%
Medical benefits (aside from PhilHealth)	Y	64.50%	51.90%
Housing assistance (aside from Pag-ibig)	N	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	0%	0%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	N	0%	0%

MWMTI			
List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
Life insurance	Y	0%	0%
SSS	Y	52%	33%
PhilHealth	Y	6%	0%
Pag-ibig	Y	6%	6%
Parental leaves	Y	6%	0%
Vacation leaves	Y	58%	63%
Sick leaves	Y	39%	52%
Medical benefits (aside from PhilHealth)	Y	84%	78%
Housing assistance (aside from Pag-ibig)	N	0%	0%
Retirement fund (aside from SSS)	N	0%	0%
Further education support	N	0%	0%
Company stock options	N	0%	0%
Telecommuting	Y	58%	56%
Flexible-working Hours	Y	100%	100%

GMCAC			
List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
Life insurance	Y	0%	1.62%
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0%	1.62%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	0%	0%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	Y	100%	100%

BU				
Gender	Total Number of Employees			
	Entitled to Parental Leave	Employees who took Parental Leave	Employees who returned to work after parental leave ended	Employees who returned to work after parental leave ended who were still employed twelve months after their return to work
Male	775	26	26	24
Female	89	14	14	14

EPC				
Gender	Total Number of Employees			
	Entitled to Parental Leave	Employees who took Parental Leave	Employees who returned to work after parental leave ended	Employees who returned to work after parental leave ended who were still employed twelve months after their return to work
Male	717	40	40	37
Female	496	12	12	8

EPC				
Gender	Total Number of Employees			
	Entitled to Parental Leave	Employees who took Parental Leave	Employees who returned to work after parental leave ended	Employees who returned to work after parental leave ended who were still employed twelve months after their return to work
Male	0	0	0	0
Female	2	2	2	2

GMCAC				
Gender	Total Number of Employees			
	Entitled to Parental Leave	Employees who took Parental Leave	Employees who returned to work after parental leave ended	Employees who returned to work after parental leave ended who were still employed twelve months after their return to work
Male	78	3	3	3
Female	-	-	-	-

#### IV. LABOR-MANAGEMENT RELATIONS (402-1)

Disclosure	MCC		MWMTI	GMCAC
	HoldCo	BU		
Minimum number of weeks typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them	1 week	1 week - 4 weeks	1 week	N/A
For your collective bargaining agreements, are the notice period and provisions for consultation and negotiation specified in the agreement?	N/A			

#### V. OCCUPATIONAL HEALTH AND SAFETY (403-8)

Disclosure	MCC	GMCAC
	BU	
Employees covered by an OHS management system	208	185
Workers who are not employees but whose work and/or workplace is controlled by the system	0	0

#### VI. EMPLOYEE TRAINING AND DEVELOPMENT (404-1, 404-3)

	HoldCo		BU FMD	
	Available training hours per employee category		Available training hours per employee category	
	Male	Female	Male	Female
Senior Management	12	12	3	N/A
Middle Management	12	12	6	1
Rank and File	Data unavailable	Data unavailable	22	7

	BU Batching Plant		BU CELS	
	Available training hours per employee category		Available training hours per employee category	
	Male	Female	Male	Female
Executive	6	0	32	32
Manager	6	0	32	32
Supervisor	6	0	32	32
Rank and File	6	5	32	32

	BU Formworks		BU Precast	
	Available training hours per employee category		Available training hours per employee category	
	Male	Female	Male	Female
Senior Management	27	79	8	6
Middle Management	16	39	7	9
Rank and File	60	42	11	11
Skilled Worker			6	N/A

EPC		
Available training hours per employee category		
	Male	Female
Senior Management	12.87	11.16
Middle Management	7.85	10.22
Rank and File	4.84	9.19

BU		
Percentage of employees receiving regular performance and career development reviews		
	Male	Female
Senior Management	100%	100%
Middle Management	100%	100%
Rank and File	100%	100%

MWMTI		
Percentage of employees receiving regular performance and career development reviews		
	Male	Female
Manager	100%	100%
Supervisor	91%	75%
Rank and File	81%	87%

MWMTI		
Available training hours per employee category		
	Male	Female
Manager	72.33	64.50
Supervisor	68.00	47.14
Rank and File	33.18	43.86

EPC		
Percentage of employees receiving regular performance and career development reviews		
	Male	Female
Senior Management	95%	94%
Middle Management	92%	94%
Rank and File	90%	91%

VII. DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES (405-1)

MCC	
Board of Directors	
under 30	0%
30-50	43%
over 50	57%

HoldCo	
Senior Management	
under 30	0%
30-50	83%
over 50	17%
Middle Management	
under 30	38%
30-50	61%
over 50	1%
Rank and File	
under 30	53%
30-50	47%
over 50	0%

MCC	
Board of Directors	
Male	100%
Female	0%

HoldCo	
Senior Management	
Male	83%
Female	17%
Middle Management	
Male	36%
Female	64%
Rank and File	
Male	53%
Female	47%

BU	
Executive	
under 30	0%
30-50	100%
over 50	0%
Senior Management	
under 30	5%
30-50	78%
over 50	16%
Middle Management	
under 30	20%
30-50	64%
over 50	16%
Rank and File	
under 30	41%
30-50	45%
over 50	14%
Skilled Workers	
under 30	15%
30-50	77%
over 50	8%

BU	
Executive	
Male	0%
Female	100%
Senior Management	
Male	78%
Female	22%
Middle Management	
Male	71%
Female	29%
Rank and File	
Male	59%
Female	41%
Skilled Workers	
Male	100%
Female	0%

EPC	
Executive	
under 30	0%
30-50	64%
over 50	36%
Senior Management	
under 30	3%
30-50	82%
over 50	15%
Middle Management	
under 30	19%
30-50	76%
over 50	5%
Rank and File	
under 30	40%
30-50	55%
over 50	5%

EPC	
Executive	
Male	91%
Female	9%
Senior Management	
Male	74%
Female	26%
Middle Management	
Male	65%
Female	35%
Rank and File	
Male	82%
Female	18%

MWMTI	
Senior Management	
under 30	0%
30-50	80%
over 50	20%
Middle Management	
under 30	18%
30-50	82%
over 50	0%
Rank and File	
under 30	58%
30-50	42%
over 50	0%

MWMTI	
Senior Management	
Male	60%
Female	40%
Middle Management	
Male	59%
Female	41%
Rank and File	
Male	39%
Female	61%

GMCAC	
Senior Management	
under 30	0%
30-50	71%
over 50	29%
Middle Management	
under 30	5%
30-50	72%
over 50	23%
Rank and File	
under 30	17%
30-50	71%
over 50	12%

GMCAC	
Senior Management	
Male	71%
Female	29%
Middle Management	
Male	57%
Female	43%
Rank and File	
Male	53%
Female	47%

VIII. RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN (405-2)

HoldCo		
Employee Category	NCR	
	Male	Female
Senior Management	1.48	1
Middle Management	1.23	1
Rank and File	1.26	1

BU FMD		
Employee Category	Male	Female
Senior Management	1	N/A
Middle Management	1.02	1
Rank and File	1	1

BU Formworks		
Employee Category	REGION IV-A	
	Male	Female
Senior Management	1.19	1
Middle Management	1.23	1
Rank and File	1.08	1

BU Precast & CELS		
Employee Category	Male	Female
Senior Management	Not applicable. Salary structure and/or range for both male and female are the same.	
Middle Management		
Rank and File		

MWMTI		
Employee Category	Male	Female
Senior Management	1.40	1.00
Middle Management	1.00	1.02
Rank and File	1.08	1.00

GMCAC		
Employee Category	Male	Female
Senior Management	23%	15%
Middle Management	23%	16%
Rank and File	13%	11%

April 8, 2022

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **Megawide Construction Corp. and its subsidiaries** (the Group) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan and Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ENGR. EDGAR B. SAAVEDRA  
President and Chief Executive Officer  
195-661-064-000

RAMON H. DIAZ  
Group Chief Financial Officer  
133-692-824-000

SUBSCRIBED AND SWORN TO before me this  
at APR 18 2022 SAN JUAN CITY affiants  
exhibiting to me their valid Tax Identification Numbers stated above.

Signed this 8th day of April 2022

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Series of 7077



ATTY. MAE LALAIN H. DE LEON  
Appointment No. 176 (2021-2022)  
Notary Public for and in the Cities of Pasig and San Juan  
and in the Municipality of Pateros  
Commission Expires on December 31, 2022  
11/F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue, San Juan City  
Roll of Attorneys No. 71079  
MCLE Compliance No. VI-0018800  
IBP No. 141380 / 01-05-21 / Manila II  
PTR No. 1476131 / 01-05-21 / San Juan City

## Report of Independent Auditors

### Punongbayan & Araullo

20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
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**The Board of Directors and Stockholders**  
**Megawide Construction Corporation and Subsidiaries**  
**(A Subsidiary of Citicore Holdings Investment, Inc.)**  
20 N. Domingo Street  
Brgy, Valencia  
Quezon City

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Megawide Construction Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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SEC Accreditation No. 0002

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### Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruptions brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (a) Revenue and Cost Recognition on Construction Contracts

##### Description of the Matter

The Group's revenue from construction contracts and related cost of construction amounting to P14,329.5 million and P12,130.7 million, respectively, represents 92% of its total revenues and 94% of total direct costs in 2021. The Group uses the percentage of completion method to determine the appropriate amount of contract revenues to be recognized for the reporting period. It uses the input method (i.e., based on the Group's efforts or inputs to the satisfaction of a performance obligation) in determining the percentage-of-completion in accordance with PFRS 15, *Revenue from Contracts with Customers*.

In our view, the revenue and cost recognition of construction contracts is significant to our audit due to the materiality of the contract revenues to the total revenues of the Group, the complexity of the application of PFRS 15 in construction contracts, and the application of significant management judgment in determining when to recognize construction revenue and proper recognition of costs in estimating the stage of completion of the construction. An error in the application of the requirements of PFRS 15 and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

The basis of significant judgments and estimates are included in Notes 2 and 3 to the consolidated financial statements. In addition, the details of construction contract revenues and costs are disclosed in Notes 21 and 22 to the consolidated financial statements, respectively.

##### How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue and cost recognition on construction contracts, which was considered to be a significant risk, included the following:

- Testing the design and operating effectiveness of the Group's processes and controls over the recognition and measurement of contract revenues and costs, including the related information technology general and application controls;
- Evaluating the appropriateness of the Group's revenue recognition on construction contracts based on the requirements of PFRS 15 which include the following:
  - reviewing significant construction contracts, including contractual terms and conditions to ensure these contracts are appropriately accounted for in accordance with PFRS 15;

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- o evaluating whether the methodology by which management determines the percentage of completion (i.e., input method) is appropriate and consistent with the Group's satisfaction of its performance obligation;
- o determining proper accounting for contract costs whether these are considered as incremental costs of obtaining a contract, costs to fulfil the contract or mobilization costs; and,
- o determining whether performance obligation is distinct for proper allocation of transaction price.
- Testing the schedules of contracts completed and on-going projects as of the end of the reporting period such as, but not limited to, verifying the mathematical accuracy of the schedules, agreeing beginning balances on a per project basis, recalculating ending balances based on incurred contract costs for the current period, and agreeing contract prices, on a sample basis, to construction contracts;
- Testing completeness of contract costs by examining, on a sample basis, contract costs incurred during the period and tracing these costs to supporting documents such as bill of materials, billing invoices and receipts recognized and searching for unrecorded costs by examining subsequent disbursements related to the projects;
- Comparing the percentage of completion used by the Group to the percentage of total costs incurred to date over the total estimated costs on the project and reconciling variances;
- Recomputing total estimated cost as the product of total contract price and cost ratio derived from the examined contracts and comparing with project cost estimates certified by the Group's engineers;
- Performing cut-off procedures to determine whether contract revenues and costs are recognized in the correct period by examining billing and supplier invoices near the end of the reporting period; and,
- Performing analytical review procedures on contract revenues and costs, prior period estimates and consistency with the developments during the current period, stage of completion, and final forecast project results based on our expectations and investigating variances from our expectations.

**(b) Impairment Assessment of Concession Assets**

*Description of the Matter*

The Group identified that its Concession Agreement in relation to its Mactan Cebu International Airport (MCIA) Project is within the scope of IFRIC 12, *Service Concession Arrangements*, and shall be accounted under the intangible asset model as it receives the right (license) to charge users of the public service. As of December 31, 2021, the carrying value of the concession assets amounted to P30,503.8 million. As disclosed in Note 2 to the consolidated financial statements, the concession asset is recognized initially at cost and subsequently carried at cost less any accumulated amortization and accumulated impairment losses.

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to test for impairment of intangible assets when there is an indication that the asset maybe impaired while intangible assets not yet available for use are tested at least annually for impairment.

In our view, this matter is significant to our audit because the amount of concession assets is material to the consolidated financial statements, representing 36% of the Group's consolidated total assets, and the impact of COVID-19 to the Group's airport operations has been considered by management as an indicator of impairment of these assets. In addition, management's assessment process is highly judgmental and is based on significant assumptions, specifically in determining the recoverable amount of concession assets based on the value-in-use. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's accounting policies relating to the measurement of concession assets are disclosed in Note 2, while the carrying values of the concession assets are disclosed in Note 13 to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our procedures related to the impairment assessment of Concession Assets included the following:

- Understanding the Group's process in making accounting estimates, including but not limited to, the foot traffic projections and the future net cash flows to be generated by the Concession Assets and evaluating the appropriateness of processes applied in making these estimates and testing the reasonableness of these accounting estimates;
- Involving the Firm's valuation specialist in testing the appropriateness of the assumptions and methodology used in determining the value-in-use of concession assets, which include the appropriateness of the pre-tax discount rate and growth rates, and reasonableness of the cash flow projections prepared by management with the assistance of third party consultants, including consideration of the impact of COVID-19;
- Evaluating the independence, qualification and competency of the third party consultants engaged by management to determine whether the results of their work can be relied upon; and,
- Performing sensitivity analysis on the calculation to determine whether a reasonably possible change in assumptions could cause the carrying amount of the concession assets to exceed the recoverable amount.

**(c) Expected Credit Loss Model and Recoverability of Contract and Retention Receivables and Receivable from Airport Operations, Advances to and Receivables from Related Parties and Contract Assets**

*Description of the Matter*

As at December 31, 2021, the carrying amount of the Group's contract and retention receivables and receivables from airport operations (collectively as trade receivables), advances to and receivables from related parties (including accrued interest) and contract assets amounted to P5,300.6 million, P10,114.8 million and P4,777.7 million, respectively. These financial assets totaling to P20,193.1 million which are disclosed in Notes 6 and 9, to the consolidated financial statements represent 24% of the total assets of the Group as at the end of the reporting period. The Group's management exercises significant judgment and makes estimates in determining when the trade receivables, advances to and receivables from related parties and contract assets are impaired and how much impairment losses need to be recognized in accordance with the expected credit loss (ECL) model under PFRS 9, *Financial Instruments*. The Group's significant accounting policies, management judgment and estimates, which are described in Notes 2 and 3 to the consolidated financial statements, while the disclosures relating to credit risk applicable to these financial assets are disclosed in Notes 28 and 32 to the consolidated financial statements.

Because of the complexity of the requirement of PFRS 9 in determining ECL and the high level of uncertainties involved in management's use of judgment and estimates, we identified the use of ECL model and recoverability of the Group's trade receivables, advances to and receivables from related parties and contract assets discussed above as a key audit matter.

*How the Matter was Addressed in the Audit*

Our audit procedures to determine the appropriateness of the ECL model adopted by the Group, and the recoverability of trade receivables, advances to related parties and contract assets, and the adequacy of the related allowance for credit losses on these assets included, among others, the following:

- Evaluating appropriateness of the Group's ECL model based on the requirements of the standard and the related policies and procedures of the Group;
- Identifying any customers, on a sample basis, with financial difficulty and/or breach of contract resulting in default on payments through discussion with management, inspecting the customers' payment history, and determining any related retention liability that can be recovered by the Group in settlement of the selected past due or delinquent customer's accounts;
- For advances to and receivables from related parties, evaluating the capacity of the related parties to pay by assessing their liquidity and whether there are any valid business purposes on which these advances are made;
- For contract assets, identifying whether such costs are recoverable and subsequently billable based on the terms of the specific contract;
- Evaluating the appropriateness and reasonableness of underlying assumptions, including forward-looking information and the sufficiency, reliability and relevance of the data used by the Group;
- Checking the mathematical accuracy of the provision matrix applicable to the ECL model, including testing of aging of trade receivables; and,
- Evaluating the sufficiency and appropriateness of disclosures in the Group's consolidated financial statements in accordance with PFRS 9.

**(d) Performing Significant Portion of Audit Remotely**

*Description of the Matter*

As disclosed in Note 1 of the financial statements, COVID-19 started to become widespread in the Philippines in early March 2020 wherein certain measures implemented by the government resulted in performing a significant portion of the engagement remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of error due to less visibility of the client personnel and lack of access to the original client records. Given the changes in how the audit was performed, the audit required exercising enhanced professional skepticism.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of performing the audit remotely included the following:

- Considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all of the engagement remotely;
- Following the requirements of the PSA including providing proper supervision and review, even when working remotely;
- Obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;
- Determining the reliability of audit evidence provided electronically using enhanced professional skepticism;
- Performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement;
- Reviewing of workpapers of component auditors remotely through share screen facility and constant communication; and,
- Examining critical hard copy documents (e.g., contracts, progress billings, billing invoices, purchases invoices and official receipts) physically in response to the risk in revenues and costs, which is considered to be significant.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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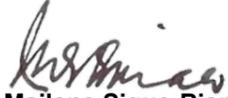
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

**PUNONGBAYAN & ARAULLO**

  
By: **Mailene Sigue-Bisnar**  
Partner

CPA Reg. No. 0090230  
TIN 120-319-128  
PTR No. 8852327, January 3, 2022, Makati City  
SEC Group A Accreditation  
Partner - No. 90230-SEC (until Dec. 31, 2025)  
Firm - No. 0002 (until Dec. 31, 2024)  
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 8, 2022

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MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
(A Subsidiary of Citicore Holdings Investment, Inc.)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020  
(With Corresponding Figures as of January 1, 2020)  
(Amounts in Philippine Pesos)

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	Notes	December 31, 2021	December 31, 2020 (As Restated - see Note 2)	January 1, 2020 (As Restated - see Note 2)
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	5	P 5,846,088,030	P 7,226,149,912	P 6,518,599,861
Trade and other receivables - net	6	16,970,554,555	15,299,050,115	17,373,476,547
Construction materials	8	2,045,159,384	1,719,042,863	1,287,127,532
Contract assets	9	4,777,704,858	4,231,600,246	3,975,734,097
Other current assets	12	10,132,960,472	7,956,744,328	6,310,724,077
Total Current Assets		39,772,467,299	36,432,587,464	35,465,662,114
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income	10	3,544,472	3,544,472	3,544,472
Investments in associates and joint ventures	11	861,513,183	929,195,986	959,506,555
Concession assets	13	30,503,822,564	29,928,727,717	29,436,586,470
Property, plant and equipment - net	14	7,166,867,342	7,239,861,595	7,624,032,119
Investment properties	15	4,493,343,814	4,378,381,094	4,228,698,773
Deferred tax assets - net	26	24,595,138	9,626,113	44,298,557
Other non-current assets	12	2,350,475,048	2,421,844,626	3,001,997,171
Total Non-current Assets		45,404,161,561	44,911,181,603	45,298,664,117
<b>TOTAL ASSETS</b>		<b>P 85,176,628,860</b>	<b>P 81,343,769,067</b>	<b>P 80,764,326,231</b>

**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Notes	December 31, 2021	December 31, 2020 (As Restated - see Note 2)	January 1, 2020 (As Restated - see Note 2)	
Interest-bearing loans and borrowings	18	P 14,780,086,022	P 13,130,457,751	P 14,701,061,253
Trade and other payables	17	8,616,715,347	8,291,951,223	8,167,589,445
Contract liabilities	19	3,703,189,013	2,115,256,611	2,805,627,172
Other current liabilities	20	265,859,336	218,177,495	220,061,764
Total Current Liabilities		27,365,849,718	23,755,843,080	25,894,339,634

**NON-CURRENT LIABILITIES**

Notes	December 31, 2021	December 31, 2020 (As Restated - see Note 2)	January 1, 2020 (As Restated - see Note 2)	
Interest-bearing loans and borrowings	18	34,721,410,470	32,789,907,556	33,051,851,424
Contract liabilities	19	2,056,202,307	2,478,673,490	2,125,642,785
Post-employment defined benefit obligation	24	300,125,050	343,402,205	340,207,630
Deferred tax liabilities - net	26	872,560,526	801,849,193	612,629,956
Other non-current liabilities	20	659,573,110	651,625,679	741,142,106
Total Non-current Liabilities		38,609,871,463	37,065,458,123	36,871,473,901
Total Liabilities		65,975,721,181	60,821,301,203	62,765,813,535

**EQUITY**

Notes	December 31, 2021	December 31, 2020 (As Restated - see Note 2)	January 1, 2020 (As Restated - see Note 2)	
Equity attributable to shareholders of the Parent Company:				
Capital stock		2,528,052,137	2,486,427,137	2,439,426,127
Additional paid-in capital		16,987,855,617	13,057,711,509	8,776,358,765
Treasury shares	(	8,615,690,576)	( 4,615,690,576)	( 3,912,617,536)
Revaluation reserves - net		94,011,896	( 8,950,923)	( 63,383,647)
Other reserves	(	22,474,837)	( 22,474,837)	( 22,474,837)
Retained earnings		5,555,676,962	6,404,291,624	7,083,442,710
Total equity attributable to shareholders of the Parent Company		16,527,431,199	17,301,313,934	14,300,751,582
Non-controlling interests		2,673,476,480	3,221,153,930	3,697,761,114
Total Equity		19,200,907,679	20,522,467,864	17,998,512,696

**TOTAL LIABILITIES AND EQUITY**

	<b>P 85,176,628,860</b>	<b>P 81,343,769,067</b>	<b>P 80,764,326,231</b>
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See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
(A Subsidiary of Citicore Holdings Investment, Inc.)  
CONSOLIDATED STATEMENTS OF INCOME  
FOR YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019  
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
<b>REVENUES</b>	21			
Construction operations	P	14,329,463,579	P 10,842,199,945	P 15,309,069,383
Landport operations		715,039,460	902,413,963	555,401,827
Airport operations		576,042,561	1,108,667,715	3,691,112,459
Trading operations		23,425,514	69,944,842	326,221,179
		<u>15,643,971,114</u>	<u>12,923,226,465</u>	<u>19,881,804,848</u>
<b>DIRECT COSTS</b>	22			
Cost of construction operations		12,130,698,076	9,393,546,769	13,291,797,615
Costs of airport operations		388,164,590	634,707,332	1,536,616,861
Costs of landport operations		369,473,673	355,895,519	334,155,026
Costs of trading operations		15,969,198	20,960,367	88,214,264
		<u>12,904,305,537</u>	<u>10,405,109,987</u>	<u>15,250,783,766</u>
<b>GROSS PROFIT</b>		<u>2,739,665,577</u>	<u>2,518,116,478</u>	<u>4,631,021,082</u>
<b>OTHER OPERATING EXPENSES</b>	23			
General and administrative		1,578,015,774	1,508,417,615	1,827,127,389
Impairment losses on receivables		204,979,902	27,289,069	38,591
		<u>1,782,995,676</u>	<u>1,535,706,684</u>	<u>1,827,165,980</u>
<b>OPERATING PROFIT</b>		<u>956,669,901</u>	<u>982,409,794</u>	<u>2,803,855,102</u>
<b>OTHER INCOME (CHARGES)</b>	25			
Finance costs	(	2,809,511,249)	( 2,506,745,214)	( 2,308,927,779)
Finance income		482,013,897	694,776,972	767,837,912
Others - net		647,045,694	219,749,372	172,472,301
		<u>( 1,680,451,658)</u>	<u>( 1,592,218,870)</u>	<u>( 1,368,617,566)</u>
<b>PROFIT (LOSS) BEFORE TAX</b>		<u>( 723,781,757)</u>	<u>( 609,809,076)</u>	<u>1,435,237,536</u>
<b>TAX EXPENSE</b>	26	<u>169,372,662</u>	<u>264,786,815</u>	<u>324,202,722</u>
<b>NET PROFIT (LOSS)</b>		<u>( P 893,154,419)</u>	<u>( P 874,595,891)</u>	<u>P 1,111,034,814</u>
<b>Net Profit (Loss) Attributable To:</b>				
Shareholders of the Parent Company	( P	342,985,234)	( P 398,149,922)	P 859,487,439
Non-controlling interests	(	550,169,185)	( 476,445,969)	251,547,375
		<u>( P 893,154,419)</u>	<u>( P 874,595,891)</u>	<u>P 1,111,034,814</u>
<b>Earnings (Loss) per Share - Basic and Diluted</b>	30	<u>( P 0.42)</u>	<u>( P 0.33)</u>	<u>P 0.28</u>

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
(A Subsidiary of Citicore Holdings Investment, Inc.)  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019  
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
<b>NET PROFIT (LOSS)</b>		<u>( P 893,154,419)</u>	<u>( P 874,595,891)</u>	<u>P 1,111,034,814</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that will be reclassified subsequently profit or loss</b>				
Foreign currency translation adjustment	27	<u>23,225,513</u>	<u>( 8,756)</u>	<u>74,555</u>
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Remeasurements of post-employment defined benefit plan	24	<u>108,948,597</u>	<u>77,543,235</u>	<u>( 114,672,272)</u>
Tax income (expense)	26	<u>( 26,719,556)</u>	<u>( 23,262,970)</u>	<u>34,401,682</u>
		<u>82,229,041</u>	<u>54,280,265</u>	<u>( 80,270,590)</u>
<b>Other Comprehensive Income (Loss) – net of tax</b>		<u>105,454,554</u>	<u>54,271,509</u>	<u>( 80,196,035)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<u>( P 787,699,865)</u>	<u>( P 820,324,382)</u>	<u>P 1,030,838,779</u>
<b>Total Comprehensive Income (Loss) Attributable To:</b>				
Shareholders of the Parent Company	( P	240,022,415)	( P 343,717,198)	P 780,899,090
Non-controlling interests	(	547,677,450)	( 476,607,184)	249,939,689
		<u>( P 787,699,865)</u>	<u>( P 820,324,382)</u>	<u>P 1,030,838,779</u>

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**  
*(Amounts in Philippine Pesos)*

Note	Attributable to Shareholders of the Parent Company								Non-controlling Interests	Total
	Common Stock	Preferred Stock	Treasury Shares	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total		
Balance at January 1, 2021	P 2,399,426,127	P 87,001,010	( P 4,615,690,576 )	P 13,057,711,509	( P 8,950,923 )	( P 22,474,837 )	P 6,404,291,624	P 17,301,313,934	P 3,221,153,930	P 20,522,467,864
Issuance of preferred shares (Series 4)	-	40,000,000	-	3,930,144,108	-	-	-	3,970,144,108	-	3,970,144,108
Declaration of cash dividends	-	-	-	-	-	-	( 505,629,428 )	( 505,629,428 )	-	( 505,629,428 )
Subscription of preferred shares (Series 3)	-	1,625,000	-	-	-	-	-	1,625,000	-	1,625,000
Retirement of preferred shares (Series 1)	-	-	( 4,000,000,000 )	-	-	-	-	( 4,000,000,000 )	-	( 4,000,000,000 )
Total comprehensive loss for the year	-	-	-	-	102,962,819	-	( 342,985,234 )	( 240,022,415 )	( 547,677,450 )	( 787,699,865 )
Balance at December 31, 2021	<b>P 2,399,426,127</b>	<b>P 128,626,010</b>	<b>( P 8,615,690,576 )</b>	<b>P 16,987,855,617</b>	<b>P 94,011,896</b>	<b>( P 22,474,837 )</b>	<b>P 5,555,676,962</b>	<b>P 16,527,431,199</b>	<b>P 2,673,476,480</b>	<b>P 19,200,907,679</b>
Balance at January 1, 2020	P 2,399,426,127	P 40,000,000	( P 3,912,617,536 )	P 8,776,358,765	( P 63,383,647 )	( P 22,474,837 )	P 7,083,442,710	P 14,300,751,582	P 3,697,761,114	P 17,998,512,696
Acquisition of treasury shares	-	-	( 703,073,040 )	-	-	-	-	( 703,073,040 )	-	( 703,073,040 )
Declaration of cash dividends	-	-	-	-	-	-	( 281,001,164 )	( 281,001,164 )	-	( 281,001,164 )
Subscription of preferred shares	-	47,001,010	-	4,281,352,744	-	-	-	4,328,353,754	-	4,328,353,754
Total comprehensive loss for the year	-	-	-	-	54,432,724	-	( 398,149,922 )	( 343,717,198 )	( 476,607,184 )	( 820,324,382 )
Balance at December 31, 2020	<b>P 2,399,426,127</b>	<b>P 87,001,010</b>	<b>( P 4,615,690,576 )</b>	<b>P 13,057,711,509</b>	<b>( P 8,950,923 )</b>	<b>( P 22,474,837 )</b>	<b>P 6,404,291,624</b>	<b>P 17,301,313,934</b>	<b>P 3,221,153,930</b>	<b>P 20,522,467,864</b>
Balance at January 1, 2019	P 2,399,426,127	P 40,000,000	( P 3,454,826,462 )	P 8,776,358,765	P 15,204,702	( P 22,474,837 )	P 6,752,591,330	P 14,506,279,625	P 3,497,821,425	P 18,004,101,050
Acquisition of treasury shares	-	-	( 457,791,074 )	-	-	-	-	( 457,791,074 )	-	( 457,791,074 )
Declaration of cash dividends	-	-	-	-	-	-	( 528,636,059 )	( 528,636,059 )	( 50,000,000 )	( 578,636,059 )
Total comprehensive income for the year	-	-	-	-	( 78,588,349 )	-	859,487,439	780,899,090	249,939,689	1,030,838,779
Balance at December 31, 2019	<b>P 2,399,426,127</b>	<b>P 40,000,000</b>	<b>( P 3,912,617,536 )</b>	<b>P 8,776,358,765</b>	<b>( P 63,383,647 )</b>	<b>( P 22,474,837 )</b>	<b>P 7,083,442,710</b>	<b>P 14,300,751,582</b>	<b>P 3,697,761,114</b>	<b>P 17,998,512,696</b>

*See Notes to Consolidated Financial Statements.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
(A Subsidiary of Citicore Holdings Investment, Inc.)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019  
(Amounts in Philippine Pesos)

- 2 -

	Notes	2021	2020 (As Restated - see Note 2)	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before tax		( P 723,781,757 )	( P 609,809,076 )	P 1,435,237,536
Adjustments for:				
Finance costs	25	2,809,511,249	2,506,745,214	2,308,927,779
Depreciation and amortization	23	1,470,073,791	1,473,642,618	1,757,625,213
Finance income	25	( 482,013,897 )	( 694,776,972 )	( 767,837,912 )
Gain on loan modification	18	( 207,829,510 )	-	-
Unrealized mark-to-market loss (gains) in interest rate swap	25	( 78,648,688 )	43,343,700	104,842,394
Equity in net losses (gains) on associates and joint venture	11	67,682,803	30,310,530	( 32,674,443 )
Gain on disposals of property, plant and equipment	25	( 24,279,017 )	( 1,874,270 )	( 9,603,796 )
Operating profit before working capital changes		2,830,714,974	2,747,581,744	4,796,516,771
Decrease (increase) in trade and other receivables		( 1,219,654,784 )	2,650,694,608	( 3,727,036,956 )
Increase in construction materials		( 326,116,521 )	( 431,915,331 )	( 422,092,503 )
Increase in contract assets		( 546,104,612 )	( 255,866,150 )	( 914,963,121 )
Increase in other current assets		( 2,120,473,836 )	( 1,422,128,570 )	( 1,568,441,790 )
Decrease (increase) in other non-current assets		63,294,203	580,695,993	( 49,938,920 )
Increase (decrease) in trade and other payables		1,642,452,631	( 252,580,078 )	2,661,668,360
Increase (decrease) in contract liabilities		1,107,650,558	( 559,137,655 )	2,440,922
Increase (decrease) in other liabilities		55,629,272	( 91,400,696 )	359,220,316
Increase in post-employment defined benefit obligation		62,177,399	57,466,084	70,736,626
Cash generated from operations		1,549,569,284	3,023,409,949	1,208,109,705
Cash paid for income taxes		( 193,910,390 )	( 288,222,518 )	( 98,343,152 )
Net Cash From Operating Activities		1,355,658,894	2,735,187,431	1,109,766,553
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property, plant and equipment, and computer software license	12, 14	( 1,098,783,120 )	( 666,114,368 )	( 3,081,589,274 )
Additions to concession assets	13	( 625,279,308 )	( 655,426,311 )	( 1,885,869,964 )
Acquisitions of investment properties	15	( 229,228,015 )	( 255,601,473 )	( 470,408,696 )
Proceeds from sale of property, plant and equipment	14	86,082,882	4,361,282	92,128,142
Interest received	28	38,352,323	57,936,688	308,463,357
Net Cash Used in Investing Activities		( 1,828,855,238 )	( 1,514,844,182 )	( 5,037,276,435 )
<b>Balance carried forward</b>		( P 473,196,344 )	P 1,220,343,249	( P 3,927,509,882 )

	Notes	2021	2020	2019
<b>Balance brought forward</b>		( P 473,196,344 )	P 1,220,343,249	( P 3,927,509,882 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from interest-bearing loans	18	4,291,987,360	9,831,300,000	20,605,650,491
Retirement of preferred shares	27	( 4,000,000,000 )	-	-
Proceeds from issuance of preferred shares	27	3,971,769,108	4,328,353,754	-
Interest paid	18	( 2,350,860,782 )	( 1,648,176,874 )	( 2,141,124,155 )
Repayment of interest-bearing loans and borrowings	27	( 2,294,147,502 )	( 11,653,333,304 )	( 9,977,131,537 )
Dividends paid	27	( 505,629,428 )	( 520,939,022 )	( 338,698,201 )
Financing granted to related parties		( 8,950,004 )	( 356,449,098 )	( 3,149,257,701 )
Financing collected from related parties		761,922	213,305,922	174,319,915
Acquisition of treasury shares	27	-	( 703,073,040 )	( 457,791,074 )
Net Cash From (Used In) Financing Activities		( 895,069,326 )	( 509,011,662 )	4,715,967,738
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
		( 11,796,212 )	( 3,781,536 )	( 4,578,643 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		( 1,380,061,882 )	707,550,051	783,879,213
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
		7,226,149,912	6,518,599,861	5,734,720,648
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
		P 5,846,088,030	P 7,226,149,912	P 6,518,599,861

**Supplemental Information on Non-cash Investing and Financing Activities:**

- 1) In 2021, 2020 and 2019, the Group recognized right-of-use assets and lease liabilities amounting to P187.3 million, P157.2 million, and P424.5 million, respectively (see Notes 16 and 34).
- 2) In 2021, the Group recognized premium on long-term debt amounting to P1,118.9 million arising from the modification of terms which formed part of the new carrying amount of the long-term debt (see Note 18.2)

See Notes to Consolidated Financial Statements.

# ACKNOWLEDGEMENTS

The 2021 Megawide Annual and Sustainability Report was made possible through the cooperation between the following teams and strategic business units:

**CORPORATE AFFAIRS, COMMUNICATION AND BRANDING**  
**FACILITIES MANAGEMENT**  
**FINANCE**  
**HUMAN RESOURCES**  
**INFORMATION TECHNOLOGY**  
**INTERNAL AUDIT**  
**INVESTOR RELATIONS**  
**LEGAL**  
**OFFICE OF THE CORPORATE SECRETARY**  
**SECURITY**

**ENGINEERING, PROCUREMENT, AND CONSTRUCTION**  
**BUSINESS UNITS**  
**GMR-MEGAWIDE CEBU AIRPORT CORPORATION**  
**MEGAWIDE FOUNDATION**  
**MWM TERMINALS, INC.**  
**CEBU2WORLD DEVELOPMENT, INC.**

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(+632) 8655 1111

## **COMMON STOCK**

The Company's common stock (MWIDE) is listed and traded in the Philippine Stock Exchange

## **SHAREHOLDER SERVICES AND ASSISTANCE**

Stock Transfer Service, Inc. serves as the Company's stock transfer agent registrar.

For matters concerning dividend payments, account status, lost or damaged stock certificates, or change of address, please write or call:

Stock Transfer Service, Inc.  
Unit 34-D Rufino Pacific Tower,  
6784 Ayala Avenue, Makati City, 1226  
Philippines

Phone: +632 8403-3798  
Fax: +632 8403-2414  
Email address: [amlavina@stocktransfer.com.ph](mailto:amlavina@stocktransfer.com.ph)

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2021 Annual and  
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