

SM Climate Resilient Urban Infrastructure Sustainability Linked Loan

SM Smart City Infrastructure and Development Corporation

Environmental and Social Audit Report

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Executive Summary

The Pasay 360 Project is a 360-ha coastal reclamation and mixed-use urban development located along the Manila Bay shoreline in Pasay City, Metro Manila. It is being undertaken by the City Government of Pasay in partnership with SM Smart City Infrastructure and Development Corporation (SMSCIDC). The proposed Use of Proceeds (UoP) under the sustainability-linked financing will support horizontal development infrastructure, including bridges, roads, utility corridors, wastewater systems, stormwater management infrastructure, coastal protection infrastructure (revetment and wave wall), landscape development, and public open spaces. The UoP depends on the reclaimed islands, which are treated as existing facilities, and on the water channels, which are treated as associated facilities.

This Environmental and Social Audit assessed the environmental and social performance of the ongoing reclamation works, ongoing revetment and wave wall construction, temporary construction facilities, borrow areas, and the offshore disposal site. Performance was assessed against the Applicable Reference Framework: the ADB Environmental and Social Framework (ESF), the AIIB Environmental and Social Framework (ESF), the IFC Performance Standards (PS), Equator Principles 4 (EP4), and Good International Industry Practice (GIIP). The audit included document review, site inspections, management interviews, stakeholder consultations, worker interviews, and compliance verification.

Regulatory compliance. The ongoing reclamation, revetment and wave wall works operate under an established regulatory approval framework. This comprises Environmental Compliance Certificate (ECC) No. ECC-CO-1601-0003 issued in 2017, Area Clearance No. AC-NCR-2019-003 issued in 2019, the ECC Amendment for the revised reclamation configuration issued in March 2025, and the ECC Amendment covering the bridge infrastructure issued in July 2026. Compliance is monitored through Compliance Monitoring Reports and validated by the Multi-Partite Monitoring Team. No notice of violation has been issued by any government agency. The audit did not identify material regulatory non-compliances that would prevent continued implementation of the works.

E&S assessment and management. The EIS, EPRMPs, Environmental Management Plan, Environmental Monitoring Plan, and associated management plans and monitoring programmes provide the basis for managing E&S risks of the reclamation works. Cumulative impacts were incorporated into the EIS, EPRMPs, hydrodynamic modelling studies, and flooding assessments, and these studies informed the revised reclamation configuration, channel design, flood management measures, and bridge infrastructure. However, this existing assessment is limited to physical and hydrological interactions between reclamation developments and does not extend to biological and social receptors such as fisheries, biodiversity, dust management, navigation, and affected communities and livelihood. A broader Manila Bay cumulative impact assessment covering 21 reclamation projects was commissioned by DENR-EMB and undertaken by MERF and underpins the 22 July 2026 ECC Bridge Amendment. This study was not available for review, so its scope, methodology, and consistency with the Applicable Reference Framework could not be verified. A Rapid Cumulative Impact Assessment for Pasay 360 and Pasay 265 will be prepared under ESAP-01.

Labor and working conditions. Labor management arrangements, worker grievance channels, Codes of Conduct, and training programmes are in place. However, current workforce composition, contractor and subcontractor breakdowns, and sex-disaggregated data were not available (ESAP-02). Worker concerns raised at toolbox meetings are not formally recorded, so the absence of recorded grievances cannot be taken as evidence that the mechanism is effective (ESAP-03).

Pollution prevention and resource efficiency. Waste segregation, hazardous waste storage, and third-party disposal were verified on site, and disposal of dredged materials was undertaken under PCG permits. Resource consumption and material use are monitored and reported. The following gaps were identified:

- The five contractor pollution prevention plans have not been issued as standalone, approved documents (ESAP-06).
- Contamination screening of fill materials was limited (ESAP-07).
- Waste management records were not provided (ESAP-08).
- Air quality and dust management needs strengthening for the remaining works, given the proximity of the MOA-PICC complex and nearby communities (ESAP-09).
- Oil spill preparedness could not be verified (ESAP-04).

Health, safety, and security. Health and safety risks are managed through the Health and Safety Policy, ESMP, Emergency Response Plan, grievance mechanisms, and contractor HSE procedures. However, no consolidated framework was identified for recording community health and safety incidents and tracking corrective actions to closure. Records of project-specific emergency drills and training were not available (ESAP-04). Security arrangements lack a security risk assessment, personnel training records, and monitoring of the security provider (ESAP-05). Liquefaction risk is managed through ground improvement, with post-treatment CPT verification against the required factor of safety. The flood studies indicate that the reclamation does not materially increase flood hazard in surrounding communities under the modelled event. Both aspects are assessed as aligned.

Land acquisition, restrictions on land use and involuntary resettlement. No private land acquisition, physical displacement, or involuntary resettlement has occurred. However, reclamation may restrict access to fishing grounds and navigation routes used by fisheries-dependent stakeholders from Pasay and other Manila Bay municipalities. Available information is insufficient to quantify affected persons, livelihood dependency, and the magnitude of impacts. A Land Acquisition Plan based on the Land Acquisition Framework will be prepared under ESAP-10. A related ECC condition requires coordination with MBCO on the Coastal Ecosystem Management Plan (ESAP-11).

Biodiversity. Monitoring did not identify significant impacts on sensitive habitats, and the site is a highly modified, soft-bottom environment. The Biodiversity Management Plan lacks performance indicators, trigger levels, and escalation criteria (ESAP-12).

Indigenous Peoples. No Indigenous Peoples community was identified within the area of influence. This determination is provisional pending screening against the ESF definition.

Cultural heritage. A Chance Find Procedure is in place, but records of its implementation were not provided (ESAP-13).

Stakeholder engagement and information disclosure. The stakeholder engagement process shows several elements of meaningful consultation, including early engagement, disclosure of project information, and two-way communication. However, engagement has focused largely on Pasay City. Systematic disclosure of monitoring results and cumulative impact information has not been demonstrated (ESAP-14).

The existing facilities, associated facilities, and temporary facilities operate under established regulatory approvals and E&S management and monitoring arrangements. The findings relate mainly to additional studies, documentation, and implementation evidence required to demonstrate alignment with the Applicable Reference Framework, not to fundamental deficiencies in E&S performance. These findings are addressed through the Environmental and Social Action Plan (ESAP-01 to ESAP-14).

List of Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AOI	Area of Influence
BAP	Biodiversity Action Plan
BFAR	Bureau of Fisheries and Aquatic Resources
BIA	Biodiversity Impact Assessment
BMP	Biodiversity Management Plan
CADT	Certificate of Ancestral Domain Title
CDRA	Climate and Disaster Risk Assessment
CENRO	Community Environment and Natural Resource Office
CH	Critical Habitat
CHA	Critical Habitat Assessment
CHS	Critical Habitat Screening
CLA	Collective Labour Agreement
CIA	Cumulative Impact Assessment
CNO	Certificate of Non-Overlap
DENR	Department of Environment and Natural Resources
DOLE	Department of Labor and Employment
ECC	Environmental Compliance Certificate
EBRD	European Bank for Reconstruction and Development
EMB	Environmental Management Bureau
EHS	Environment, Health and Safety
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement
EMP	Environmental Management Plan
EPP	Environmental Protection Plan
EPRMP	Environmental Performance Report and Management Plan
ERP	Emergency Response Plan
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESA	Ecosystem Services Assessment
ESA	Environmental and Social Assessment
ESIA	Environmental and Social Impact Assessment
ESMA	Environmental and Social Monitoring Audit
ESMP	Environmental and Social Monitoring Plan
ESMR	Environmental and Social Monitoring Report
ESMS	Environmental and Social Management System
ESS	Environmental and Social Safeguards

FGD	Focus Group Discussion
GBV/SEAH	Gender-Based Violence /and Sexual Exploitation Abuse and Harassment
GHGs	Greenhouse gases
GRM	Grievance Redress Mechanism
HWMP	Hazardous Waste Management Plan
ICP	Informed Consultation and Participation
IEC	Information, Education, and Communication
IEE	Initial Environmental Examination
IFC	International Finance Corporation
ILO	International Labour Organization
ILR	Internal Labour Regulations
IR	Internal Labour Regulations
LMP	Labor Management Procedure
LONO	Letter of No Objection
LRP	Livelihood Restoration Plan
MCL	Maritime Labour Convention
MDB	Multilateral Development Bank
MMT	Multi-partite Monitoring Team
NCIP	National Commission on Indigenous People
NHCP	National Historical Commission of the Philippines
OHS	Occupational Health and Safety
OSCP	Oil Spill Contingency Plan
PCG	Philippine Coast Guard
PRH	Philippine Registry of Heritage
PS	Performance Standard
PPE	Personal Protection Equipment
PWD	Person with Disability
SDP	Social Development Plan
SEP	Stakeholder Engagement Plan
SESIA	Supplementary Environmental and Social Impact Assessment
SMSCIDC	SM Smart City Infrastructure and Development Corporation
SWMP	Solid Waste Management Plan
TCLP	Toxicity Characteristic Leaching Procedure
TMP	Turbidity Management Plan
WBG	The World Bank Group

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1 Introduction

1.1 Background

SM Prime Holdings, Inc. (SM Prime) is one of the largest integrated property developers in Southeast Asia and the largest property company in the Philippines in terms of assets. Incorporated in 1994, SM Prime initially focused on the development and operation of shopping malls and has since expanded into a diversified property portfolio comprising malls, residential developments, office buildings, hotels, convention centers, and large-scale mixed-use townships.

SM Prime is the largest shopping mall developer and operator in the Philippines, with an extensive portfolio of retail developments across the country and overseas. As of March 2026, the SM Prime operates 90 malls in the Philippines and nine malls in China, with a combined gross floor area (GFA) of approximately 11.7 million square meters. Its retail portfolio serves thousands of tenants and millions of visitors annually, making it one of the region's most significant commercial real estate groups.

Beyond its retail business, SM Prime operates through several business units and subsidiaries that support its integrated property development platform:

- SM Development Corporation (SMDC), the residential business unit, develops and markets condominium and residential projects targeting various market segments.
- The Commercial Properties Group (CPG) develops, owns, and manages office developments and business districts.
- The Hotels and Convention Centers (HCC) business unit develops and operates hospitality assets, convention facilities, and related tourism infrastructure.

As part of its project development activities, SM Prime, through its wholly owned subsidiary SM Smart City Infrastructure and Development Corporation (SMSCIDC or the Company), is undertaking the Pasay 360 Project, a large-scale coastal reclamation and mixed-use development project in partnership with the City Government of Pasay. SMSCIDC serves as the project company responsible for the planning, development, implementation, and management of the Pasay 360 Project.

The Pasay 360 Project involves the reclamation and development of approximately 360 hectares (ha) of land along the Manila Bay shoreline and is intended to accommodate future commercial, residential, institutional, tourism, and public-use developments supported by transport, utility, drainage, landscape, and smart-city infrastructure. The SM Pasay 360 Project incorporates climate-resilient urban planning principles, sustainability measures, and smart-city solutions intended to support long-term urban development and economic growth.

The Asian Development Bank (ADB) and other multilateral development banks (MDBs) and development finance institutions (DFIs) are considering sustainability-linked loan financing to support the development of common infrastructure and climate-resilient urban systems for the SM Pasay 360 Project as described in **Section 1.2**.

The Company's commitment and capacity to meet the requirements of the Applicable Reference Framework will be assessed as part of the lender due diligence process. SMSCIDC engaged Aurecon Consulting Philippines, Inc. (Aurecon) as the Environmental and Social (E&S) Consultant to conduct:

- a review of the Company's Environmental and Social Management System (ESMS), including an assessment of its capacity to implement the system and identify, assess, manage, and monitor environmental and social (E&S) risks associated with the Project
- a gap analysis of the existing Environmental Impact Assessment (EIA) documentation against the Applicable Reference Framework as detailed in Section 1.5

- an Environmental and Social Audit (ESA) of existing facilities, associated facilities, and temporary facilities to assess E&S performance against the Environmental and Social Standards (ESSs) and other requirements of the Applicable Reference Framework
- the development of recommended corrective actions to address identified non-compliances and gaps, including the preparation of an Environmental and Social Action Plan (ESAP).

The subject of this report is ESA of existing facilities, associated facilities, and temporary facilities to assess E&S performance of the Pasay 360 Project against the ESSs and other requirements of the Applicable Reference Framework.

1.2 The Pasay 360 Project

The Pasay 360 project¹ is a large-scale coastal reclamation and mixed-use urban development located along the waters of Manila Bay in Barangay 76, Pasay City, Metro Manila, Philippines. It is situated adjacent to several key landmarks, including the Coconut Palace, GSIS Complex, the Office of the Senate, the Mall of Asia Complex, and the Redemptorist and Libertad Channels (**Figure 1**).

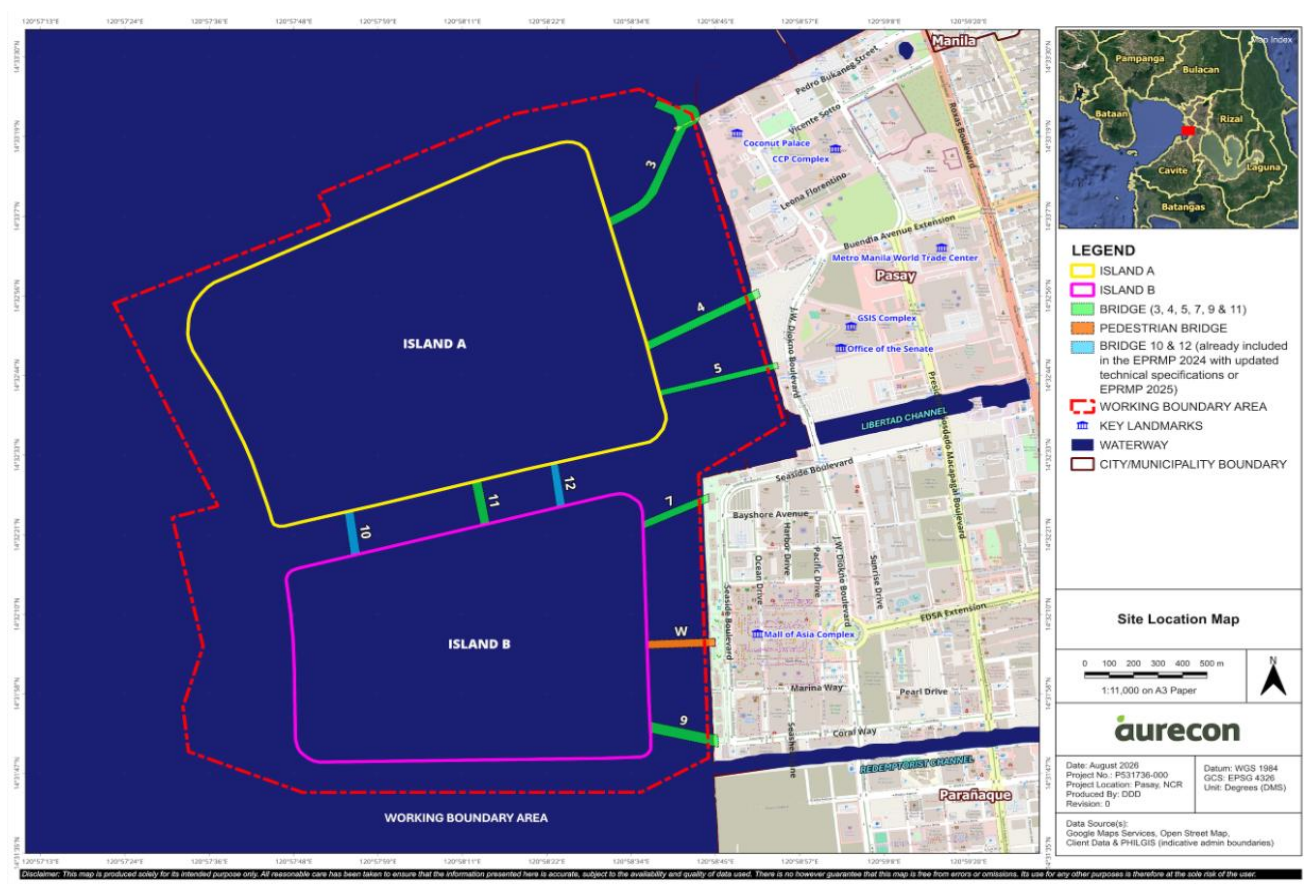


Figure 1 Site Location Map of the Pasay 360 Project

1.2.1 ECC and Environmental Approval History

An Environmental Compliance Certificate (ECC) with Reference No. ECC-CO-1601-0003 was issued by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) on 24 October 2017 for the reclamation and horizontal development of approximately 360 ha along the Manila Bay coastline. The

¹ For the purposes of this report, the term "Project" refers to the infrastructure, facilities, and urban development elements proposed to be financed through ADB, other MDBs, and DFIs, which collectively constitute the proposed Use of Proceeds (UoP) under the financing arrangement. Unless otherwise stated, references to the "project" refer to the broader Pasay 360 development. Where definitions, requirements, or guidance are quoted from the ADB Environmental and Social Framework (ESF), AIIB Environmental and Social Framework (ESF), IFC Performance Standards, or other Applicable Reference Framework, the term "project" retains the meaning assigned in the original source document and may refer to the broader development, activity, facility, or undertaking being assessed rather than exclusively to the UoP.

ECC covered reclamation works and associated horizontal development infrastructure, including roads, bridges, drainage systems, utility infrastructure, water supply systems, and wastewater management facilities.

The Pasay 360 Project subsequently secured Area Clearance No. AC-NCR-2019-003 on 15 August 2019.

Following approval of the revised reclamation configuration, an amended ECC was issued on 13 March 2025 for the reconfigured 360-ha reclamation and horizontal development project. The amendment was supported by an updated EPRMP, hydrodynamic modelling studies, and flood impact assessments.

A second ECC amendment was subsequently approved on 22 July 2026 to incorporate the proposed inter-island and mainland-connecting bridge structures and associated temporary support facilities. The amendment was supported by the 2026 EPRMP, Traffic Impact Assessment, sediment dispersion studies, and updated engineering documentation.

Table 1 ECC and environmental approval history

Approval	Reference	Date
Original ECC	ECC-CO-1601-0003	24 October 2017
Area Clearance	AC-NCR-2019-003	15 August 2019
First ECC Amendment (Reconfigured Reclamation Layout)	ECC-CO-1601-0003 (Amended)	13 March 2025
Second ECC Amendment (Inter-Island and Mainland-Connecting Bridge Structures)	ECC-CO-1601-0003 (Amended)	22 July 2026

These approvals from the current environmental regulatory framework governing implementation of the Pasay 360 reclamation, horizontal development, and bridge infrastructure components

1.2.2 Overview of the status of the reclamation works

As reported in the Baseline Programme, reclamation and land development activities were approximately 90.69% complete as of August 2026.

Completed or substantially completed activities include:

- Reclamation filling works across Islands AB and C;
- Installation of Prefabricated Vertical Drains (PVDs);
- Marine vibro-compaction;
- Onshore vibro-compaction; and
- Major land formation activities required to establish the reclamation platforms.

Activities that remained ongoing at the time of the assessment include:

- Surcharge placement and surcharge removal;
- Land levelling works;
- Coastal revetment construction;
- Wave wall construction;
- Shoreline protection works; and
- Environmental monitoring and compliance activities.

The remaining reclamation works comprises the completion of revetment and coastal protection structures, final ground improvement and settlement management measures, completion of the remaining reclamation activities, and demobilization of reclamation-related temporary facilities. The 2026 EPRMP identifies May 2028 as the indicative target completion date for the reclamation programme (Table 2).

At the time of the ESA, the reclamation works were therefore at an advanced stage of implementation, with most land formation activities completed and the remaining works focused primarily on finalizing coastal protection, ground improvement, and site preparation activities.

Table 2 Project timeline for reconfiguration reclamation works and horizontal development²

Project Activities	2025				2026				2027				2028			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-construction																
Amended ECC Issuance																
Construction Phase																
Reclamation (Island Reconfiguration)																
Horizontal Development																
Decommissioning Phase of Temporary Facilities for Reclamation Works																
Decommissioning Phase of Temporary Facilities for Horizontal Development																
Operation Phase (not part of ECC)																

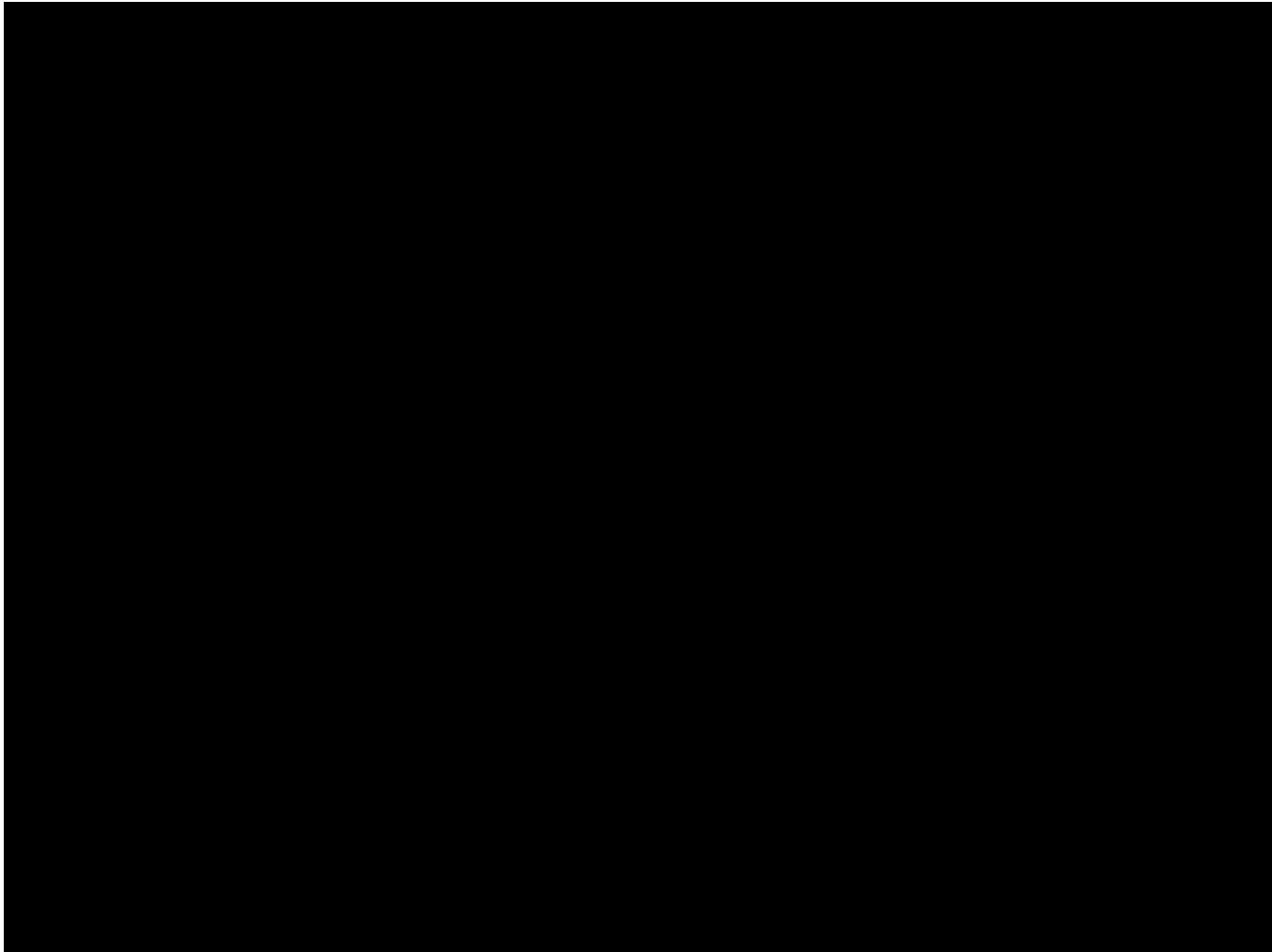
1.2.3 Government allocation

The land use plan (**Figure 2**) distributes development across two reclaimed island blocks, namely Island A (northern island) and Island B (southern island). Island A is primarily planned as a residential-led mixed-use district and comprises substantial areas of low-rise residential development, developable open spaces, and supporting community facilities. Higher-density commercial, hotel, educational, healthcare, and civic land uses are concentrated along the eastern portion of the island to support residential communities and provide access to supporting services and social infrastructure.

Island B is planned as a more intensive mixed-use and commercial district, comprising metropolitan-scale, district-scale, and community-scale commercial developments, hotels, residential neighborhoods, educational facilities, healthcare facilities, civic uses, parks, and public open spaces. The concentration of commercial and visitor-oriented development on Island B is intended to support employment, tourism, and commercial activities, while maintaining a mix of residential and community-supporting land uses.

The approved Concept Master Plan further identifies dedicated government and utility plots distributed across Islands A and B, including G-01 and G-02, together with utility plots UP-01 to UP-04. These areas are intended to accommodate strategic public infrastructure, including grid substations, desalination plants, potable water storage facilities, wastewater treatment facilities, telecommunications infrastructure, energy and recovery centres, and solid waste management facilities. The master plan also incorporates a network of roads, parks, open spaces, pedestrian connections, and public infrastructure corridors across both islands.

The Concept Master Plan establishes a phased development programme extending from Phase 1 (2028) to Phase 5 (2078). Utility infrastructure and public facilities are planned to be progressively developed throughout these phases in line with projected development demand and infrastructure requirements.



1.3 Environmental and Social Context

The Pasay 360 project is located within the Manila Bay coastal ecosystem, one of the most environmentally and socially sensitive development areas in the Philippines. Manila Bay supports fisheries, navigation, coastal livelihoods, flood regulation functions, biodiversity resources, recreation, tourism, and nationally significant cultural and economic resources. It is also the focus of ongoing environmental rehabilitation efforts under the Supreme Court's Continuing Mandamus on Manila Bay and has been the subject of extensive public scrutiny regarding the cumulative impacts of reclamation and coastal development activities.

Manila Bay has experienced significant environmental pressures associated with urbanization, declining water quality, habitat modification, coastal erosion, fisheries decline, land subsidence, flooding, and climate-change-related hazards. In response, the Department of Environment and Natural Resources (DENR) and other government agencies have implemented the Manila Bay rehabilitation program under the Continuing Mandamus issued by the Supreme Court of the Philippines, which directs government agencies to restore and maintain Manila Bay to its designated beneficial-use classification. The Continuing Mandamus has elevated regulatory expectations regarding pollution control, water quality management, wastewater treatment, habitat protection, and cumulative environmental impacts within Manila Bay.

The environmental and social context of Manila Bay has become increasingly important due to the concentration of existing, planned, and proposed reclamation projects throughout the bay. During 2023, the National Government imposed a review and temporary suspension of several Manila Bay reclamation projects to evaluate concerns relating to flooding, navigation, environmental impacts, cumulative impacts, and climate resilience. This review highlighted broader concerns regarding the cumulative effects of reclamation activities on hydrodynamics, coastal processes, fisheries resources, ecosystem services, community livelihoods, and long-term environmental sustainability within Manila Bay.

The recent Petition for Writ of Kalikasan and Writ of Continuing Mandamus filed before the Supreme Court of the Philippines further demonstrates the broader environmental and social sensitivities associated with reclamation and seabed quarrying activities in Manila Bay. The Petition (G.R. No. 277351) was filed by Pamalakaya and Kalikasan People's Network for the Environment (Kalikasan PNE) against the DENR and the PRA, and alleges cumulative impacts on fisheries, livelihoods, biodiversity, mangroves, wetlands, navigation, and water quality arising from multiple reclamation and dredging projects throughout Manila Bay. The petition also raises concerns regarding cumulative impact assessment, stakeholder participation, fisheries impact, and compliance with environmental permitting requirements.

Although the Pasay 360 project is not individually named in the Petition, subsequent Supreme Court action expanded the proceedings to include local government units and private reclamation proponents associated with Manila Bay developments, a category that encompasses the City of Pasay and SMSCIDC in that broader capacity. The matters raised therefore have a direct bearing on how the project's own cumulative impact, stakeholder engagement, and permitting processes will be viewed by regulators, lenders, and the public, and inform how this audit assesses SMSCIDC's management of litigation and regulatory risk.

These proceedings build on a longer history of judicial oversight of Manila Bay. Continuing Mandamus was first established in Philippine law through *MMDA v. Concerned Residents of Manila Bay* (filed 1999, decided by the Supreme Court en banc in December 2008), which ordered multiple government agencies to rehabilitate the Bay under ongoing court supervision with quarterly reporting. Manila Bay reclamation and seabed quarrying activities were also subject to a government-ordered suspension in 2023, following which coastal communities reported worsening fisheries conditions as of early 2026, and PRA publicly reaffirmed its compliance with the Supreme Court's continuing mandamus order in February 2026. The current Petition therefore operates within an established, 15-year framework of active judicial oversight of Manila Bay, rather than introducing a new legal regime.

While the matters raised remain subject to ongoing legal and regulatory processes, they illustrate the heightened scrutiny and stakeholder interest associated with reclamation activities within Manila Bay.

1.4 Objectives of the E&S Audit

The proposed UoP forms part of the broader Pasay 360 project and is dependent upon existing reclamation works, associated facilities, and temporary facilities that are already under construction. As these facilities pre-date the proposed lender financing, the ESA has been conducted to assess the environmental and social performance of these associated facilities and other Pasay 360 project components (as described in **Section 1.2.2**) against the Applicable Reference Framework, and to identify any existing non-compliances, legacy issues, management gaps, and corrective actions required to support lender due diligence and future project implementation.

Specifically, the ESA will:

- Review and assess documents, regulatory submissions, permits, approvals, environmental and social assessment reports, and management instruments, as well as their implementation, to evaluate the Pasay 360 project's compliance with the Applicable Reference Framework, applicable Philippine regulatory requirements, and good international industry practice (GIIP).
- Assess the E&S risks and impacts associated with existing facilities, ongoing activities, and associated facilities and evaluate the effectiveness of existing E&S management measures, monitoring programs, organizational arrangements, and implementation systems in managing these risks and impacts.
- Identify E&S gaps, non-compliances, risks, liabilities, and opportunities for improvement, and recommend corrective measures necessary to achieve and maintain compliance with the Applicable Reference Framework and GIIP.
- Assess the project's ability to meet the E&S requirements of the Applicable Reference Framework, taking into consideration the audit findings for existing facilities and activities, as well as project components that are yet to be constructed or operational.

The findings of the ESA will support the preparation of a time-bound Environmental and Social Action Plan (ESAP) to address identified gaps and non-compliances. The ESAP establishes the corrective actions, responsible parties, implementation schedules, and resource requirements necessary to achieve and maintain compliance with the Applicable Reference Framework. The ESAP will also support the continuous improvement of the Pasay 360 project's environmental and social management systems and performance throughout the remaining construction and operational phases.

1.5 Scope of ESA

In accordance with the requirements of ADB ESS1 for projects that have obtained permits, approvals, and completed environmental and social assessments prior to lender involvement, the ESA covers existing facilities and activities, facilities under construction, associated facilities, temporary and supporting facilities, resource sourcing areas, and the area of influence of the Pasay 360 project. The audit comprises a review of project documentation, site inspections, stakeholder consultations, and an assessment of implementation to determine compliance with the Applicable Reference Framework.

The scope of the audit includes the following:

Reclamation Islands

The Islands AB and C, comprising approximately 360 ha of reclaimed land, constitute the development platform on which the components financed through Lenders' proceeds will be implemented. The reclaimed land provides the physical footprint required for the development of planned infrastructure and urban facilities and is therefore fundamental to the project's intended development outcomes.

The audit reviews the reclamation works to identify any legacy environmental and social risks, impacts, liabilities, or management measures that may be relevant to the use of project proceeds. This includes an assessment of the reclamation's compliance status, environmental and social performance, and any residual risks that could affect the Project during construction and operation.

In addition, the audit assesses the water channels surrounding and separating the reclaimed islands, which contribute to hydraulic connectivity, water circulation, drainage, flood management, and climate resilience within the project area.

Revetment and Wave walls

The reclaimed islands will be protected by a system of revetments and wave walls designed to provide long-term coastal protection against erosion, wave attack, and storm surge. Revetments, consisting of rock-armored slopes and concrete block mattress systems, will be placed along the island perimeter to dissipate wave energy, stabilize shoreline slopes, and prevent erosion of reclaimed materials. Construction of these structures will involve offshore placement of rock and mattress systems to protect the reclamation edges from open-sea wave action. The revetments will be complemented by wave walls located along the island edges. The wave walls form part of the overall coastal defense system and are expected to provide a sheltering effect that reduces direct wave impacts on the adjacent mainland shoreline.

Temporary construction facilities

The temporary facilities are established to support reclamation and construction activities, including site offices, precast yards, stockpile areas, material recovery facilities, hazardous waste storage facilities, clinics, worker welfare facilities, sanitation facilities, temporary access bridges, jetties, wharves, and other construction support infrastructure.

The review includes environmental management, waste management, occupational health and safety, labor management, traffic and transport management, emergency preparedness, and facility decommissioning requirements.

Borrow areas

Reclamation fill materials used for the reclamation works were sourced from third-party sand suppliers operating several approved borrow areas in the Philippines. Based on project records, approximately 67% of the fill material originated from the Bucao River, Zambales, followed by Abra River, Ilocos Sur (20%), Maloma River, Zambales (7%), PRA 2000, Cavite (4%), and Amnay River, Occidental Mindoro (2%). The borrow areas supplied reclamation-quality sand that was transported to the reclamation site through marine transport arrangements utilizing established navigational routes.

Based on the available information, the borrow areas were assessed as existing third-party suppliers of reclamation materials and were therefore reviewed within the scope of supply-chain due diligence and contractor management arrangements. The audit reviewed available permits, licences, environmental assessments, monitoring records, material testing results, contractor management documentation, and regulatory compliance records associated with material extraction, sourcing, transport, and placement activities. The review considered the environmental and social risks associated with resource sourcing and marine transportation activities, including the management measures established for source verification, material suitability assessment, sediment control, environmental monitoring, and regulatory compliance.

Offshore disposal site

Dredged materials and excavated soils from the Pasay 360 Project were initially disposed of at a Philippine Coast Guard (PCG)-designated disposal site. To reduce transport distances and improve operational efficiency, the contractor, CHEC, proposed three alternative disposal locations, of which Option 3 was approved by the PCG. The approved disposal area extends within a maximum radius of two nautical miles from the authorized coordinates. According to the Environmental Management Bureau (EMB), the disposal sites are not subject to Environmental Compliance Certificate (ECC) requirements, although an environmental assessment was undertaken to evaluate site suitability, navigational considerations, proximity to the reclamation area, and potential water quality impacts.

A total of approximately 19.4 million m³ of dredged material was disposed of during project implementation, including 4.3 million m³ at the original PCG-designated site and 15.1 million m³ at the approved alternative disposal site. Disposal activities at the original site ceased on 23 November 2021, while disposal activities at the approved alternative disposal site ceased on 25 January 2025. CHEC has reportedly completed disposal operations and submitted closeout reports to the PCG. However, documentation demonstrating compliance with certain monitoring requirements, including water quality monitoring and verification of disposal site capacity, remains outstanding.

The audit included a review of the environmental and social documentation, permits, approvals, management plans, monitoring records, and contractual arrangements associated with resource sourcing and material disposal activities supporting the reclamation works. The review focused on assessing the environmental and social risks associated with existing third-party borrow areas, offshore disposal sites, and related marine transport activities that support implementation of the reclamation works.

The assessment included a review of available information relating to:

- Offshore borrow areas and sand source areas supplying reclamation fill materials;
- Ownership, operation, and management arrangements for the borrow areas and offshore disposal sites;
- Relationships between borrow area operators, dredging contractors, transport contractors, SMSCIDC;
- Historical and current sourcing of reclamation fill materials;
- Marine transport arrangements, including loading locations, unloading locations, contractors, and vessel operations associated with material delivery;
- Transport routes and navigational corridors used by vessels transporting fill materials to the reclamation site;
- Designated offshore disposal sites used for unsuitable dredged materials; and
- Associated loading, unloading, storage, handling, and transportation activities.

The audit reviewed available permits, licences, environmental assessments, monitoring reports, material testing records, contractor management documentation, and regulatory compliance records to evaluate how environmental and social risks associated with these activities have been identified, assessed, managed, and monitored.

Based on the available information, the borrow areas and offshore disposal sites were assessed as existing third-party facilities that supply materials and disposal services to the reclamation works and do not appear to meet the associated facility criteria under the Applicable Reference Framework. Accordingly, these facilities were assessed as part of the project's supply chain and contractor management arrangements. The audit therefore focused on evaluating applicable requirements relating to primary suppliers, contractor management, labour and working conditions, occupational health and safety, biodiversity, community health and safety, environmental management, and supply-chain due diligence, as relevant to the Applicable Reference Framework.

Existing Area of Influence

The Project Area of Influence (AoI) for the Pasay 360 project was initially delineated through the EIS and subsequent EPRMPs as the Direct Impact Area (DIA), Indirect Impact Area (IIA), Buffer Zone, and Social Impact Area (SIA). These impact areas were established to define the spatial extent of environmental and social assessment in accordance with the Philippine Environmental Impact Statement System (PEISS). For the purposes of this ESA, the AoI has been reviewed and refined to reflect the proposed UoP, associated facilities, temporary facilities, and supply-chain activities relevant to the lender-financed components. The proposed UoP are dependent on the reclaimed islands and associated reclamation infrastructure that provide the physical platform necessary for implementation of the proposed UoP. The AoI may extend beyond the footprint of the financed components and incorporates environmental and social receptors that may be affected by the development, operation, and cumulative impacts of the broader Pasay 360 project.

The DIA encompasses areas where direct physical, environmental, or social changes may occur because of the UoP, associated facilities, and ongoing project activities. These include:

- The 360-ha reclamation footprint and adjacent coastal waters within Pasay City;
- Libertad Channel and Redemptorist Channel, including their discharge points to Manila Bay;
- Coastal waters immediately surrounding the project area potentially affected by marine works, sediment dispersion, dredging, reclamation activities, and changes in hydrodynamic conditions;
- Permanent bridge alignments, road corridors, utility corridors, wastewater infrastructure, stormwater infrastructure, temporary access structures, temporary berthing areas, marine work areas, and associated support facilities;
- Barangay 76 and areas immediately adjacent to project access points that may experience construction-related disturbances;
- Waterways, aquatic habitats, navigation channels, and marine resources located in the vicinity of the project works; and
- Coastal areas potentially affected by changes in flooding, drainage patterns, storm surge behaviour, sediment dynamics, or water circulation associated with the project.

The IIA encompasses locations and receptors that may experience secondary, induced, cumulative, or regional effects associated with the development. These include:

- The remaining barangays of Pasay City;
- Marine waters of Manila Bay beyond the immediate project footprint;
- Fisheries resource-use areas, fishing grounds, and navigation routes utilised by fisheries-dependent stakeholders operating from Pasay, Parañaque, Las Piñas, Manila, Navotas, Bacoar, Cavite, and other locations around Manila Bay;
- Small-vessel navigation corridors, docking facilities, landing sites, and marine access routes used by fisheries and other marine users;
- Areas potentially affected by cumulative impacts associated with existing, planned, and reasonably foreseeable reclamation and coastal development projects in Manila Bay;
- Stakeholders dependent on ecosystem services associated with Manila Bay, including fisheries resources, navigation functions, flood regulation, recreation, tourism, and coastal protection functions; and

- Commercial, livelihood, transportation, and economic activity areas potentially influenced by improved connectivity, employment generation, and induced development associated with Pasay 360.

The SIA was established primarily to capture stakeholder concerns relating to fisheries, livelihoods, navigation, coastal access, and perceived flooding impacts. Consistent with the EIS, the SIA recognises that important fisheries resources and fishing activities occur outside the reclamation footprint and that fisheries-dependent stakeholders utilise the broader Manila Bay environment. The SIA therefore extends beyond Pasay City and includes coastal communities, fisheries stakeholders, marine resource users, and small businesses potentially affected by project-related activities.

The Aol adopted for the ESA extends beyond the footprint of the UoP and incorporates associated reclamation infrastructure, temporary facilities, marine transport activities, fisheries resource-use areas, navigation routes, ecosystem-service beneficiaries, and cumulative impact receptors relevant to the broader Manila Bay setting. This approach is intended to ensure that the ESA addresses both direct project impacts and the wider environmental and social context within which the Pasay 360 project is being implemented.

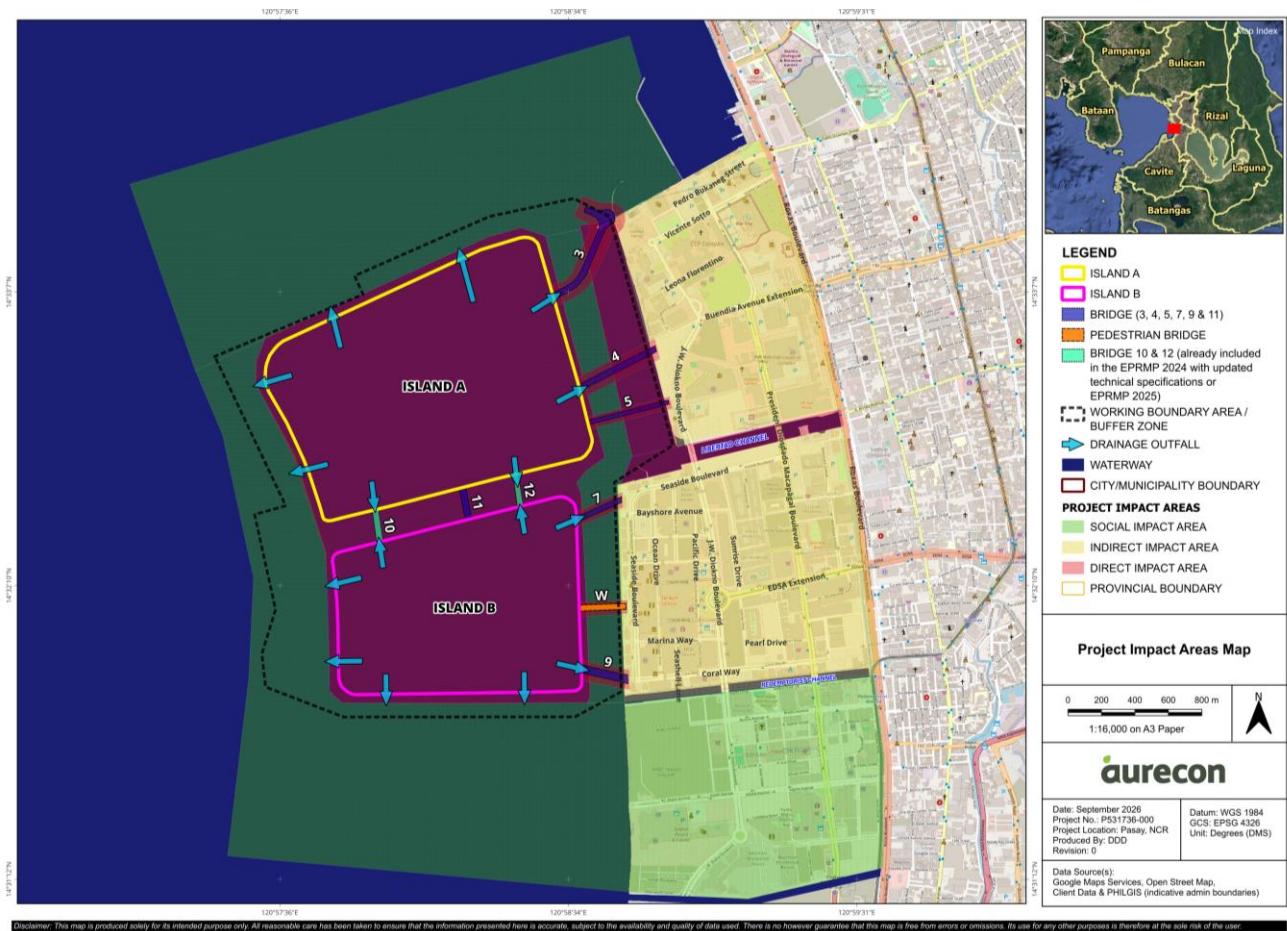


Figure 3 Impact areas defined in the EIS and EPRMPs and adopted as the Area of Influence (Aol) for this ESA

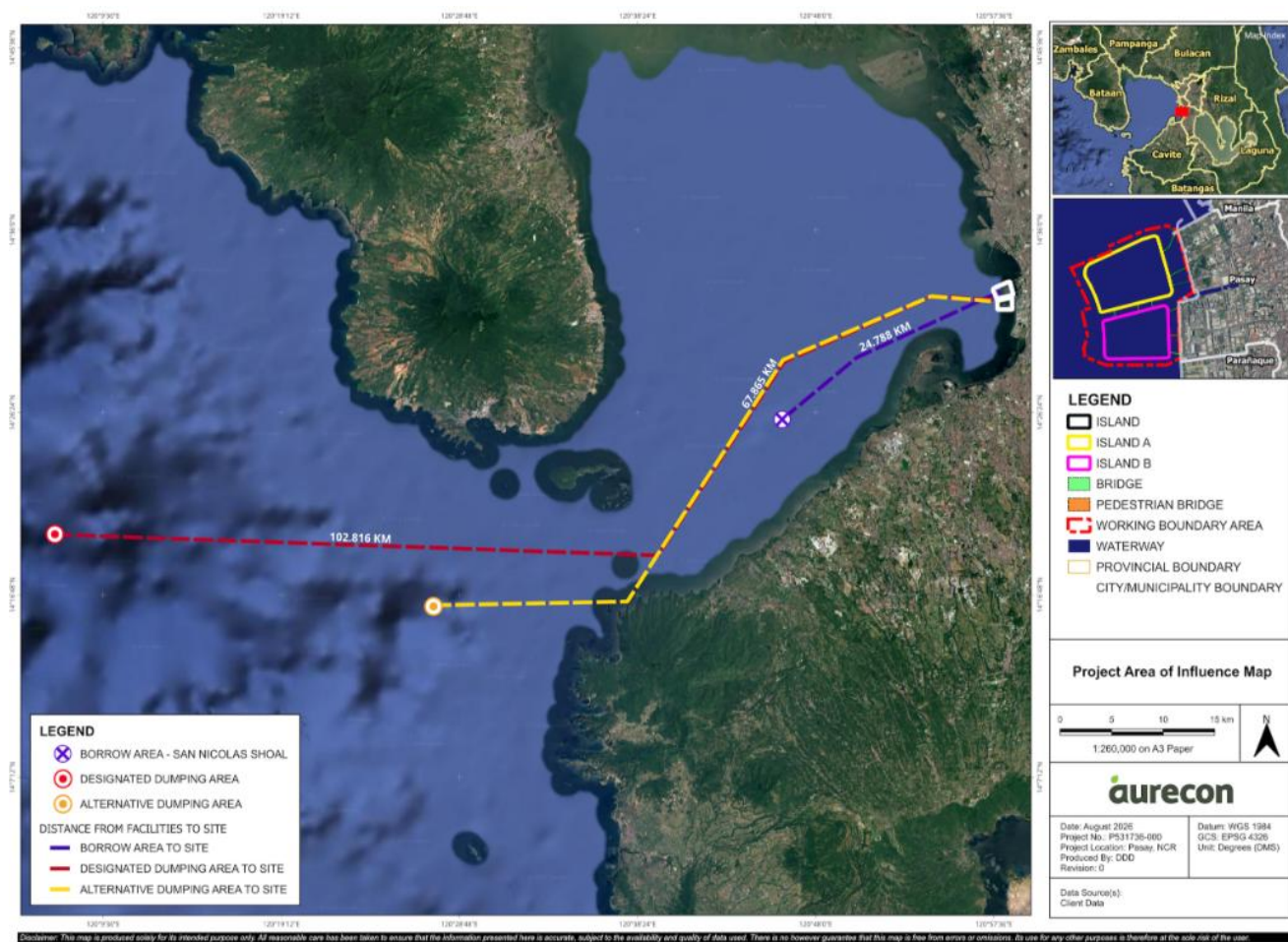


Figure 4 Marine transport routes associated with borrow areas and offshore disposal sites

1.5.1 Review of Environmental and Social Documentation

The audit includes a review of relevant environmental and social documents and their implementation, including but not limited to:

- Feasibility studies and project planning documents
- Environmental Impact Assessments (EIAs), Environmental Performance Report and Management Plan (EPRMP) and related technical studies
- Environmental Compliance Certificates (ECCs), Area Clearances, reclamation approvals, permits, and regulatory commitments
- Environmental and Social Management Plans (ESMPs)
- Environmental and Social Management Systems (ESMSs)
- Biodiversity, fisheries, hydrology, flooding, climate change, and cumulative impact studies
- Stakeholder engagement and grievance management documentation
- Standard Operating Procedures (SOPs) and Operational Control Procedures (OCPs)
- Engineering, Procurement and Construction (EPC) contracts and contractor management documentation
- Environmental monitoring reports, compliance reports, and regulatory submissions
- Other records relevant to environmental and social performance

2 Legal and Institutional Framework

In addition to relevant Philippine laws and regulations, the project is expected to comply with the lenders' applicable environmental and social standards (Applicable Reference Framework).

- All applicable local, and national environmental and social laws and regulations including those relating to concessions, land acquisition, land use restriction and resettlement, labour and working conditions, public and
- Occupational health and safety, cultural heritage, indigenous peoples and ethnic groups, environmental protection, stakeholder engagement and information disclosure
- Relevant international conventions and protocols relating to environmental and social issues to which Philippines is a signatory as transposed into national legislation
- ADB Environmental and Social Framework (ESF)¹, including the Prohibited Investment Activities List, the relevant Environmental and Social Standards (ESS1–ESS10) and ESS guidance notes, as applicable to the project
- ADB's Gender and Development Policy (1998)
- ADB Social Protection Strategy (2001)
- ADB's Access to Information Policy (2018)
- ADB Accountability Mechanism (2012)
- Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment — Direct Investment Lending Operations (2023)
- AIIB Environmental and Social Framework (ESF, June 2024)², including the Environmental and Social Policy (ESP), relevant Environmental and Social Standards (ESS1- ESS3), and Environmental and Social Exclusion List (ESEL)
- Equator Principles (EP4)
- The World Bank Group General Environmental, Health and Safety (EHS) Guidelines (April 2007) and relevant Industry Sector Guidelines
- IFC and European Bank for Reconstruction and Development (EBRD) Guidance Note on Workers' Accommodation:
 - Processes and Standards (September 2009)
 - International Covenant on Economic, Cultural and Social Rights and relevant ILO Core Labour Standards Conventions
 - Other relevant good industry practice guidelines, international standards/accreditation, and related documents

3 Methodology

The ESA was conducted through a systematic review of Pasay 360 project documentation, regulatory approvals, management systems, monitoring records, and implementation practices to evaluate the Pasay 360 project's compliance with the Applicable Reference Framework. The assessment included both desktop review of available documentation and verification of the implementation of E&S management measures for existing facilities, facilities under construction, associated facilities, temporary construction facilities, and other relevant activities.

3.1 Document Review

As part of the audit, relevant project documents and their implementation were reviewed and assessed, including internal planning documents, project documents submitted to regulatory authorities, permits, approvals, regulatory commitments, and corresponding agency comments, feedback, and approvals. The review was conducted to evaluate the adequacy of environmental and social assessments completed to date and to determine the extent of alignment with applicable environmental and social requirements.

The document review included, but was not limited to:

- ECC No. ECC-CO-1601-003 and subsequent amendments, Area Clearance No. AC-NCR-2019-003, and other project-specific environmental permits and approvals
- Environmental Impact Statement (EIS), EPRMP, and supporting technical studies prepared for the Pasay 360 project
- Construction Environmental Management Plan (CEMP), Environmental Management Plan (EMP), Turbidity Management Plan, Hazardous Waste Management Plan, Waste Management Plan, Stormwater Management Strategy, and other project-specific environmental management plans
- Biodiversity, marine ecology, fisheries, hydrology, flood risk, geotechnical, and climate risk assessment
- Environmental monitoring and regulatory compliance reports, including Self-Monitoring Reports (SMRs), Compliance Monitoring Reports (CMRs), Compliance Monitoring and Validation Reports (CMVRs), turbidity monitoring reports, and incident records
- Stakeholder engagement and social management documents, including the Stakeholder Engagement Plan (SEP), Social Development Plan, consultation records, perception surveys, grievance management procedures, and Multipartite Monitoring Team (MMT) documentation
- Project health, safety, and emergency management documents, including the Health and Safety Manual, Emergency Response Plan, Traffic Management Plan, Typhoon Response Plan, and incident investigation records
- Engineering and planning documents, including the approved master plan, land use plan, reclamation layout plans, utility layouts, conceptual design reports, flood modelling studies, and traffic impact assessments
- Contractor environmental, social, health and safety (ESHS) documentation, including contractor management plans, environmental monitoring records, and incident reporting records
- Other project documents relevant to the assessment of environmental and social risks, impacts, compliance obligations, and management measures

The audit also included a review of facility permits, licenses, approvals, inspection reports, compliance monitoring reports, environmental monitoring records, and previous audit findings, where available, to assess implementation status, ongoing compliance, and the effectiveness of E&S management measures. The list of documents reviewed is summarized in **Appendix A**.

The results of the document review were supplemented by site inspections, stakeholder consultations, and interviews with project personnel to verify the implementation of environmental and social commitments, identify gaps and non-compliances, assess environmental and social risks and impacts, and evaluate the project's ability to meet the requirements of the Applicable Reference Framework.

3.2 Management Interviews and Presentations

As part of the ESA, opening meeting and a series of management interviews and project presentations with SMSCIDC and relevant project personnel were conducted. These sessions were carried out to obtain an overview of the SM Pasay 360 project, understand the project's organizational and management arrangements, clarify project-specific environmental and social risks and impacts, and verify information reviewed during the document assessment.

The opening meeting was attended by representatives from project management and E&S functions, including the Project Manager, ESG and Sustainability personnel, Health, Safety and Environment (HSE) representatives, Compliance personnel, and other relevant project staff. During the meeting, SMSCIDC presented the project background, status of reclamation and development activities, project governance arrangements, E&S management systems, regulatory compliance status, stakeholder engagement activities, and priority environmental and social issues.

Project-specific presentations and discussions were subsequently conducted with project management, construction management, environmental personnel, health and safety personnel, and contractor representatives. These discussions covered:

- Project development history, current construction status, and planned activities
- Regulatory approvals, permitting status, and compliance obligations
- Environmental management measures and monitoring programs
- Occupational health and safety management systems and performance
- Community health, safety, and stakeholder engagement activities
- Contractor management and oversight arrangements
- Environmental and social incident management
- Emergency preparedness and response arrangements
- Implementation of environmental and social management plans and commitments.

The E&S Audit Programme is attached in **Appendix B.1**.

The information collected through management presentations and interviews was used to supplement the document review, guide the site inspection, identify areas for further verification, and support the assessment of the project's environmental and social performance and compliance with the Applicable Reference Framework.

3.3 Media and Reputational Review

A review of publicly available information, media articles, government publications, and other online sources was conducted to identify potential environmental, social, governance, litigation, stakeholder, and reputational risks associated with SMSCIDC, the SM Pasay 360 project, reclamation activities, and other issues relevant to the proposed use of proceeds.

3.4 Site Inspection

As part of the ESA, site inspections were conducted to verify information obtained from the document review and assess the implementation and effectiveness of E&S management measures. The site inspection included visual observations of project facilities, environmental management measures, waste management practices, pollution prevention controls, resource efficiency measures, community health and safety controls, occupational health and safety arrangements, contractor management systems, emergency preparedness measures, and worker welfare facilities. Inspections covered existing facilities, facilities under construction, temporary construction facilities, and areas potentially affected by project activities.

Site photo documentation is shown in **Appendix C**.

3.5 Stakeholder Engagement

Stakeholder consultations were undertaken with relevant government agencies, local government units, community representatives, local residents, fisherfolk, and other interested stakeholders to understand environmental and

social issues associated with the project, verify implementation practices, and identify stakeholder concerns, observations, and recommendations.

The Stakeholder Engagement Programme is attached in **Appendix B.2**.

The consultations were used to validate information obtained during the document review, identify potential E&S impacts, gather anecdotal evidence regarding project-related concerns, and assess the effectiveness of stakeholder engagement and grievance management processes.

3.6 Worker and Contractor Interviews

Separate interviews were conducted with project personnel, contractor representatives, HSE personnel, and workers to assess the implementation of environmental, social, labor, health, and safety management measures. Discussions focused on labor and working conditions, occupational health and safety, worker welfare, grievance mechanisms, training programs, contractor management systems, environmental and social responsibilities, and implementation challenges.

3.7 Compliance and Gap Assessment

A gap analysis was conducted by comparing the project's existing E&S assessments, management plans, monitoring programs, management systems, and implementation practices against the requirements of the Applicable Reference Framework. Gaps were identified where requirements were not fully met, insufficiently documented, or not effectively implemented.

Each requirement was assessed and assigned one of the following compliance ratings:

- Yes – Fully aligned with the Applicable Reference Framework;
- Partially Aligned (P.A.) – Generally aligned, but improvements, additional measures, or further documentation are required to achieve full compliance;
- No – Not aligned with the Applicable Reference Framework or the requirement has not been addressed;
- Not Applicable (N.A.) – The requirement is not relevant to the project.

For each requirement assessed as Partially Aligned or Not Aligned, the audit identified the specific gap, the basis for the finding, and its implications for compliance and E&S performance. Corresponding recommendations and corrective actions were then developed to address the identified gaps and support alignment with the Applicable Reference Framework.

Identified gaps were evaluated to determine their compliance status and significance, considering the potential E&S impacts, regulatory implications, level of risk, and effectiveness of existing mitigation measures. This process enabled the prioritization of findings based on their materiality and potential impact on project performance and compliance.

For each identified gap, corrective and improvement measures were developed to strengthen E&S performance and achieve alignment with the Applicable Reference Framework and GIIP. The recommended actions were consolidated into an ESAP, which specifies the actions required, responsible parties, implementation schedule, and monitoring requirements necessary to address identified gaps and support continuous improvement of the project's E&S performance.

4 Environmental and Social Audit Findings

The ESA evaluated the key E&S risks and impacts associated with the associated facilities including ongoing reclamation works, temporary construction facilities, resource sourcing activities, and areas within the Project's Aol. The assessment considered the requirements of the Applicable Reference Framework, applicable Philippine regulatory requirements, and other material E&S issues relevant to the project.

4.1 E&S Assessment and Management

The audit reviewed the EIS, EPRMPs, supporting technical studies, and associated management plans and determined that the Pasay 360 project has established a comprehensive environmental and social assessment framework consistent with Philippine environmental regulatory requirements. The EIS and subsequent EPRMPs assess the significant environmental and social risks associated with the ongoing works, including hydrodynamics, flooding, water quality, marine ecology, fisheries, air quality, noise, traffic, socio-economic impacts, stakeholder engagement, and environmental management.

The audit showed that environmental and social risk management is supported by a suite of management plans and procedures, including the Environmental Management Plan (EMP), Environmental Monitoring Plan (EMoP), Turbidity Management Plan, Waste Management Plan, Hazardous Waste Management Plan, Social Development Plan, Emergency Response Plan, and associated monitoring and compliance programs. These documents establish management requirements, monitoring obligations, reporting procedures, and responsibilities for implementation of the reclamation works and associated facilities.

From a compliance perspective, the project demonstrates significant alignment with Philippine regulatory requirements and has established mechanisms for environmental monitoring, regulatory reporting, contractor management, stakeholder engagement, and compliance verification. The Pasay 360 project also maintains oversight through the Multi-Partite Monitoring Team (MMT) and environmental compliance reporting processes.

4.1.1 Legal and governance

The audit focused on the environmental and social performance of the ongoing works for the reclamation and natural revetment and walls, the temporary construction facilities, borrow areas, and offshore disposal sites supporting implementation of the reclamation works.

The audit confirmed that the ongoing reclamation, rock revetment and wave wall works operate under an established regulatory approval framework. This includes ECC No. ECC-CO-1601-0003 (issued 24 October 2017), Area Clearance No. AC-NCR-2019-003 (15 August 2019), the ECC Amendment issued on 13 March 2025 for the reconfigured reclamation layout, and the ECC Amendment issued on 22 July 2026 for the bridge components (Table 1). Permit conditions, monitoring obligations, reporting requirements, and compliance documentation associated with these approvals were reviewed as part of the audit.

The audit also reviewed the broader regulatory context affecting reclamation activities in Manila Bay, including the 2023 Government-directed review and temporary suspension of reclamation projects and the subsequent compliance validation programmes undertaken by the PRA and the DENR. The review found that the Pasay 360 reclamation works were subject to the same regulatory review processes applied to other Manila Bay reclamation projects, and that implementation continued following regulatory review and compliance verification.

Permits, clearances and registrations from the PRA, PCG, DOLE and DENR-EMB were reviewed. These include the PCG clearances and permits, the Notice to All Mariners, the Hazardous Waste Generator Registration, Permits to Operate and the OSH permit. Examples confirmed in the MMT's Q1 2026 report are the CHEC hazardous waste generator ID (no expiry), the PCG-approved Oil Spill Contingency Plan (issued 19 October 2023) and the Permits to Operate for the project gensets (valid to 22 February 2028).

Proof of compliance is compiled in the semi-annual Compliance Monitoring Reports (CMRs) submitted to DENR-EMB and is presented to the Multipartite Monitoring Team (MMT) at its quarterly meetings. The MMT includes the PRA, DENR-NCR, PCG, Pasay CENRO, the Pasay City Health Office, BFAR, Barangay 76 and NGOs. It prepares the semi-annual Compliance Monitoring and Validation Reports (CMVRs), which give an additional check on compliance with the ECC conditions. The PRA and DENR conduct regular and unannounced site inspections. SMSCIDC tracks its legal and permit obligations in the Master List of Environment-Related Compliance Obligations, reviewed at least annually and monitored monthly by the Pollution Control Officer.

Since construction began, the MMT has regularly validated compliance with the Project's permits, and no notice of violation has been issued by any government agency, including DENR-EMB.

The audit further reviewed the context associated with Manila Bay reclamation activities, including the Petition for Writ of Kalikasan and Writ of Continuing Mandamus before the Supreme Court of the Philippines. While these proceedings are not specific to the Pasay 360 project, they raise concerns regarding cumulative impacts, fisheries, seabed quarrying, stakeholder engagement, and reclamation activities within Manila Bay. Although the matters remain subject to judicial determination, they demonstrate the heightened regulatory, stakeholder, and reputational sensitivity associated with reclamation development in Manila Bay and therefore constitute an ongoing contextual risk relevant to the associated facilities.

From a regulatory compliance perspective, the audit found that environmental monitoring programs, regulatory reporting processes, contractor management procedures, and environmental compliance systems have been established for the existing works and associated temporary facilities. Temporary construction facilities, including precast yards, stockpile areas, jetties, wharves, maintenance facilities, hazardous waste storage areas, and worker support facilities, were found to operate under the environmental and social management framework established for the reclamation works. These facilities are managed as ancillary facilities supporting the reclamation associated facility and are covered by existing permit compliance, monitoring, waste management, occupational health and safety, and environmental management arrangements.

4.1.2 Institutional framework

The audit reviewed the institutional arrangements established by SMSCIDC (**Figure 5**) and its contractor (**Figure 6**) to manage environmental and social risks associated with the reclamation works and temporary facilities. Dedicated environmental, health and safety, compliance, construction management, and stakeholder engagement personnel were found to be in place. Organisational responsibilities, reporting lines, contractor oversight arrangements, and monitoring programs are generally established and provide a reasonable framework for managing ongoing environmental and social obligations.

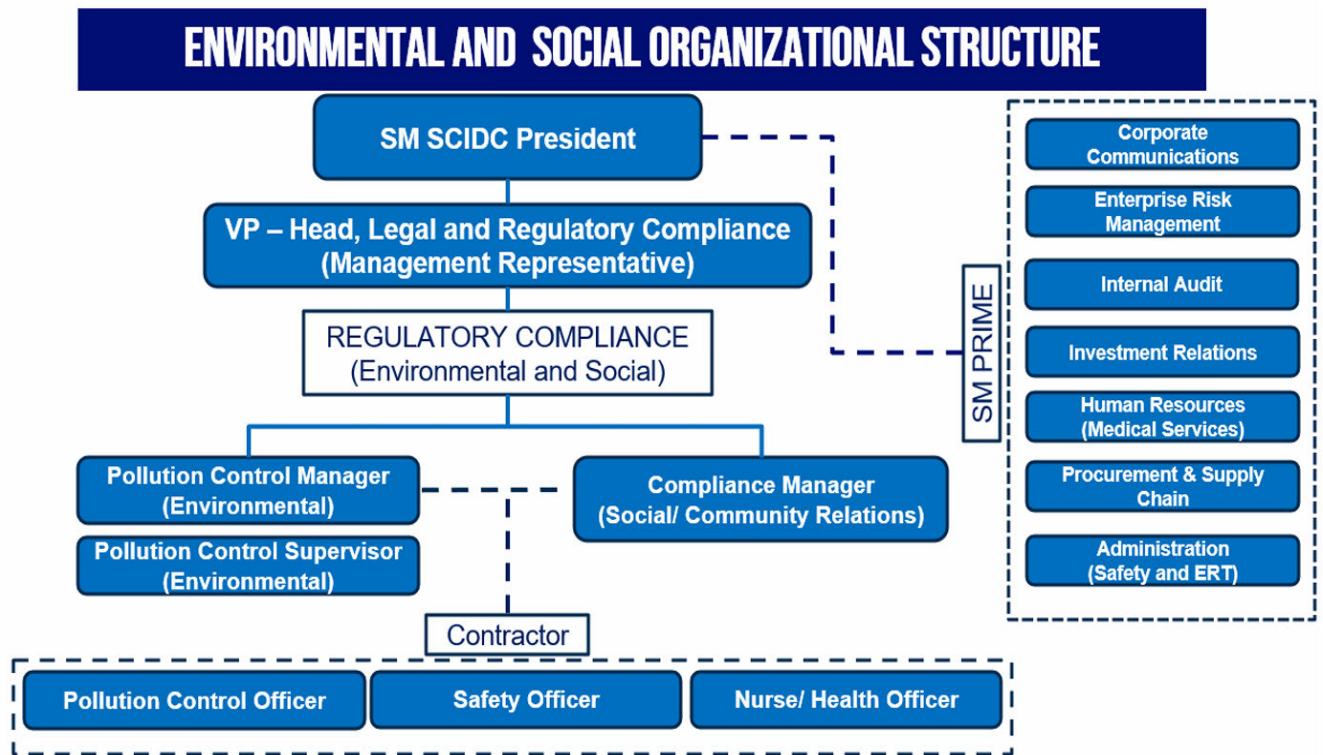


Figure 5 SMSCIDC Environmental and Social Organization Structure

4.1.3 Organizational structure at the project level

Figure 6 shows the environmental management structure of China Harbour Engineering Company (CHEC), the Contractor for the reclamation works. Overall responsibility rests with the Contractor Project Director, supported by the Environmental Protection Officer/Environmental Manager (EPO/EM), Environmental Engineers, Construction Managers, and site supervisory personnel. The EPO/EM is responsible for environmental compliance, monitoring, reporting, incident management, and implementation of the EMP, while the Environmental Engineer serves as the Pollution Control Officer and leads inspections, monitoring, and permit compliance activities. Construction managers, engineers, and foremen are responsible for implementing environmental requirements during day-to-day construction activities, with subcontractor personnel integrated into the same management and reporting structure. The arrangement provides defined responsibilities and reporting lines for management of environmental risks associated with the reclamation works, temporary facilities, marine activities, waste management, and supporting construction operations.

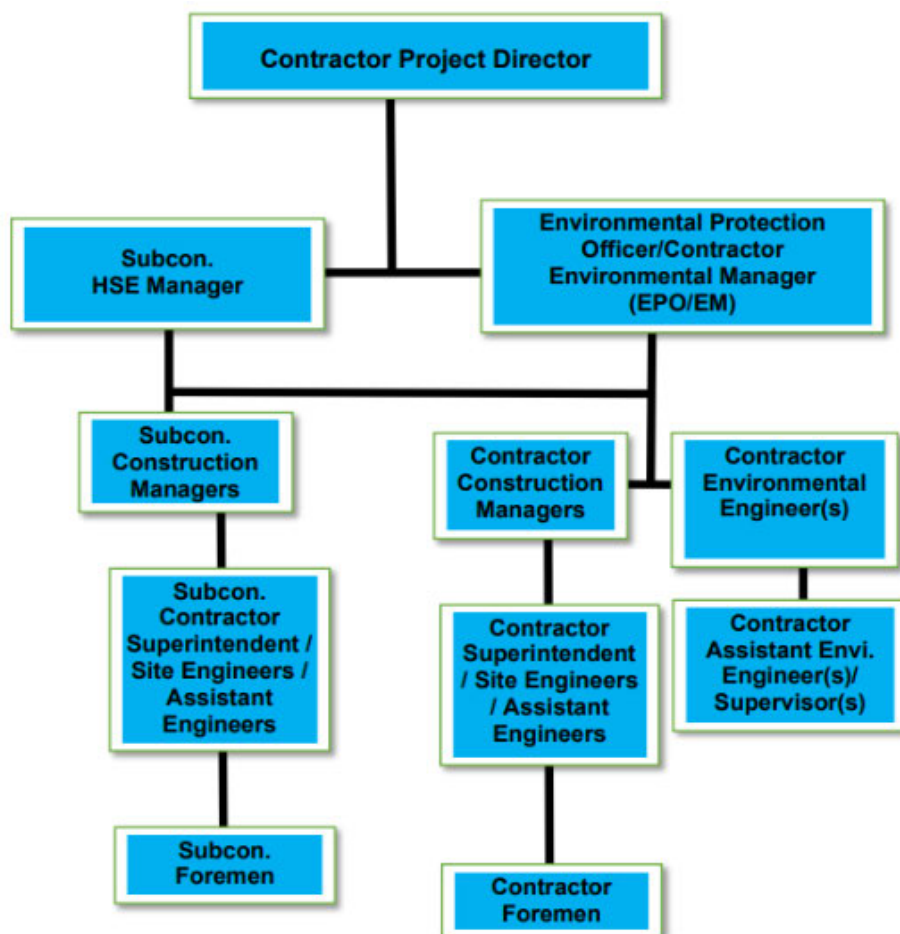


Figure 6 CHEC Environmental Management Organisational Structure (EMP)

The audit also reviewed the status of the borrow areas and offshore disposal sites supporting the reclamation works. Borrow areas were assessed as third-party supplier facilities and offshore disposal sites as contractor-managed third-party facilities. Regulatory compliance responsibilities for these facilities remain with the respective operators and permit holders. The audit reviewed available information on permitting, contractor management, environmental controls, and supply-chain oversight applicable to these facilities.

The audit showed that the ongoing works are operating under an established regulatory approval framework and that institutional arrangements are generally adequate to support ongoing regulatory compliance. No material non-compliances were identified that would prevent continued implementation of the ongoing construction activities.

The findings indicate that, while the existing facilities, associated facilities, and supporting temporary facilities generally demonstrate compliance with applicable Philippine regulatory requirements, additional assessment and management measures are required to demonstrate alignment with the Applicable Reference Framework and to address the heightened regulatory and stakeholder sensitivities associated with reclamation activities in Manila Bay. These additional requirements are detailed in the following sections.

4.1.4 Cumulative impact assessment

A cumulative impact assessment (CIA) covering 21 ongoing, approved, and proposed reclamation projects within Manila Bay was commissioned by DENR-EMB and conducted by the Marine Environment and Resources Foundation (MERF). The MERF CIA report was not available for review and is not publicly accessible at this stage. The audit notes that the bridge-related ECC Amendment issued on 22 July 2026 was approved following the government's wider review of Manila Bay reclamation projects and appears to incorporate requirements arising from that review. The relevant ECC conditions include:

Continued implementation of commitments, mitigation measures, and monitoring requirements contained within the EPRMP;

- Compliance with turbidity management requirements and protection of sensitive receptors, including LPPCHEA;
- Maintenance of hydraulic connectivity and avoidance of increased flood risk;
- Ongoing compliance with hydrodynamic modelling recommendations;
- Management of fisheries and stakeholder impacts;
- Coordination with the Philippine Coast Guard regarding navigation, disposal activities, and marine vessel management; and
- Integration of project management measures with broader LGU programs relating to flooding, infrastructure, emergency response, and environmental management.

The audit also found that cumulative impacts were incorporated into the environmental assessment process through the EIS and the 2024 and 2026 EPRMPs. These documents assessed interactions between Pasay 360 and adjacent reclamation developments and other ongoing coastal modifications within Manila Bay, using developments whose footprints, engineering parameters, and implementation assumptions were available for quantitative modelling. They evaluated hydrodynamic conditions, water circulation, flooding, storm surge behavior, sediment transport, flushing characteristics, water quality, navigation, and coastal processes. The findings informed the revised reclamation configuration, including the widening of channels between the reclaimed islands and the mainland, the maintenance of hydraulic connectivity with the Libertad Channel drainage system, and the design of bridge openings to preserve water circulation and flood conveyance capacity.

As the MERF CIA report was not available for independent review and the EIS and EPRMP assessments focus primarily on hydrodynamic and physical process receptors rather than the broader environmental and social receptors that a lender-aligned CIA would need to address. This aspect is therefore assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-01*.

Corrective action

SMSCIDC should prepare a Rapid CIA for Pasay 360 and Pasay 265 (Pasay Harbor City) within 10 weeks from the Investment Committee (IC) meeting, as set out in ESAP-01. The Rapid CIA should use the rapid CIA approach in the IFC Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets (2013) as a guide, including the template terms of reference in its Appendix 3. It is not a full regional study. The Rapid CIA will:

- i) identify the key environmental and social receptors likely to be affected by the Project, together with other existing and reasonably foreseeable developments in the area; ii) set spatial and temporal boundaries for the assessment;
- iii) use secondary data where first-hand data is unavailable, and rely on publicly available or desktop-based data, including data on nearby projects and government planning information, as necessary; and iv) assess the project's contribution to cumulative effects on those receptors, and set out proportionate management and monitoring measures.

The Rapid CIA should also document its assumptions and limitations and assess cumulative significance.

Scope of the Rapid CIA

Consistent with IFC Performance Standard 1 and the IFC Good Practice Handbook, cumulative impacts arise from a project's incremental effects when added to past, present, and reasonably foreseeable future developments. The Rapid CIA should therefore focus on projects that are active, under construction, operational, or formally approved and expected to proceed within a reasonably foreseeable timeframe, and for which sufficient information exists on location, design, scale, timing, and potential environmental and social interactions. Many other proposed Manila Bay projects remain conceptual, suspended, or under regulatory review, or lack public information on configuration, schedule, and environmental management. Including them would introduce substantial uncertainty, because their interactions with Pasay 360 cannot be reliably predicted.

Cumulative impact assessment is also receptor-based rather than project-list-based. The objective is to evaluate the condition of valued environmental and social components (VECs) and how they are influenced by multiple interacting activities. The VECs for the Rapid CIA include marine water quality, coastal hydrodynamics, sediment transport, flood risk, air quality and dust generation, fisheries, navigation, and affected communities. The assessment must therefore rely on developments that are sufficiently defined to exert a measurable influence on the same VECs during the assessment period.

On this basis, the Rapid CIA should include a detailed assessment of Pasay 360 and Pasay 265. Both have active reclamation works in the same receiving environment, overlapping implementation periods, and credible cumulative pathways to the shared VECs. Horizon Manila, other Manila Bay reclamation projects, and the wider Bay City development cluster are currently suspended. The Manila International Container Terminal (MICT) expansion is currently proposed to commence in 2028. It was considered in defining the scope but given its later implementation timeframe it is not proposed for detailed assessment at this stage. It will be acknowledged as a reasonably foreseeable development in the broader regional context.

The Rapid CIA should be kept as a live, adaptive document. As agreed with SMSCIDC, if the MICT schedule advances, or if other nearby projects receive approvals, commence construction, or become sufficiently defined, or if new information shows a material interaction with the same VECs, their relevance should be reassessed and the CIA updated. This approach is consistent with international lender expectations and good international industry practice.

4.2 Environmental and Social Risks and Impacts

4.2.1 Labor and Working Conditions

Occupational health and safety

The Project has established fundamental labour and working-condition arrangements, comprising employment contracts, human resources policies, a Code of Conduct, grievance channels, contractor ESHS plans, inductions, toolbox meetings, PPE provisions, and worker welfare measures, supported by occupational health and safety arrangements including a dedicated H&S policy and manual, incident reporting mechanisms, and DOLE inspections. Review of payroll records and available DOLE compliance documentation did not identify material issues relating to wages, benefits, working hours, or pending labour cases.

Workforce Composition

Peak workforce estimates are provided in the EPRMP (approx. 1,200–1,500 for reclamation/horizontal works; 200–1,000 at peak bridge construction). However, detailed and current information on the Project workforce was not available, including contractor and subcontractor composition, local and migrant worker numbers, sex-disaggregated workforce data, peak workforce levels, and demobilization schedules. As a result, workforce composition and labor-profile trends could not be comprehensively assessed.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-02*. SMSCIDC should establish a contractor workforce register covering size, composition (including local, migrant, and foreign workers, and sex-disaggregated data), peak levels, and demobilization schedule, updated quarterly.

Worker Grievance Mechanism

The grievance mechanism reaches contractor personnel through multiple channels, including GRM boxes, supervisors, and toolbox meetings. However, the GRM boxes show zero submissions to date, and discussion during the E&S audit confirmed that worker concerns raised during toolbox meetings are not formally recorded — only attendance is documented, while the substance of any grievances or concerns raised is verbal only. As a result, the absence of recorded grievances cannot be treated as evidence that the mechanism is effective, since informally raised concerns are not captured, tracked, or demonstrably resolved. No periodic assessment of worker awareness or confidence in the mechanism has been conducted.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-03*. SMSCIDC should cascade the Corporate GRM to CHEC, ensuring concerns raised through toolbox meetings, supervisors, and other

informal channels are formally documented, monitored, and tracked to closure, and periodic assessments of worker awareness and confidence in the mechanism should be undertaken.

4.2.2 Community Health, Safety, and Security

Community health, safety and security risks are managed through the Health and Safety Policy, Environmental and Social Management Plan (ESMP), Stakeholder Engagement Plan (SEP), Emergency Response Plan (ERP), grievance mechanisms, contractor HSE procedures, and associated environmental and social monitoring arrangements. These instruments address risks associated with reclamation and horizontal infrastructure development, including construction traffic, fill-material transport, marine vessel movements, dredging and reclamation activities, hazardous materials, dust and noise emissions, access restrictions, emergency events, flooding, hydrodynamic changes, and other project-related hazards. Existing controls include traffic and navigation management, environmental monitoring, site access controls, stakeholder engagement, grievance management, emergency response arrangements, advance notification of potentially disruptive activities, and contractor oversight.

However, no consolidated framework was identified to demonstrate that all community health and safety risks, incidents, and corrective actions are systematically recorded and tracked to verified closure. Accordingly, the absence of recorded significant incidents or unresolved grievances should not, on its own, be interpreted as conclusive evidence of the effectiveness of the underlying management arrangements. This aspect is assessed as *Partially Aligned*. The corresponding corrective actions are ESAP-03 (cascade of the Corporate GRM to CHEC), ESAP-04 (emergency drill records and corrective action tracking) and ESAP-05 (recording and reporting of security incidents and grievances).

Emergency Preparedness and Drills

Emergency preparedness requirements are established through the ESMP and ERP, which provide for training, periodic drills and exercises, and maintenance of emergency-related records. The ERP covers offshore scenarios, including oil spills, fires or explosions, medical evacuations, and man-overboard events, as well as onshore scenarios such as fires, environmental spills, medical emergencies, security incidents, and earthquakes or tsunamis. However, aside from an earthquake drill undertaken at SM Prime Headquarters, no evidence of project-specific emergency drills, simulation exercises, training records, exercise evaluations, lessons learned, or corrective-action tracking was provided for review. The effectiveness of emergency preparedness and operational readiness for project-specific onshore and offshore scenarios could therefore not be fully verified.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-04*. The ERP should be updated to require the maintenance of training attendance records, drill and exercise evaluations, lessons learned, and corrective-action tracking for all emergency drills and exercises. A drill plan covering the remaining reclamation and coastal protection works, including relevant onshore and offshore scenarios, should be prepared and submitted to the lenders. At a minimum, one onshore drill and one offshore drill should be conducted and supported by the drill plan, attendance records, drill reports, evaluations, lessons learned, and corrective-action status. Implementation of the drill plan should be reported in the periodic Safeguards and Social Monitoring Report.

Security Arrangements

Existing security arrangements include a licensed third-party security provider, perimeter fencing, identification badges, visitor escort requirements, gate controls, and other site access measures. However, no documented project-specific Security Risk Assessment was provided, and evidence was not available to demonstrate that security personnel had received training on human rights, conflict de-escalation, proportionate use of force, stakeholder interaction, emergency response, and incident management. Periodic monitoring and performance evaluation of the contracted security provider were also not demonstrated. Furthermore, security-related incidents and grievances are not yet shown to be systematically recorded, investigated, and reported through the project grievance mechanism.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-05*. A project-specific Security Risk Assessment should be undertaken covering the site, personnel, contractors and community interfaces. Training records for security personnel should be established and maintained. The contracted security provider

should be monitored and evaluated periodically, with inspection, audit and review records retained. Security-related incidents and grievances should be recorded, investigated and reported through the grievance mechanism.

4.2.3 Natural Hazards

The health and safety risks discussed above are closely linked to the project's management of underlying natural hazards, mainly seismic-induced liquefaction and flooding, which are addressed through dedicated technical studies and design measures.

Liquefaction Risk Management

The project manages liquefaction risk through ground improvement integrated into the reclamation works. PVDs and surcharge are used to consolidate the soft natural soils. The loose hydraulic sand fill is then densified by vibroflotation, with roller compaction of the surface layer. The Employer's Requirements specify a ground-level PGA of 0.24g and a minimum factor of safety against liquefaction of 1.3, to be verified by field CPT testing. The contractor's detailed design adopts a design magnitude of M 7.9, the mean of the 7.6 (Marikina West Valley Fault) and 8.2 (Manila Trench) scenarios. It identifies loose hydraulic sand fill as the layer susceptible to liquefaction. The ground improvement manages the identified liquefaction hazard rather than eliminating it.

Compliance is verified through post-treatment CPTs on a 50 m × 50 m grid, compared with target cone resistance profiles derived for a factor of safety of at least 1.3. Non-compliant sections are re-tested and, if they still fail, treated again. Relative compaction tests and vibroflotation field trials supplement the CPTs, and settlement monitoring is used to confirm consolidation before surcharge removal. The design criteria and verification approach are consistent with GIIP and ADB ESS4.

Verification is being carried out as the ground improvement is completed. As of August 2026, offshore vibro-compaction was complete (4 June 2026) and onshore compaction was about 62.5% complete. After-placement boreholes were completed on 30 July 2026, and the contractor's proposal for advanced testing was under the Engineer's review. Given that the design criteria, verification procedure and monitoring arrangements are in place and post-verification results were provided, this aspect is assessed as *Aligned*. No ESAP action is proposed.

Flood Risk and Hydrodynamic Studies

There are four documents to characterize existing flooding conditions and assess the potential implications of the proposed Pasay 360 Reclamation Project. These comprise: (i) the Flood Inundation Report, which established baseline flooding conditions in Pasay and Parañaque through community surveys, documentation of historical flood events, and identification of flood-prone areas; (ii) the Hydrodynamic Modelling Study, which evaluated coastal hydrodynamics, including tides, currents, waves, storm surges, sea-level rise, water circulation, and flushing performance associated with the reclamation layout; (iii) the Metocean-SWASH, which focused on engineering design considerations such as storm surge levels, wave conditions, sea-level rise, and the hydraulic performance of proposed channels, bridges, and causeways; and (iv) the Flood Study, which integrated the findings of the flood inundation survey, engineering investigations, hydrologic and hydraulic modelling, drainage assessment, coastal hydrodynamic analysis, impact assessment, and flood mitigation evaluation.

The studies confirm that flooding is a significant and recurring issue in both Pasay and Parañaque, affecting residents, businesses, and transport networks during typhoons, southwest monsoon (Habagat) events, and intense rainfall. Flooding is primarily attributed to heavy rainfall exceeding the capacity of existing drainage systems, clogged canals and drainage networks, overflow from waterways such as Estero de Tripa de Gallina, Maricaban Creek, and the Parañaque River, low-lying coastal terrain adjacent to Manila Bay, and tidal influences that impede stormwater discharge during high-water conditions. Several recurring flood hotspots were identified, including Taft Avenue and Padre Ocampo, Andrews Avenue, Dr. Arcadio Santos Avenue near SM Sucat, E. Rodriguez Avenue, and Kaingin Road, all of which experience repeated flooding of varying depths and durations. A key finding is that flooding in the area is largely an urban drainage problem, with existing canals, drainage pipes, waterways, and pumping stations frequently lacking sufficient capacity to convey stormwater during major rainfall events. Engineering investigations further identified sediment accumulation in drainage channels, rivers, and outfalls, reducing hydraulic capacity and

exacerbating flooding. Consequently, routine de-clogging of drainage systems, dredging of waterways, and improvements to river conveyance capacity were identified as important flood mitigation measures.

The hydrologic and hydraulic modelling undertaken as part of the flood study indicates that the proposed reclamation is not expected to significantly increase flood levels within the river and drainage systems under the scenarios evaluated. Comparisons between existing conditions (without reclamation) and future conditions (with reclamation) showed negligible differences in simulated water levels, flow velocities, flood depths, and water surface profiles, suggesting that the reclamation does not materially reduce the conveyance capacity of the major waterways. Likewise, the flood depth maps generated for the assessed scenarios showed little discernible difference between pre- and post-reclamation conditions. However, the coastal hydrodynamic modelling demonstrated that the reclamation would alter local current patterns, flow paths, and water circulation within Manila Bay. While the proposed channels between reclamation islands are generally designed to maintain hydraulic connectivity and water exchange, flushing performance is influenced by channel geometry and bridge configurations, which may result in differences in water circulation and flushing effectiveness among different layouts.

The studies also highlight the importance of coastal processes in influencing flood risk. High tides can impede stormwater discharge into Manila Bay, while storm surges generated by severe typhoon events can elevate coastal water levels and aggravate flooding in adjacent communities. Hydrodynamic and MetOcean modelling indicate that significant storm surges, large waves, and moderate currents remain possible during extreme typhoon events, and that future sea-level rise will increase hydraulic loading, reduce drainage efficiency, and contribute to higher flood and coastal hazard risks. Consequently, flooding in the study area is best characterized as a compound flooding issue arising from the interaction of intense rainfall, drainage limitations, tidal influences, storm surges, and sea-level rise. Climate change is expected to intensify these pressures through higher sea levels and increasingly extreme rainfall events, reinforcing the need for continued investment in flood mitigation and climate adaptation measures.

While the available studies include hydrologic and hydraulic modelling that compares existing and future reclamation scenarios to assess whether the proposed reclamation would alter flood conditions in the surrounding Pasay-Parañaque hinterland. The Flood Study conducted by Woodfields Consultants, Inc. (WCI) on November 2025 specifically evaluated this potential effect by comparing the existing condition (S2) and future-reclamation condition (S3) using 2D HEC-RAS model of the river, drainage, and pumping-station system, calibrated to Typhoon Ondoy.

The WCI assessment focused on whether the reclamation could alter flood hazard, particularly through potential changes in hydraulic conveyance at the outfalls and within the buffer zone i.e., 470-meter water channel at Island A and 247-meter water channel at Island B of the Pasay 360 Project. While the reclamation could potentially affect flood hazard, it would not directly change the existing exposure or vulnerability of surrounding communities. Under the 10-year flood event, the study found that:

Maximum water levels at 16 reference points differed by no more than 0.01 m between the existing and future-reclamation scenarios, including the headwater and tailwater of the Tripa de Gallina and Libertad pumping stations and the channel outfalls; The Parañaque River water-surface profile and the discharge hydrograph at Parañaque Bridge were identical between the two scenarios; and The flood-depth maps for both scenarios (S2 and S3) showed the same inundation pattern.

These results indicate that the proposed reclamation would not materially alter peak water levels, flow conditions, or the spatial extent of inundation under the modelled 10-year event. Since the peak stages and full flow hydrograph remain unchanged between the scenarios, corresponding changes in flood duration and drainage-system performance are likewise not expected. On this basis, the study indicates no additional flood hazard attributable to the reclamation and, consequently, no increase in flood risk to surrounding communities arising from the reclamation.

However, it is important to distinguish this hydraulic assessment from a comprehensive community-level flood risk assessment. The WCI Flood Study did not quantify changes in population or asset exposure or community vulnerability, as these were outside its scope. Accordingly, while the available studies do not constitute a fully integrated community-level assessment of exposure and vulnerability, the WCI hydraulic modelling provides a direct basis for concluding that the proposed reclamation does not materially increase flood hazard or add to existing flood risk in the surrounding communities.

Furthermore, it should also be noted that the flooding, hydrologic, hydraulic, and hydrodynamic studies were primarily focused on flood behaviour, drainage performance, coastal processes, and hydraulic conditions associated with the reclamation layout. These studies were not specifically intended to assess the potential water-quality impacts associated with operational-phase stormwater runoff, wastewater discharges, or pollutant loading from the future residential, commercial, office, hotel, and mixed-use developments that may eventually be established on the reclaimed land.

These potential operational-phase impacts are instead addressed through the project design and environmental management measures, which include stormwater collection and recycling systems, infiltration and runoff-control measures, sewage collection networks, and individual and/or centralized sewage treatment plants designed to comply with applicable effluent standards. In addition, the project envisages continued environmental monitoring of water quality parameters and operation of an Environmental Unit (EU) responsible for overseeing environmental compliance throughout project implementation and operation. Hence, this aspect is assessed as *Aligned*. No ESAP action is proposed.

4.2.4 Pollution Prevention and Resource Efficiency

Air, water, and soil pollution

Pollution Prevention Management Plans

The ESMS lists contractor-prepared plans as operational controls for pollution prevention: Erosion and Sedimentation Control Plan, Material Use and Waste Management Plan, Excavation and Soil Waste Disposal Plan, Chemical, Oil, Fuel Storage and Refuelling Plan, and Water Resources and Water Quality Management Plan. None of these plans were provided as a standalone, numbered document. Review of CHEC's EMP and HSES Manual confirms that the underlying technical content exists but is embedded across broader documents (EMP Sections 6.2 Water Quality, 6.5 Waste Management and 8.1 Monitoring; HSES-005 Excavations and Tunneling), rather than packaged as five discrete, controlled plans. The EMP also refers to a Project Waste Management Plan (PWMP) and a Hazardous Waste Management Plan (HWMP) as separate documents, but these were not independently confirmed as provided.

As a result, SMSCIDC has no documented basis on which to verify, approve, or reject a contractor-submitted plan against a defined standard for sedimentation, effluent, air emissions and dust, vessel and equipment emissions, hazardous materials and fuel, or waste and spill prevention controls. It could therefore not be confirmed that the pollution prevention controls have been defined, approved, and implemented as required under ADB ESS1 and ESS3.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-06*. SMSCIDC should agree with CHEC on the minimum content of each of the five plans, such as objectives, scope, measurable targets and thresholds, roles and responsibilities, and monitoring and reporting requirements. CHEC should issue each plan, including the referenced PWMP and HWMP, as a standalone, numbered, and dated document reflecting the agreed content, and submit these to SMSCIDC for formal review and approval. SMSCIDC should maintain a register recording the plan number, revision, approval date, and status of each plan. SMSCIDC's approval of a plan should be required before continuation of related works.

Fill Material Suitability and Contamination Screening

The Pasay 360 project has established requirements for the suitability of fill materials to be used in reclamation. Reports on evaluation of the sources of fill material and Toxic Characteristic Leaching Procedure (TCLP) analysis of sediments were provided for review and sand samples from five borrow areas – Bucao River, PRA 2000, Maloma, Amnay River, and Abra River – met the regulatory threshold limits specified in DAO 2013-22. Based on the analytical results reviewed, the samples tested were below the applicable threshold limits specified in DAO 2013-22 and did not exhibit toxicity characteristics for the parameters analyzed.

While the TCLP results provide evidence regarding the leachability of the tested parameters from the samples analyzed, TCLP compliance alone is not sufficient to demonstrate the absence of contamination risk associated with the fill materials, nor to conclude that potential impacts to surrounding communities and marine ecology have been

adequately screened. This reflects several limitations identified in the documentation reviewed, such as sampling representativeness, parameter scope, adequacy of contamination assessment, and quality assurance.

The provided laboratory certificate indicates that one sample was collected per borrow area. Given the footprint of the borrow sites, a single grab or composite sample is not considered representative of the deposit as a whole. The sampling density and spatial distribution should be proportional to the volume and heterogeneity of the source. Additionally, sample coordinates, depth of collection, and methodology (grab or composite) were also not indicated in the provided documentation.

Total metal concentrations, organic compounds, total petroleum hydrocarbons, and PCBs were not analyzed for collected samples, which should be included in sediment characterization under GIIP, given upstream agricultural and settlement activity in the catchment.

Screening of rock sources for the revetment were also not provided for review. Personnel interviews indicated that rock sources were screened against physical criteria specified in the EIS and that all rocks obtained were natural. No laboratory analysis was conducted to assess leaching potential and contaminant screening.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-07*. Sand supply was completed on 16 October 2025, so the sand-source protocol applies to any additional material needed to complete the remaining works. SMSCIDC should apply a documented, GIIP-consistent sampling and testing protocol before any new source is approved. The protocol should set sampling density in proportion to volume and heterogeneity, record coordinates, depth and method, and include total metals, organics, TPH and PCBs alongside TCLP. Revetment rock sources should be screened by laboratory leaching and contaminant analysis before use.

Marine Water Quality Monitoring

Other relevant contaminants, such as total metals, organics, TPH and PCBs, were not analyzed in the fill material, and cobalt, TPH, PAHs, OCPs and PCBs are not covered by the current marine water quality monitoring programme. The existing monitoring stations are located offshore on the north, west and south sides of the islands, with none in the channels between the islands, where outfall discharge needs to be monitored.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-07*. For future sand and fill sources, a documented, GIIP-consistent sampling and testing protocol should be applied before the source is approved. Additional marine water quality sampling should be conducted to check for Co, TPH, PAHs, OCPs and PCBs. Existing stations will be retained where suitable, and additional stations will be added as needed around the islands and in the inter-island channels, with final locations set in the baseline design. A new monitoring protocol should be developed based on the sampling results, and the marine water quality monitoring programme (ESMoMP) updated accordingly. Adaptive management measures should be implemented where warranted by the monitoring results.

Disposal of Dredged and Excavated Materials

Dredged materials and excavated soils from the Pasay 360 project area were initially disposed of at a Philippine Coast Guard (PCG)-designated dumping site. To optimize disposal operations and reduce transport distances to the reclamation area, CHEC, the reclamation contractor engaged by SMSCIDC, subsequently proposed three alternative disposal sites. Of the proposed locations, Option 3 was ultimately approved by the PCG for use. The approved disposal area covers a maximum radius of two nautical miles from the authorized coordinates.

According to the Environmental Management Bureau (EMB), as documented in its no-objection certification, the disposal sites fall outside the scope of Presidential Decree No. 1586 and are therefore not subject to Environmental Compliance Certificate (ECC) requirements. Nevertheless, an environmental assessment was undertaken for the proposed alternative disposal sites, focusing primarily on-site suitability, proximity to the reclamation area, navigational considerations, and potential water quality impacts. The assessment, however, did not appear to evaluate potential impacts on marine biodiversity or marine habitats within and around the disposal area. CHEC obtained a no-objection from the LGU having jurisdiction over the municipal waters in which the proposed alternative dumping area is located.

Based on project records, a total of 19,438,032 m³ of dredged materials has been disposed of by CHEC. This comprises 4,305,160 m³ at the PCG-designated disposal site and 15,132,872 m³ at the approved alternative disposal site. CHEC was responsible for executing the disposal operations, including the deployment and operation of disposal vessels and equipment, compliance with approved disposal locations and procedures, maintenance of operational records, and submission of required reports and supporting documentation to the relevant authorities. SMSCIDC, through its Construction Management Team, oversaw CHEC's implementation and compliance with the approved disposal arrangements, including monitoring and verification of disposal activities and supporting records.

Disposal activities were undertaken pursuant to the relevant permits and authorizations, including the Special Permit to Dump/Discharge Waste and/or Other Matter issued by the PCG. Based on the documents reviewed, multiple special permits appear to have been issued on a vessel-specific basis, each indicating an allowable quantity of 1,000 metric tons.

Project records indicate that CHEC complied with the conditions of the relevant PCG permits and clearances. One PCG permit condition required the establishment of a fund to address marine pollution incidents. The available records indicate that this was satisfied through the Environmental Guarantee Fund (EGF) of Php10,000,000.00 under the Project's ECC. The EGF is intended to cover all reclamation-related components, including disposal activities and horizontal development works, in the event of pollution incidents or other environmental impacts associated with the Project. The inclusion of disposal activities within EGF coverage is reflected in the Second Amended ECC under its revised Condition No. 6.

Disposal at the PCG-designated site ceased on 23 November 2021 (last date of dumping), and disposal at the approved alternative site ceased on 25 January 2025. CHEC has reportedly submitted closeout reports to the PCG. Post-disposal monitoring results between March and November 2025 showed metals, oil and grease, and TSS below the guideline values.

This aspect is assessed as *Aligned*.

Oil Spill Contingency Plan (OSCP)

The Oil Spill Contingency Plan (OSCP) was approved by the PCG on 19 October 2023 and addresses the key aspects of oil spill prevention, preparedness, and response. The plan details the properties of the oils and fuels of concern and the safety measures for each and sets out a tiered response framework based on the potential severity of a spill. It establishes responsibilities and response protocols and provides for training, drills and preventive maintenance to minimize the potential impact of accidental oil releases. For marine operations, CHEC's HSE Training Plan schedules pollution response drills twice a year.

However, training records of personnel, an inventory of spill response equipment, inspection and maintenance records, and emergency drill reports were not provided for review. It could therefore not be verified that spill response equipment is available and operational, that spill response drills have been conducted, or that personnel are trained. Given the marine setting of the works, where barges and other vessels remain on site for the revetment works, the project's preparedness to respond to a spill event could not be verified.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-04*. The offshore drill under ESAP-04 should cover an oil spill scenario. SMSCIDC should also provide the OSCP training records, the spill response equipment inventory, and the inspection and maintenance records.

Air Quality and Dust Management

Given the scale of the project, its location along Manila Bay, and its proximity to highly urbanized areas including the MOA-PICC complex, the Macapagal Boulevard corridor, commercial developments, and nearby communities, there remains potential for construction-related dust impacts during the remaining project works. While major offshore reclamation activities have largely been completed, ongoing construction activities continue to have the potential to generate dust and affect nearby receptors if not properly managed.

The main potential dust sources during the remaining construction period include surcharge removal activities and hauling of dry sand, land vibrocompaction and surface compaction works, heavy vehicle and equipment movements along haul roads and temporary access routes, rehandling of reclaimed sand, exposed sandy surfaces and stockpiles

during dry and windy conditions, and the handling of aggregates and quarry rock for revetment and wave wall construction. These activities may generate localized dust emissions, particularly during periods of intensive earthworks and strong winds.

The EPRMP identifies mitigation measures and provides for quarterly monitoring of Total Suspended Particulates (TSP) and PM₁₀ to manage potential air quality impacts. Dust suppression measures presented by SMSCIDC during the audit discussion include the use of green nets and water sprinkling. However, no standalone Air Quality Management Plan or Dust Management Plan was prepared.

While major reclamation activities are almost completed, ongoing construction activities may potentially generate dust and affect nearby receptors. The existing arrangements, including the quarterly TSP/PM₁₀ monitoring program and the green net and water sprinkling measures described above, do not constitute a comprehensive dust management approach commensurate with the scale, duration, and material characteristics of the reclamation and remaining construction activities. Additional controls may need to be implemented to account for extreme weather events and high wind velocities that have the capacity to transport a larger volume of sediments, including conduct of routine inspections, complaint monitoring and management at nearby sensitive receptors, and periodic review of mitigation effectiveness.

This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-09*. The project should develop and implement a site-specific Air Quality and Dust Management Plan for the remaining construction period. The plan should consolidate existing mitigation measures, clearly define responsibilities, identify dust-generating activities and nearby sensitive receptors, establish requirements for dust suppression and housekeeping, and include procedures for routine site inspections, complaint management, and corrective actions, including compliance with the OSCP and other pollution control measures stated in the EMP, EMoP, EPRMP, and ERP. In addition to the existing quarterly TSP and PM₁₀ monitoring program, the project should undertake regular visual inspections to monitor visible dust emissions, dust movement beyond project boundaries, prevailing wind conditions, and potential impacts on nearby receptors. Monitoring results, inspection records, complaints received, and corrective actions implemented should be documented and reported as part of the project's environmental monitoring and reporting requirements.

Waste management

The Solid Waste Management Plan (SWMP) and Hazardous Waste Management Plan (HWMP) provided comprehensively address the key aspects of waste management, including waste minimization, reduction, segregation, storage, labelling, collection, transport, treatment, and/or disposal. The plans also establish monitoring and inspection requirements to support compliance with applicable regulatory requirements.

Procedures for responding to environmental incidents associated with the handling and storage of hazardous wastes and materials are outlined in the Emergency Response Plan (ERP). The plan includes spill prevention and response measures, emergency reporting procedures, and regular inspections of waste storage areas to maintain their integrity and minimize the risk of spill incidents.

During the site visit, it was verified that solid wastes are segregated in color-coded bins and hazardous wastes have a designated storage area and are labelled properly to identify the waste types. Based on personnel interviews, waste transport and disposal are carried out by third-party providers and DENR-registered TSD facilities that issue certificates of final disposal for solid wastes and certificates of treatment for hazardous wastes.

However, despite these observations and interview findings, proof of implementation and monitoring of the SWMP and HWMP was not provided. This includes waste transport records, monthly waste tracking reports, photo documentation of waste transport activities, and daily waste management inspection checklists. This aspect is assessed as *Partially Aligned*, and the corresponding corrective action is *ESAP-08*. SMSCIDC and its contractors should maintain the waste manifests, tracking logs, inspection records and performance reports required by the plans and submit them as evidence.

Resource efficiency

Review of the available documentation, including Compliance Monitoring Reports (CMRs), Multi-Partite Monitoring Team (MMT) reports, Self-Monitoring Reports (SMRs), and environmental monitoring records, indicates that key resource consumption indicators, including energy, fuel, water, and reclamation materials, are routinely monitored and reported. Available documentation also records the quantities of reclamation fill materials and rock materials used during implementation, together with progress against the reclamation programme. The audit verified that source assessments had been undertaken for selected reclamation material sources and that resource sourcing is subject to environmental review and regulatory controls.

The audit also found that measures for waste minimization, waste segregation, material reuse, and recycling have been established through the Solid Waste Management Plan (SWMP), Project Waste Management Plan (PWMP), and associated contractor procedures. These measures include segregation of recyclable materials, reuse of suitable materials where practicable, management of hazardous and non-hazardous waste streams, and controls intended to reduce the quantity of waste requiring disposal. In addition, the EIS and associated design studies considered alternative reclamation methodologies, fill sources, and soil improvement techniques as part of the project development process.

Based on the documentation reviewed, resource consumption and material use are monitored and reported, and measures have been established to improve resource efficiency and reduce waste generation for the reclamation works. This aspect is assessed as *Aligned*. However, existing management plans and monitoring programs primarily focus on the reclamation works and associated temporary facilities. As development progresses, SMSCIDC should update the relevant management plans, monitoring programs, and resource-efficiency measures to cover the horizontal development, bridge infrastructure, utilities, drainage systems, and future operational phases of the Pasay 360 Project. This is a forward-looking recommendation, and no E&S Audit ESAP action is required for the remaining reclamation and coastal protection works.

4.2.5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

While the development does not involve physical displacement or involuntary resettlement, reclamation activities may affect fisheries-dependent livelihoods through changes in access to fishing areas, navigation routes, and marine resources. Existing fisheries studies indicate that significant fishing grounds are generally located outside the reclamation footprint and that fisheries productivity within the reclamation area is relatively low compared with other areas of Manila Bay. However, consultations, FGDs, KIIs, intercept surveys, and stakeholder engagement activities confirm that portions of the reclamation area and surrounding waters were historically utilized by fishers and continue to form part of broader fishing and navigation routes within Manila Bay.

The EPRMP identifies fisherfolk and coastal resource users as relevant stakeholder groups and documents ongoing stakeholder engagement and livelihood support activities. Particular attention has been given to fisheries-dependent stakeholders through consultations with the Pasay Libertad Anglers Association (PLAA), which has been consistently identified in Project studies, the Pasay City Coastal and Sea Use Plan (CSUP), stakeholder consultations, and field validation activities as the primary organized fisherfolk group operating in Pasay City. Consultations undertaken in 2022, together with subsequent FGDs and KIIs conducted in 2026, indicate that PLAA members are livelihood fishers rather than recreational anglers and utilize fishing grounds throughout Manila Bay, including waters off Pasay, Parañaque, Las Piñas, and Sangley Point in Cavite, depending on weather conditions, seasonality, target species, and resource availability.

Based on recent FGDs and KIIs, PLAA was formally recognized by the Pasay City Government as a local NGO in 2022 and was subsequently registered with the Bureau of Fisheries and Aquatic Resources (BFAR) in 2024. BFAR registration allows members to access fisheries assistance programs, including fishing gear support, net distribution, training programs, and other fisheries livelihood interventions.

As of the preparation of this report, PLAA comprises 64 members and collectively operates approximately 60 fishing boats. Representatives indicated that fishing remains the primary source of income for most members. Fishing vessels are commonly moored along the Pasay waterfront in the vicinity of the J.W. Diokno Bridge, where members maintain established buyers and market relationships for the sale of their catch.

Consultation records also indicate that some PLAA members participate in supported livelihood and community development initiatives, including regular coastal clean-up programs supported by SM since approximately 2024 and livelihood activities associated with nearby reclamation developments. They generally acknowledged potential economic benefits associated with the livelihood support programs while continuing to express concerns regarding declining fish catches, environmental changes, marine pollution, restricted access to portions of Manila Bay, and the long-term availability of fisheries resources.

The audit further found that fisheries resource use extends beyond PLAA members. Daily visual fishing boat monitoring recorded vessels operating in waters adjacent to the reclamation area originating from Pasay, Manila, Parañaque, Las Piñas, Navotas, Bacoor, Cavite, and other Manila Bay municipalities, indicating that fisheries-dependent stakeholders potentially affected by the reclamation works extend beyond Pasay City and include a broader regional fisheries community.

Notwithstanding the substantial stakeholder engagement undertaken to date, available information remains insufficient to fully quantify the number of potentially affected persons, the degree of household dependence on fisheries income, the role of alternative fishing grounds, the availability of alternative livelihoods, and the extent of indirect impacts on fisheries value chains, including fish buyers, traders, transport providers, processors, vendors, and others dependent upon fisheries-related economic activity. Information is also limited regarding the magnitude of continuing and future impacts associated with bridge construction, exclusion zones, vessel movements, and cumulative reclamation activities within Manila Bay.

While the audit found no evidence of physical displacement associated with the associated facilities, the potential for economic displacement remains a material consideration under IFC PS5, ADB ESS5, and AIIB ESS2. Existing studies and consultations provide a useful basis for understanding livelihood risks; however, additional assessment is required to quantify affected persons, evaluate livelihood dependency, assess continuing and future impacts, and determine the adequacy of existing mitigation measures. A dedicated Livelihood and Access Restriction Assessment and Economic Displacement Screening should therefore be undertaken. Based on the findings, the Land Acquisition Plan (LAP) should be prepared based on the Land Acquisition Framework (LAF) and detailed engineering designs to address any economic displacement risks and livelihood restoration requirements consistent with the Applicable Reference Framework.

4.2.6 Impacts on vulnerable groups

Based on the FGDs conducted and the documents provided (EIS, EPRMP, SDP, IEC Plan, and IEC Session After-Activity Reports), the vulnerable groups include women, senior citizens, youth, PWDs, IPs, LGBTQIA+ individuals, urban poor or low-income families, families affected by disasters or calamities (e.g., fire, typhoon, and flooding), fisherfolk, and informal settlers. In particular, the Pasay Libertad Anglers Association (PLAA) and the Pasay Tricycle Operators and Drivers Association (TODA) were identified as special interest groups.

It should be noted that the SDP and IEC Plan were prepared for the reclamation projects in Pasay City as a whole, comprising the Pasay 360 and Pasay 265 projects, both of which are located in Barangay 76. These documents identify constituents residing in the 201 barangays of Pasay City as the primary audiences or stakeholders and provide a baseline profile of the city. Although several key issues affecting vulnerable groups were identified, the studies lacked a robust impact assessment that would clearly define the actual and potential impacts of the reclamation projects on the vulnerable groups cited. In particular, the assessment of impacts on displaced PLAA fisherfolk was inconsistent. While the IEC Plan asserts that no fisherfolk are affected by the project, the FGDs with PLAA officers and members indicate that PLAA fisherfolk depend on fishing in the area for their livelihood.

One of the Pasay 360's main commitments is to create livelihood opportunities and prioritize the hiring of local residents, especially vulnerable groups, provided they are qualified. This commitment applies to both the construction and operation phases. Based on the FGDs with residents and officers of Barangay 76, however, the benefits of priority local hiring have not yet been experienced by the respondents. Informants noted that only PLAA members have benefited from the project through additional income opportunities. This was validated through interviews with PLAA and SMSCIDC, wherein the 63 members are paid PHP 6,300 for conducting coastal clean-ups every Saturday since 2024. This amount is divided among the members who participated in the clean-up on that day.

Results from interviews suggest that these opportunities were not provided as compensation for livelihood impacts, as SMSCIDC maintains that there have been no livelihood impacts. However, both parties have acknowledged that the reclamation and construction activities have limited their fishing grounds. The Pasay City Government also noted that fish catch was not quantified or documented prior to the reclamation activities, so impacts regarding fish catch have not been assessed.

The discussions with the Pasay City Government and SMSCIDC confirm that the latter is mainly responsible for implementing plans and programs that involve communication with stakeholders. In this regard, the LGU is primarily concerned with facilitating regulatory compliance and high-level planning. This is represented in the SDP and IEC Plan, wherein affected groups of Pasay 265 and Pasay 360 are not distinguished. However, the IEC Session After-Activity Reports prepared by the subcontracted communications consultant (ALPAS) show that IEC activities for the two reclamation projects are distinct from one another. These reports further show that engagements with vulnerable groups have primarily focused on introducing the reclamation projects and gathering feedback, comments, and insights.

Overall, the documents reviewed and field activities conducted reveal a gap in the stakeholder mapping and analysis needed to identify vulnerable stakeholders specific to the Pasay 360 project. In line with this, project-specific impacts on vulnerable groups may not be fully captured.

4.2.7 Biodiversity conservation and natural resources management

The audit found that biodiversity values have been incorporated into the Pasay 360 Project's environmental and social assessment and management framework through risk identification, assessment requirements, management commitments, and monitoring programmes. The EIS, EPRMPs, Biodiversity Management Plan (BMP), Environmental Monitoring Plan (EMoP), and associated environmental monitoring programs establish biodiversity requirements consistent with applicable Philippine regulatory requirements. The BMP identifies risks and management measures for terrestrial, coastal, and marine receptors. Baseline marine ecology assessments, including manta tow surveys, spot dives, fisheries profiling, and macro-invertebrate sampling, were undertaken and formed the basis of the project's environmental approvals.

The audit reviewed available monitoring reports, Compliance Monitoring Reports (CMRs), Self-Monitoring Reports (SMRs), and Multi-Partite Monitoring Team (MMT) records, together with ongoing monitoring conducted through the EMoP, and found that biodiversity-related monitoring and environmental compliance activities are being implemented. The monitoring results reviewed did not identify evidence of significant impacts to coral reefs, mangroves, seagrass habitats, or other ecologically sensitive habitats, consistent with the findings of the EIS and EPRMP baseline assessments. Environmental monitoring and fisheries assessments continue to characterize the Pasay 360 Project site as a highly modified marine environment dominated by soft-bottom habitats with relatively low biodiversity value.

The audit found that biodiversity commitments, including turbidity control measures, water quality monitoring, fisheries engagement activities, environmental inspections, and reporting requirements, have been incorporated into the environmental management framework and are being implemented through the associated facilities. No material biodiversity permit non-compliances were identified from the documentation reviewed.

However, the BMP does not define biodiversity performance indicators, numerical thresholds or alert levels, escalation criteria, or work-stoppage triggers, and does not set out defined responses to adverse monitoring results. Consequently, systematic application of the mitigation hierarchy is not demonstrated or documented. The audit concludes that the associated facilities generally demonstrate compliance with applicable Philippine biodiversity assessment, monitoring, and management requirements, and the principal findings relate to lender-specific requirements rather than deficiencies in biodiversity management performance. The absence of defined performance indicators and escalation criteria in the BMP represents partial alignment with the Applicable Reference Framework but does not constitute a regulatory compliance issue.

To strengthen biodiversity management and address the partial alignment identified above, this aspect is assessed as Partially Aligned, and the corresponding corrective action is ESAP-12. The BMP should be revised to define biodiversity performance indicators with numerical trigger and alert values, escalation and work-stoppage criteria,

and corrective action pathways, thereby demonstrating systematic application of the mitigation hierarchy. A formal process should also be established for reviewing monitoring results, escalating findings, and implementing corrective actions.

4.2.8 Indigenous Peoples

The EIS indicates that no Indigenous Peoples (IPs) settlements, ancestral domains, or areas covered by a Certificate of Ancestral Domain Title (CADT) are located within or in the immediate vicinity of the Project area. The EPRMP similarly states that the nearest CADT is in Rodriguez (Montalban), Rizal, relatively far from the Pasay 360 Project site and is therefore not expected to be affected. Also, the review of the PEISS documentation and environmental approval requirements found that neither the EIS nor the subsequent EPRMP processes identified the need for a Certificate of Non-Overlap (CNO) from the National Commission on Indigenous Peoples (NCIP) as a documentary requirement for approval, reflecting the determination that the site is not located within or adjacent to a recognized ancestral domain.

The EPRMP references the presence of individuals from various indigenous ethnic groups residing within Barangay 76 based on secondary demographic information from the 2020 Census of Population and Housing. However, the available documentation does not indicate the presence of a distinct Indigenous Peoples community within the Pasay 360 Project Aol that maintains collective attachment to ancestral territories, customary institutions, traditional resource use systems, or other characteristics typically associated with the definition of Indigenous Peoples under IFC PS7 and ADB ESS7. Stakeholder consultations, FGDs, KIIs, consultations with Barangay 76 representatives, Pasay City officials, fisheries stakeholders, and PLAA representatives did not identify issues, concerns, claims, or stakeholder representations relating to Indigenous Peoples, ancestral domains, traditional resource use, or distinct indigenous governance structures.

Based on the documentation reviewed and stakeholder engagement activities undertaken, the audit did not identify evidence indicating that Indigenous Peoples, as defined under IFC PS7 or ADB ESS7, are present or are likely to be affected by the associated facilities. Accordingly, ESS7 is considered not applicable based on the information currently available. However, this conclusion is provisional since an official screening against ESS7 has not yet been undertaken. As such, this determination as being inapplicable is provisional until a screening against the ESF definition is conducted and documented.

4.2.9 Cultural heritage

The EIS noted that experts from the National Museum stated the potential for artifacts to be found within the Pasay 360 project site. In the EPRMP and ESMS, the project committed to implementing a chance find procedure in coordination with relevant cultural agencies. In line with this commitment, a Cultural Heritage Chance Find Procedure (CFP) is in place and applies to all contractors, consultants, and workers conducting on-site and off-site works related to the Pasay 360 project, such as reclamation, dredging, excavation, filling, piling, infrastructure, utility, road, marine, coastal, and borrow-area sourcing activities.

However, there is a lack of documentation demonstrating the CFP's implementation. Records that would evidence this, including signed contractor acknowledgements, awareness or induction records, toolbox talk logs, inspection records, and implementation logs, were not available for review.

The EIS and EPRMP identified the heritage sites nearest to the Pasay 360 project site, confirmed that no heritage sites overlap with the project footprint, and noted that no historical landmarks will be affected. A Letter of No Objection (LONO) was also secured from the National Historical Commission of the Philippines (NHCP), which noted that the Commission only regulates portions of Manila Bay within the City of Manila. Provided that all construction activities and impacts on Manila Bay remain within Pasay City and do not overlap with the National Historical Landmark delineated in NHCP Resolutions No. 19, s. 2012, and No. 1, s. 2018, there are no significant regulatory gaps. However, some reputational risks remain. Stakeholders have expressed concerns regarding the project's impact on the Manila Bay sunset. Additionally, although not directly related to the SM Pasay 360 project, the NHCP resolutions may strengthen the arguments presented in the Verified Petition for Writ of Kalikasan and Writ of Continuing Mandamus regarding the historical and cultural value of Manila Bay.

Considering intangible heritage, the EPRMP identified several cultural activities conducted in Pasay City, none of which have been utilized or commercialized by the project. The Philippine Registry of Heritage (PRH) also does not document any additional intangible heritage within Pasay City. Based on the available documents, the baseline studies and consultations appear to lack a robust assessment of the presence of intangible heritage and the potential impacts on it, if any. Supporting documentation such as questionnaires and interview records addressing the presence of cultural heritage was not available for review.

This aspect is assessed as Partially Aligned, and the corresponding corrective action is ESAP-13. The CFP should be rolled out to all subcontractors, consultants, and workers through documented induction and toolbox talks, with signed acknowledgements. Inspection and implementation logs should be maintained to demonstrate ongoing implementation, including any chance finds, stop-work actions, and escalation to the National Museum where applicable.

4.2.10 Stakeholder engagement and Information Disclosure

The audit reviewed SMSCIDC's stakeholder engagement arrangements, implementation records, information disclosure activities, and grievance management mechanisms against the requirements of ADB ESS10. The audit reviewed the Pasay 360 project's stakeholder identification process, consultation activities, external communication arrangements, grievance mechanisms, stakeholder engagement records, and supporting documentation.

SMSCIDC has established and implemented a stakeholder engagement process through the Information, Education and Communication (IEC) Plan, EIS, EPRMPs, Social Development Plan (SDP), Stakeholder Engagement Plan (SEP), and associated consultation programs. Documentation reviewed indicates that affected parties, including local government units, regulatory agencies, nearby communities, fisherfolk groups, coastal resource users, and potentially affected stakeholders, have been identified and engaged throughout project planning and implementation. Consultation records reviewed include stakeholder meetings, public consultations, IEC activities, attendance records, FGDs, KIs, and documented stakeholder feedback.

The audit found that the stakeholder engagement process demonstrates several key elements of meaningful consultation as required under ADB ESS10, including early engagement, disclosure of SM Pasay 360 project information, two-way communication, opportunities for stakeholder feedback, freedom from coercion, and documentation of engagement activities. Consultation records indicate that concerns relating to flooding, fisheries, livelihoods, navigation, environmental conditions, access restrictions, and SM Pasay 360 implementation were discussed during engagement activities and that stakeholder feedback informed project planning, design refinements, environmental management measures, and community development programs.

The audit also reviewed the content of information disclosed to stakeholders. Information communicated through consultations, IEC activities, public meetings, and stakeholder engagements generally included project descriptions, reclamation and construction activities, development plans, environmental approvals, grievance mechanisms, community programs, and selected environmental management measures. Environmental and social issues discussed included flooding, fisheries, navigation, environmental conditions, community concerns, and Project implementation schedules. However, limited evidence was available demonstrating systematic disclosure of environmental monitoring results, residual environmental and social risks, cumulative impact considerations, and ongoing environmental and social performance information in a manner consistent with the information disclosure expectations of ADB ESS10.

However, the audit identified opportunities to enhance alignment with ESS10 requirements on inclusiveness and stakeholder identification. While the documentation demonstrates engagement with a broad range of affected parties, limited evidence was available demonstrating systematic identification and engagement of disadvantaged or vulnerable groups, including vulnerable households, women, elderly persons, persons with disabilities, low-income fisheries households, and other stakeholders who may face barriers to participation. The absence of such evidence does not indicate that engagement did not occur; rather, the audit could not verify that these groups were specifically identified, assessed, and engaged in a structured manner consistent with ESS10 requirements.

The audit further found that stakeholder engagement activities have primarily focused on stakeholders within Pasay City. However, under ADB ESS10, stakeholders include both affected parties and interested parties. The AoI extends

beyond Pasay City and includes fisheries-dependent stakeholders, navigation users, ecosystem-service beneficiaries, civil society organizations, environmental advocacy groups, academic institutions, government agencies, and other interested parties operating throughout Manila Bay. Fisheries monitoring, stakeholder consultations, and visual fishing boat monitoring confirm that marine resource users originate from Pasay, Manila, Parañaque, Las Piñas, Navotas, Bacoar, Cavite, and other Manila Bay municipalities. While some engagement activities included stakeholders from outside Pasay City, the documentation reviewed provides limited evidence demonstrating systematic engagement with fisheries stakeholders, civil society organizations, environmental advocacy groups, ecosystem-service beneficiaries, navigation users, and other interested parties throughout the wider Manila Bay. Accordingly, alignment with this aspect of ESS10 is considered partial. Therefore, the findings suggest that engagement should be conducted to cover fisherfolk and potentially affected communities outside Pasay, a balanced range of NGOs/CSOs, interested parties who raised concerns or petitions and relevant academic or research institutions.

Information Disclosure and Communication

SMSCIDC has implemented information disclosure and communication through stakeholder consultations, IEC activities, environmental monitoring reports, regulatory submissions, public consultations, and grievance reporting mechanisms. The arrangements reviewed are generally consistent with ADB ESS10 in providing channels for stakeholders to access project-related information and participate in consultation.

Information disclosed during stakeholder engagement activities included the SM Pasay 360 project description, reclamation and bridge development activities, construction schedules, environmental approvals, fisheries programs, grievance mechanism procedures, community development initiatives, and environmental and social commitments. Consultation materials and engagement records also indicate that information relating to assessed environmental, health and safety, and social impacts, including flooding, fisheries and livelihood impacts, navigation and marine access, environmental monitoring activities, traffic and access issues, public health and safety considerations, and corresponding mitigation and management measures, was communicated to relevant stakeholder groups.

In terms of content, the information disclosed covers the purpose, nature, scale and schedule of the project, the grievance mechanism, the main assessed impacts, and selected mitigation and management measures, which is consistent with the content ADB ESS10 expects to be disclosed. However, limited evidence was available demonstrating systematic disclosure of environmental monitoring results, residual environmental and social risks, cumulative impact considerations, and ongoing environmental and social performance information. The information disclosed therefore covers the assessed impacts and the main mitigation measures but does not yet show how performance against those measures is reported back to stakeholders.

Information disclosure is supported through consultation activities, public meetings, disclosures undertaken during the environmental permitting process, stakeholder engagement activities, and direct communication with affected stakeholder groups. The audit found evidence that concerns raised by stakeholders regarding fisheries, flooding, navigation, environmental quality, access restrictions, and livelihood impacts were discussed during engagement activities, and that Project representatives communicated mitigation measures, management responses, and ongoing environmental management commitments.

Information disclosure should continue to be undertaken in a timely, accessible, and understandable manner, taking into consideration different information needs, literacy levels, accessibility requirements, and the circumstances of affected and interested stakeholder groups. Attention should be given to disclosing environmental and social monitoring results, cumulative impact considerations, livelihood-related information, and the status of mitigation and management measures relevant to fisheries-dependent stakeholders and other communities within the Aol. Records demonstrating what information was disclosed, to whom, through which communication method, and when disclosure occurred should also be maintained. This would provide supporting evidence that information was made available sufficiently early to enable informed participation and meaningful consultation consistent with ADB ESS10. The corresponding corrective action is ESAP-14, which requires that project impacts, mitigation measures, monitoring results, and cumulative impact information be disclosed in an accessible form before each engagement..

External Communication and Grievance Mechanism

SMSCIDC has established channels for external communication and grievance management. A project-level grievance mechanism has been established by the Pasay LGU and its private joint venture partners to receive, investigate, address, and document complaints and grievances. The grievance process includes complaint receipt, registration, investigation, corrective action, communication of outcomes, escalation where necessary, and closure of grievance cases.

Grievances may be submitted through multiple channels, including stakeholder consultations, direct communication with project representatives, local government communication channels, and established stakeholder engagement mechanisms. Responsibility for grievance management is assigned to designated Pasay 360 project and LGU representatives who are responsible for documenting, investigating, responding to, and resolving stakeholder concerns.

The review also identified documented grievance procedures under the Grievance Redress Mechanism (GRM), including procedures applicable to sand-source-related claims. Available grievance management records reviewed during the audit indicated that no formal complaints had been received from 2022 to the time of the audit and no unresolved grievances were identified in the records reviewed.

The establishment of the grievance mechanism is consistent with ADB ESS10, which requires an accessible and inclusive process through which affected people and other stakeholders can raise concerns and have them addressed in a timely manner. The consolidation of the project, MMT and contractor grievance procedures into one accountable system, with one acknowledgement and resolution timeline, is addressed under the Corporate ESMS Audit ESAP-12.

Overall, the audit considers the stakeholder engagement arrangements to be Partially Aligned with ADB ESS10. The established stakeholder engagement, information disclosure, consultation, and grievance management procedures, and the records reviewed demonstrate alignment with several ESS10 principles, including early engagement, disclosure of information, meaningful consultation, stakeholder participation, two-way communication, consideration of stakeholder feedback, freedom from coercion, and documentation of engagement activities.

Opportunities for improvement remain in relation to the engagement of interested parties beyond Pasay City and throughout the broader Manila Bay, and the documentation and disclosure of environmental and social impacts, mitigation measures, monitoring results, and cumulative impact information. These findings represent opportunities to enhance alignment with ADB ESS10 rather than an absence of stakeholder engagement arrangements. The corresponding corrective action is ESAP-14, which requires meaningful consultation with fisherfolk and affected communities outside Pasay, interested parties such as NGOs and CSOs, and relevant academic or research institutions, with environmental and social information disclosed before each engagement and stakeholder views documented and responded to..

4.2.11 Human rights-related risks where relevant

Human rights principles were incorporated within SMSCIDC's governance, labor, health and safety, stakeholder engagement, grievance management, and supplier management systems. Commitments relating to fair treatment, equal opportunity, non-discrimination, worker welfare, occupational health and safety, ethical conduct, and prohibition of child labor, forced labor, harassment, exploitation, and retaliation are reflected in the H&S Policy, Codes of Conduct, grievance mechanisms, and labor management practices reviewed during the audit.

The audit also identified established worker and stakeholder grievance mechanisms, whistle blowing channels, stakeholder engagement processes, and consultation procedures that support the protection of worker and community rights. The Stakeholder Engagement Plan and ESMP provide mechanisms for consultation disclosure, feedback, grievance management, stakeholder participation, protection of vulnerable groups, worker welfare, and community health and safety. These processes provide channels for workers, contractors, communities, and other stakeholders to raise concerns without retaliation.

However, the audit determined that the SMSCIDC is partially aligned with international human rights standards and lender requirements. While human rights commitments were addressed through various policies, and procedures, no standalone Human Rights Policy or formal Human Rights Due Diligence Framework was identified. In addition, no

documented process was available for systematically identifying, assessing, monitoring, and managing human rights risks associated with the project activities, contractors, suppliers, vulnerable groups, recruitment practices, security arrangements, or supply chain operations. Although grievance mechanisms are established and no human rights-related grievances were recorded during the review period, no dedicated process was identified for tracking investing, reporting, and remedying human rights impacts in line with internationally recognized standards.

The review also identified gaps relating to freedom of association and collective bargaining, ethical recruitment, forced labor prevention, child labor verification, workforce reduction procedures, GBV/SEA/SH response measures, and human rights due diligence requirements for contractors and suppliers. While these topics are partially addressed through existing employment practices, supplier requirements, and workplace conduct provisions, they have not been consolidated within a comprehensive human rights management framework.

Overall, SMSCIDC demonstrated a foundation on human rights protection through all the reviewed documents. To achieve full alignment with the UN Guiding Principles on Business and Human Rights (UNGPs), IFC Performance Standards, and lender requirements, a formal Human Rights Policy and Human Rights Due Diligence Procedure covering human rights commitments, non-discrimination, freedom of association, child and forced labor prevention, ethical recruitment, protection of vulnerable groups, contractor and supplier requirements, and mechanisms for monitoring, reporting, and remedying human rights impacts throughout the project lifecycle should be established.

5 Media Monitoring & Reputational Risk

Media and online search results reviewed as of 2 September 2026 indicate that the Pasay 360 project operates within a highly visible and polarized public environment. The review identified three broad streams of public discourse: (i) positive narratives focused on economic development and national infrastructure, (ii) negative narratives focused on environmental and social impacts, and (iii) procedural or neutral reporting associated with regulatory and project updates. Approximately 53% of the narratives reviewed were negative, 33% were positive, and 14% were neutral, suggesting that critical narratives currently dominate public discussion with regards to the project and Manila Bay reclamation more broadly.

The sentiment analysis prepared by SMSCIDC and SM Prime similarly identifies positive themes centered on economic progress, job creation, investment generation, urban development, and city decongestion, while the dominant negative themes relate to flooding, fisheries livelihoods, sea level rise, land subsidence, and broader concerns regarding Manila Bay reclamation activities. The media sentiment review and SMSCIDC's own sentiment monitoring therefore show strong consistency in the perception drivers affecting the Pasay 360 project.

5.1 Positive Narratives

The strongest positive narratives identified in both the media review and stakeholder sentiment analysis relate to:

- Economic growth and investment generation
- Job creation and employment opportunities
- Urban expansion and redevelopment
- Transformation of Pasay City into a major commercial and mixed-use district
- Infrastructure development and modernization
- Climate-resilient urban development
- Increased public amenities and services.

Government agencies, business media, and Pasay 360 project proponents regularly characterize the project as a flagship infrastructure and economic development initiative, emphasizing projected employment generation, real estate investment, public facilities, and integration with broader infrastructure programs. The Pasay 360 Project is also promoted as a key component of long-term urban development strategies in the Manila Bay area.

The sentiment analysis conducted by SMSCIDC similarly highlights narratives relating to economic progress, employment generation, global investment attraction, urban decongestion, and improved coastal development. These positive themes generally align with the benefits identified in the Pasay 360 project's planning documents and stakeholder engagement activities.

5.2 Negative Narratives

While positive narratives exist, the media review demonstrates that the most persistent reputational risks are driven by several recurring public concerns.

5.2.1 Flooding and Water Circulation

The most dominant negative narrative relates to allegations that Manila Bay reclamation projects contribute to flooding by obstructing natural water flow pathways and drainage systems. Following major flooding events in 2024 and 2026, public debate intensified around whether reclamation activities contributed to flooding in Pasay and surrounding areas. Although government agencies and the Pasay LGU have repeatedly disputed these allegations and attributed flooding to drainage and waste-management issues, the flooding narrative continues to re-emerge after major storm events.

This theme is also reflected in SMSCIDC's own sentiment analysis, where "flooding because reclamation impedes water flow" is among the most frequently recurring negative perceptions.

5.2.2 Fisheries and Livelihood Impacts

The second major narrative relates to impacts on fisherfolk and fisheries-based livelihoods. Several advocacy groups, including fisherfolk organizations, continue to frame Manila Bay reclamation as a threat to fisheries productivity, marine habitats, access to fishing areas, and coastal livelihoods. These concerns frequently appear in media articles, legal actions, public statements, and protest activities.

The review notes that livelihood impacts remain one of the most durable and emotionally resonant narratives surrounding the project. Importantly, many of these concerns are framed not only in terms of current impacts but also future access restrictions, declining catch, and long-term livelihood security.

5.2.3 Environmental and Biodiversity Concerns

Media reporting continues to cite expert assessments and advocacy-group positions that associate Manila Bay reclamation with:

- Biodiversity loss
- Habitat degradation
- Marine ecosystem impacts
- Coastal ecosystem disruption
- Water quality deterioration
- Increased exposure to environmental health risks.

Many of these concerns are discussed at the broader Manila Bay level rather than specifically for Pasay 360. However, public audiences do not necessarily distinguish between individual reclamation projects. As a result, broader concerns associated with Manila Bay reclamation are frequently attributed to the SM Pasay 360 project.

5.3 Legal and Governance Issues

The media review also highlights ongoing legal and policy developments associated with Manila Bay reclamation, particularly the Writ of Kalikasan and Continuing Mandamus Petition (G.R. No. 277351). The petition was filed by Pamalakaya and Kalikasan People's Network for the Environment (Kalikasan PNE) against the DENR and the PRA over Manila Bay reclamation and seabed quarrying activities. Subsequent Supreme Court actions expanded the proceedings to include local government units and private reclamation proponents associated with Manila Bay developments. Although the case is not specific to the SM Pasay 360 project, it remains associated with the broader legal, regulatory, and policy debate surrounding reclamation activities in Manila Bay.

The media and online review identified several recurring themes that continue to influence stakeholder perceptions of the project:

Transparency of reclamation approvals and exemptions

Public discourse continues to question the basis for reclamation approvals and exemption decisions under national reclamation review processes. These discussions are often linked to broader concerns regarding regulatory transparency, consistency of decision-making, and accountability in the approval process.

Flooding and water circulation concerns

Reclamation projects in Manila Bay are frequently associated with allegations that they contribute to flooding, alter drainage patterns, or affect natural water circulation. These narratives tend to resurface following major storm and flooding events and remain one of the most persistent public concerns associated with Manila Bay reclamation activities.

Fisheries and livelihood impacts

Advocacy groups, fisherfolk organizations, and affected stakeholders continue to express concerns regarding impacts on fisheries productivity, access to fishing grounds, marine habitats, and long-term livelihood security. These issues are frequently presented as significant social and environmental consequences of reclamation activities.

Environmental and biodiversity impacts

Media coverage regularly references concerns relating to biodiversity loss, degradation of coastal and marine habitats, loss of ecosystem services, and broader environmental impacts associated with reclamation activities in Manila Bay.

Legal and regulatory challenges

Ongoing legal proceedings, including the Writ of Kalikasan and Continuing Mandamus Petition (G.R. No. 277351) filed by Pamalakaya and Kalikasan People's Network for the Environment (Kalikasan PNE), continue to attract public attention and contribute to broader scrutiny of Manila Bay reclamation projects. Although not specific to Pasay 360, these proceedings influence public perceptions of reclamation developments across Manila Bay.

Governance and public trust issues

Reclamation projects are sometimes discussed within broader debates regarding governance, environmental management, infrastructure development, and public accountability. Consequently, reputational risks affecting the Pasay 360 project are influenced not only by project-specific performance, but also by wider perceptions of Manila Bay reclamation activities and public confidence in government and private-sector infrastructure developments.

As a result, public perception of the Pasay 360 project is influenced not only by project-specific environmental and social performance, but also by broader narratives, legal developments, stakeholder campaigns, and public debates relating to Manila Bay reclamation as a whole. These issues may continue to shape stakeholder perceptions even where the Pasay 360 project remains compliant with applicable environmental approvals, permit conditions, and regulatory requirements.

6 Proposed Environmental and Social Measures

6.1 Environmental and Social Action Plan

The ESAP was developed based on the findings of the audit, focusing on requirements assessed as Partially Aligned with the Applicable Reference Framework. The ESAP identifies corrective and improvement measures required to address identified gaps and improve the Pasay 360 project's ability to manage E&S risks and impacts. The ESAP includes actions to address identified gaps and opportunities for improvement associated with ongoing activities, as well as measures required to support future phases. To facilitate implementation and monitoring, actions have been prioritized and linked to key financing and development milestones.

Table 3 Environmental and Social Action Plan

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
E&S Assessment and Management - ADB ESS1, AIIB ESS1, IFC PS1, EP4					
ESAP-01	No lender-aligned Cumulative Impact Assessment (CIA). Existing EIS/EPRMP cumulative assessments focus primarily on (hydrodynamic conditions, water circulation, flooding, storm surge, sediment transport, flushing, water quality, navigation, coastal processes. A DENR-EMB-commissioned cumulative assessment covering 21 Manila Bay reclamation projects (conducted by MERF) appears to underpin the 22 July 2026 ECC bridge amendment. The study is confirmed as not publicly accessible at this stage.	Prepare a Cumulative Impact Assessment (CIA) for the Pasay 360 Project, using the IFC rapid CIA approach as a guide, including the template terms of reference in its Appendix 3. This is not a full regional study. The CIA will: i) Identify the key environmental and social receptors likely to be affected by the Project together with other existing and reasonably foreseeable developments in the area. ii) Set spatial and temporal boundaries for the assessment. iii) Secondary data maybe used where first hand data is unavailable and that publicly available or desktop-based data may be relied upon, as necessary. iv) Assess the Project's contribution to cumulative effects on those receptors, and set out proportionate management monitoring measures.	SMSCIDC	Rapid CIA for Pasay 360 and Pasay 265	10 weeks from Investment Committee Meeting
Labor and Working Conditions (ADB ESS2; AIIB ESS1; IFC PS2; ILO Core Labour Standards; Philippine Labor Code and DOLE Regulations; UNGPs; OECD Guidelines for Multinational Enterprises; GIIP)					
ESAP-02	Peak workforce estimates are provided in the EPRMP (approx. 1,200–1,500 for reclamation/horizontal works; 200–1,000 at peak bridge construction), but no current actual workforce composition, contractor/subcontractor breakdowns, sex-disaggregated data, or workforce completion schedules are available.	Establish a contractor workforce register covering size, composition (including local, migrant, and foreign workers, and sex-disaggregated data), peak levels, and demobilization schedule. Update the register quarterly.	SMSCIDC / Contractors	Workforce register	Prior to First Drawdown

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
ESAP-03	The grievance mechanism reaches contractor personnel through multiple channels, including GRM boxes, supervisors, and toolbox meetings. However, the GRM boxes show zero submissions to date, and discussion during the E&S audit confirmed that worker concerns raised during toolbox meetings are not formally recorded - only attendance is documented, while the substance of any grievances or concerns raised is verbal only. As a result, the absence of recorded grievances cannot be treated as evidence that the mechanism is effective, since informally raised concerns are not captured, tracked, or demonstrably resolved. No periodic assessment of worker awareness or confidence in the mechanism has been conducted.	Cascade the Corporate GRM to CHEC	SMSCIDC / CHEC	Evidence of Cascade	Prior to First Drawdown
Health, Safety, and Security (ADB ESS4, AIIB ESS1, IFC PS4)					
ESAP-04	Evidence demonstrating implementation of the Emergency Response Plan training and drill requirements was not provided for review. The ERP requires emergency response training and periodic emergency drills/exercises, including offshore scenarios such as oil spill response, fire/explosion, MEDEVAC and man-overboard, and onshore scenarios such as fire, environmental spill, medical emergency, security incident, and earthquake/tsunami drills. The ERP also requires emergency-related records to be maintained. Aside from an earthquake drill report conducted at SM Prime Headquarters, no evidence of project-specific drills, exercises, training records, or emergency drill documentation was provided for verification.	The Contractor shall update the ERP to require the maintenance of training attendance records, drill/exercise evaluations, lessons learned, and corrective action tracking for all emergency drills and exercises. The Contractor shall prepare and submit to ADB a drill plan covering the remaining reclamation and coastal protection works, including relevant onshore and offshore emergency scenarios. At a minimum, one onshore drill and one offshore drill shall be conducted and documented. Records shall include the drill plan, attendance sheets, drill reports, evaluation results, lessons learned, and corrective action status to demonstrate implementation and continual improvement of emergency preparedness. Report on the implementation of drill plan to be	SMSCIDC / Contractors	i) Updated ERP ii) Drill plan and Drill reports one onshore and offshore reports iii) Safeguards and Social Monitoring Report	i) - ii) Prior to First Drawdown iii) periodic report to ADB

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
		included in the periodic Safeguards and Social Monitoring Report			
ESAP-05	The H&S Manual (Section 27) describes site security arrangements and access controls, including a licensed third-party security provider, perimeter fencing, ID badges, visitor escort and gate control. No documented evidence was provided of (i) security personnel training on use of force, code of conduct, human rights, stakeholder interaction or incident management; (ii) a security risk assessment; or (iii) periodic performance evaluation or monitoring of the security provider.	i) Conduct a Pasay 360 Project Security Risk Assessment covering the site, personnel, contractors and community interfaces. ii) Establish and maintain training records for security personnel, covering human rights, conflict de-escalation, emergency response and stakeholder engagement. iii) Monitor and evaluate the contracted security provider periodically, and retain inspection, audit and review records. iv. Record, investigate and report security-related incidents and grievances through the GRM.	SMSCIDC / Contractors	i) Security Risk Assessment; ii) security personnel training records and training plan; iii) security provider monitoring or performance review records to be included in periodic reporting to lenders iv) security incident register to be included in periodic reporting to lenders	i) - ii) Prior to First Drawdown, iii) - iv) periodic report to ADB

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
Pollution Prevention and Resource Efficiency (ADB ESS1 & ESS3, AIIB ESS1, IFC PS3, GIIP)					
ESAP-06	Five management plans referenced in the ESMS as containing detailed pollution prevention operational controls (Erosion and Sedimentation Control Plan, Material Use and Waste Management Plan, Excavation and Soil Waste Disposal Plan, Chemical, Oil, Fuel Storage and Refuelling Plan, and Water Resources and Water Quality Management Plan) were not provided as standalone, numbered documents. Review of CHEC's EMP and HSES Manual confirms the underlying technical content exists but is embedded across broader documents (EMP S6.2 Water Quality, S6.5 Waste Management, S8.1 Monitoring; HSES-005 Excavations & Tunneling) rather than packaged as five discrete, controlled plans. The EMP itself mentions a Project Waste Management Plan (PWMP) and Hazardous Waste Management Plan (HWMP) as separate documents, but these were not independently confirmed as provided. As a result, SMSCIDC has no documented basis on which to verify, approve, or reject a contractor-submitted plan against a defined standard for sedimentation, effluent, air emissions/dust, vessel/equipment emissions, hazardous materials/fuel, or waste and spill prevention controls.	Agree with CHEC on the minimum content to be included in each of the five plans (objectives, scope, measurable targets/thresholds, roles and responsibilities, monitoring and reporting) consistent with ADB ESS1 and ESS3 requirements. CHEC to issue each plan (including the referenced PWMP and HWMP) as a standalone, numbered, and dated document reflecting the agreed content, and submit these to SMSCIDC for formal review and approval. Establish a plan register recording plan number, revision, approval date, and status for all five plans, with SMSCIDC approval as a precondition for continued related works.	SMSCIDC / CHEC	Signed and SMSCIDC-approved versions of each plan (or confirmation of consolidation where justified); updated plan register showing plan number, revision, approval date, and status	Prior to First Drawdown
ESAP-07	Fill material suitability was based on geotechnical assessment only. Fill material contamination assessment covered TCLP analysis of 5 sand sources (Buciao River, PRA 2000, Maloma, Amnay River, Abra River with 1 sample per borrow area) and none of the 5 rock sources. Sample coordinates, depth and methodology were not documented. Other relevant contaminants such as total metals,	For future sand and fill sources, apply a documented, GIIP-consistent sampling and testing protocol before the source is approved. Conduct an additional marine water quality sampling to check for the presence of the following parameters: Co, TPH, PAHs, OCPs and PCBs. Develop a new monitoring protocol based on the sampling results and update the marine water quality monitoring programme (ESMoMP)	SMSCIDC	i) Approved sand source testing protocol, incorporated into the ESMS and contractor requirements; ii) Updated marine	i) Prior to the first drawdown, if procurement of any additional materials are required to complete the remaining works.

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
	organics, TPH and PCBs were not analyzed and are also not covered by the current marine water quality monitoring program.	accordingly. Implement adaptive management measures where warranted by the monitoring results. Existing stations will be retained where suitable. Additional stations, as needed, will be added around the islands and in the inter-island channels, with final locations set in the baseline design.		water quality monitoring plan iii) adaptive management measures, if required	ii) Prior to first drawdown iii) As per agreement with Lenders
ESAP-08	This finding on waste management recordkeeping (waste manifests, in/out inventory, monthly tracking logs, inspection/audit records, transfer notes, training records, and performance reports) is related to, but distinct from, the finding on the five contractor management plans (ESAP-07), which identifies that the Material Use and Waste Management Plan referenced in the ESMS has not been provided as a standalone, approved document with defined content, targets, and hold points. Waste segregation, hazardous waste storage/labelling, and third-party TSD engagement were verified during site inspection and interviews as operating in practice, with TSD facilities issuing certificates of final disposal/treatment, indicating the underlying system is functioning even though the governing plan has not been formalized. Once the Material Use and Waste Management Plan is issued and approved under ESAP-07, it should explicitly incorporate the recordkeeping and monitoring requirements identified in this finding, rather than treating them as a separate, parallel obligation. Closure of this item should be coordinated with, and where possible verified against, the approved plan under ESAP-07.	Maintain waste manifests, an inventory of products coming in and out of the project, monthly waste tracking logs, inspection and audit records, waste transfer notes, training records, and waste management performance reports. Once the Material Use and Waste Management Plan is issued and approved under ESAP-07, it should explicitly incorporate these recordkeeping and monitoring requirements as its monitoring and reporting section, rather than treating them as a separate, parallel obligation.	SMSCIDC / Contractors	Waste manifests; waste in/out inventory; monthly waste tracking logs; inspection and audit records; waste transfer notes; training records; waste management performance reports	Closure of this item should be coordinated with, and where possible verified against, the approved plan under ESAP-07.

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
ESAP-09	Given the scale of the 360-hectare Pasay Reclamation Project, its location along Manila Bay, and its proximity to highly urbanized areas including the MOA-PICC complex, the Macapagal Boulevard corridor, commercial developments, and nearby communities, there remains potential for construction-related dust impacts during the remaining project works. While major offshore reclamation activities have largely been completed, ongoing construction activities continue to have the potential to generate dust and affect nearby receptors if not properly managed. The main potential dust sources during the remaining construction period include surcharge removal activities and hauling of dry sand, land vibrocompaction and surface compaction works, heavy vehicle and equipment movements along haul roads and temporary access routes, rehandling of reclaimed sand, exposed sandy surfaces and stockpiles during dry and windy conditions, and the handling of aggregates and quarry rock for revetment and wave wall construction. These activities may generate localized dust emissions, particularly during periods of intensive earthworks and strong winds. The EPRMP identifies mitigation measures and provides for quarterly monitoring of Total Suspended Particulates (TSP) and PM₁₀ to manage potential air quality impacts. However, no standalone Air Quality Management Plan or Dust Management Plan was prepared. In addition, given the scale of the project, the proximity of sensitive receptors, and the nature of the remaining works, it is recommended that the existing monitoring program be supplemented with routine site inspections focused on visible dust	The Project Proponent shall develop and implement a site-specific Air Quality and Dust Management Plan for the remaining construction period. The plan should consolidate existing mitigation measures, clearly define responsibilities, identify dust-generating activities and nearby sensitive receptors, establish requirements for dust suppression and housekeeping, and include procedures for routine site inspections, complaint management, and corrective actions. In addition to the existing quarterly TSP and PM₁₀ monitoring program, the project should undertake regular visual inspections to monitor visible dust emissions, dust movement beyond project boundaries, prevailing wind conditions, and potential impacts on nearby receptors. Monitoring results, inspection records, complaints received, and corrective actions implemented should be documented and reported as part of the project's environmental monitoring and reporting requirements.	SMSCIDC / Contractors	Air Quality and Dust Management and Monitoring Plan	Prior to first drawdown

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
	emissions, dust movement beyond project boundaries, prevailing wind conditions, and potential impacts on nearby receptors. This would provide additional assurance that construction-related dust is effectively managed throughout the remaining construction period in accordance with a risk-based approach to environmental management.				
PAPs, Livelihood Restoration and Economic Displacement (ADB ESS5, AIIB ESS2, IFC PS5)					
ESAP-11	As a condition of the 22 July 2026 ECC amendment, the proponent to coordinate with MBCO on updating the Coastal Ecosystem Management Plan/Program consistent with the a) Manila Bay Coastal Strategy Operational Plan, b) the Supreme Court Mandamus on Manila Bay, and c) Pasay City rules and regulations; and to submit the coordination or updating report to EMB Central Office within 30 days after the coordination or updating.	i. Coordinate with MBCO and document the outcome, including whether an update is needed. ii. If an update is needed, prepare it consistent with items (a) to (c). iii. Submit the coordination report or documentation to EMB Central Office.	SMSCIDC	i) MBCO coordination records, ii) the updated plan (if required), and iii) proof of submission to EMB Central Office.	i and ii) Prior to first drawdown, iii) Post-drawdown milestone, to be agreed with lenders

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
Biodiversity Conservation and Sustainable Management of Living Natural Resources					
ESAP-12	Biodiversity values incorporated via risk identification, assessment requirements, management commitments, monitoring programs; the BMP identifies risks/measures for terrestrial, coastal and marine receptors; baseline marine ecology assessments undertaken (manta tow, spot dives, fisheries profiling, macro-invertebrate sampling); monitoring via the EMoP. Absent: performance indicators, numerical thresholds/alert levels, escalation criteria, work-stoppage triggers, defined responses to adverse results; mitigation hierarchy not systematically applied/documented.	Revise the BMP to define biodiversity performance indicators with numerical trigger/alert values, escalation/work-stoppage criteria, and corrective action pathways, demonstrating systematic mitigation hierarchy application. Establish a formal process for reviewing monitoring results, escalating findings and implementing corrective actions.	SMSCIDC	Revised BMP	Prior to First Drawdown
Cultural Heritage (ADB ESS8, IFC PS8)					
ESAP-13	A Cultural Heritage Chance Find Procedure (PRO-INT-LRC-003) is in place and applies to all contractors, consultants, and workers undertaking reclamation, dredging, excavation, filling, piling, infrastructure, utility, road, marine, coastal, and borrow-area sourcing activities. The EIS notes potential for artifacts at the site. However, records demonstrating the procedure's implementation were not provided, including signed contractor acknowledgements, awareness or induction records, toolbox talk logs, inspection records, and implementation logs.	Roll out the Chance Find Procedure to all contractors, subcontractors, consultants, and workers through documented induction and toolbox talks, with signed acknowledgements. Maintain inspection and implementation logs (including any chance finds, stop-work actions, and escalation to the National Museum where applicable) to demonstrate ongoing implementation.	SMSCIDC / Contractors	Signed contractor acknowledgements; induction/awareness training records;	Prior to First Drawdown

SM Pasay 360 Project — E&S Compliance Audit ESAP					
ESAP Ref.	Gap / Finding	Corrective Action	Responsibility	Evidence of Completion	Timing
Information Disclosure (ADB ESS10, AIIB ESS1, IFC PS1, EP4 Principle 5)					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	
	[REDACTED]	[REDACTED]		[REDACTED]	

7 Appendices

Appendix A. RFI Checklist

Information
Corporate Information
Company-related Information
Legal Name of the company
Business Address
Authorized company representative (name and designation)
Articles of Incorporation
SEC Registration Certificate
Project Overview/Project Components
Official project name
Approved master plan showing all project components, development phases, land-use allocations, and future expansion areas.
Latest site layout drawings (PDF and CAD), location maps, zoning plans, utility layouts, and GIS shapefiles.
Detailed implementation schedule, construction phasing plan, key milestones, and commissioning timelines.
List and description of associated facilities, common infrastructure, utilities, access roads, substations, drainage systems, wastewater facilities, disposal sites, borrow areas, and logistics facilities.
Project area coordinates, cadastral plans, reclamation limits, and geographic boundaries in GIS format.
Conceptual, preliminary, or detailed engineering design reports and design criteria.
Project Alternatives Assessment - Analysis of alternatives considered for project design, location, technology, and implementation approaches.
Corporate Governance (IFC PS1, ADB ESF/ESS1, AIIB ESS1, OECD Principles of Corporate Governance, and International Good Practice)
Ownership structure
Board and management structure
Corporate organizational chart
ESG reports, if available
Project Organization Structure - Organizational chart showing project owner, PMC, EPC contractors, designers, and operators.
Environmental and Social Management System (IFC PS1, ADB ESS 1, AIIB ESS 1)
ESMS Manual
Environmental and Social Policy
Sustainability Policy (if separate)
Human Resources Policy
Occupational Health and Safety Policy
Contractor Management Policy
Supply Chain/Vendor Management Policy
Stakeholder Engagement Policy
Grievance Mechanism Procedures
Organizational chart showing E&S responsibilities
Terms of Reference for E&S personnel and committees
ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System), or other relevant EHS-related certifications.
Environmental Information (IFC PS1, IFC PS3, IFC PS6, ADB ESS 1, ESS 3, ESS 6, AIIB ESS 1)
Environmental permits and reports
Environmental Compliance Certificate (ECC), including amended ECCs, if applicable
Environmental Impact Statement
Environmental Performance Monitoring and Reporting Plan, if applicable
Environmental and Social Impact Assessment Report
Environmental Monitoring Reports (CMRs, SMRs, etc.)
Environmental permits and approvals, including ECCs, tree-cutting permits, discharge permits, APCI permits, water permits, hazardous waste registrations, and other applicable environmental licenses
Environmental Studies
Biodiversity and Ecology
Biodiversity assessment reports
Critical habitat assessments
Biodiversity Management Plan and/or Biodiversity Action Plan

Information
Hydrology, Drainage and Natural Hazards
Hydrology, water resources, and flood risk studies
Drainage and stormwater management
Geology, geohazards, and natural hazards
Climate risk and vulnerability assessment
Water Supply Requirements
Construction and operational water demand estimates
Identified Water source
Groundwater extraction information and permits, if applicable
Projected abstraction volumes
Stakeholder Engagement (IFC PS1, ADB ESS 10, AIIB ESS 1)
Stakeholder engagement plan
Stakeholder mapping
Grievance and redress mechanism
Stakeholder engagement records, consultation reports, IEC activities, meeting minutes, and photo documentation
Labor and Working Conditions (IFC PS2, ADB ESS 2, AIIB ESS 1, ILO Core Labour Standards)
Human Resources Policy Manual
Labor Management Procedures (LMP)
Employee Code of Conduct and Ethics Policy
Non-Discrimination, Equal Opportunity, and Anti-Harassment Policies
Child Labor and Forced Labor Prohibition Policies
Recruitment, Hiring, Promotion, and Termination Procedures
Working Hours, Overtime, Wages, Benefits, and Leave Policies
Freedom of Association and Collective Bargaining Policies and Agreements
Worker Accommodation Standards and Management Procedures (if applicable)
Worker Grievance Mechanism Procedures and Grievance Logs (last 3-5 years)
Workforce Demographics (employees, contractors, subcontractors, migrant workers, security personnel)
Records of labor inspections, labor disputes, regulatory notices, and non-compliance findings
Occupational Health and Safety (OHS)
Corporate OHS Management System and Policies
OHSMS certifications (ISO 45001 or equivalent), if available
Hazard Identification and Risk Assessment (HIRA/HIRAC) procedures
Job Hazard Analysis (JHA/JSA) and Safe Work Procedures
Emergency Preparedness and Response Plans
Occupational Health Programs and Medical Surveillance Programs
Worker training and competency records
OHS performance statistics for the past 3-5 years,
Regulatory inspections, notices of violation, and enforcement actions related to worker health and safety
Incident and Grievance Management
Incident and Accident Registers (employees and contractors)
Environmental, Health, Safety, Security, and Social (EHSS) incident logs
Major Incident and Fatality Investigation Reports
Root Cause Analysis Reports
Corrective and Preventive Action (CAPA) Registers
Security-related incident records
Community health and safety incident records
Worker grievance logs and resolution records
Records of strikes, labor unrest, work stoppages, or significant workforce disputes
Regulatory reporting and notifications associated with significant incidents
Contractor and Supply Chain Management
Contractor and Subcontractor Management Procedures
Contractor Environmental, Social, Health and Safety (ESHS/HSE) Plans
Contractor Prequalification and Due Diligence Assessments
Contractor Labor Compliance Requirements
Contractor Codes of Conduct
Contractor OHS Performance Reports and Statistics (last 3-5 years)

Information
Contractor Incident and Accident Records
Contractor Training and Competency Records
Contractor Audit and Inspection Reports
Corrective Action Tracking Reports
Monitoring reports on contractor compliance with labor, OHS, and worker welfare requirements
Supply Chain Due Diligence Procedures relating to labor risks, including child labor, forced labor, and significant occupational safety risks
Community Health and Safety Management (IFC PS4, ADB ESS 4, AIIB ESS 1)
Community Health and Safety Management
Community Health, Safety and Security (CHSS) Policy
Community Health and Safety Management Plan
Stakeholder Engagement Plan (SEP)
Community Grievance Mechanism Procedures and Grievance Register
Community Risk Assessment Reports
Community Health Impact Assessment (CHIA), if available
Community Safety Awareness and Outreach Program Records
Traffic, Transport and Road Safety
Traffic Impact Assessment (TIA)
Traffic Management Plan
Road Safety Assessment
Transport and Logistics Management Plan
Driver Management and Vehicle Safety Programs
Traffic Accident and Road Incident Records
Community Complaints Related to Traffic, Transport, Dust, Noise, and Safety
Emergency Preparedness and Community Response
Emergency Preparedness and Response Plan (EPRP)
Disaster Risk Reduction and Management Plan (DRRMP)
Community Emergency Response and Evacuation Procedures
Fire and Emergency Response Plans
Emergency Drill Records and After-Action Reports
Coordination Arrangements with Local Government Units, Emergency Services, and Healthcare Facilities
Community Notification and Communication Procedures for Emergencies
Community Incidents, Security and Vulnerable Groups
Community Health and Safety Incident Logs (last 3-5 years)
Records of Community Injuries, Fatalities, Property Damage, and Significant Complaints Associated with Project Activities
Security Management Plan
Security Incident Records
Security Personnel Policies and Training Records, including Human Rights Training
Gender-Based Violence (GBV), Sexual Exploitation and Abuse (SEA), and Sexual Harassment (SH) Prevention Measures, if applicable
Vulnerable Group Assessments and Mitigation Measures
Public Health Management Plans (communicable diseases, vector control, occupational-community transmission risks, etc.)
Corrective and Preventive Action (CAPA) Registers for Community Health and Safety Incidents
PAPs, Resettlement and Livelihood Restoration (IFC PS5, ADB ESS 5, AIIB ESS 2)
Land Acquisition and Resettlement Planning
Land Acquisition and Resettlement Policy
Resettlement Framework (RF), if applicable
Resettlement Action Plan (RAP)
Abbreviated Resettlement Action Plan (ARAP), if applicable
Livelihood Restoration Plan (LRP)
Land Acquisition Due Diligence Reports
Resettlement Completion Audit Reports
Corrective Action Plans related to resettlement and livelihood restoration
Project-Affected Persons (PAPs)
Census and Socioeconomic Survey Reports
Inventory of Losses (IOL)
Asset Valuation Reports

Information
PAP Database and Master List
Vulnerability Assessments
Identification of Vulnerable Households and At-Risk Groups
Compensation and Livelihood Restoration
Compensation Framework and Entitlement Matrix
Compensation Agreements and Records
Proof of Compensation Payments
Livelihood Restoration Program Design and Implementation Reports
Skills Training and Employment Assistance Records
Income Restoration Monitoring Reports
Livelihood Restoration Completion Assessments
Independent Monitoring Reports, where applicable
Stakeholder Engagement and Grievance Management
Stakeholder Engagement Plan relating to land acquisition and resettlement
Consultation and Disclosure Records with PAPs
Meeting Minutes and Attendance Records
PAP Grievance Mechanism Procedures
Resettlement and Compensation Grievance Logs
Records of Resolved and Outstanding Complaints
Agreements with Communities and Affected Households
Monitoring, Evaluation, and Compliance
Internal Resettlement Monitoring Reports
External or Independent Monitoring Reports
Completion and Closure Reports
Compliance Reports submitted to regulators or lenders
Land Acquisition Progress Reports
Evidence of Restoration of Living Standards and Livelihoods
Records of Pending Land Disputes, Court Cases, Claims, or Compensation Issues
Climate Change (IFC PS1, IFC PS3, ADB ESS 9, AIIB ESS 1)
Climate Risk Assessment and Adaptation
Climate Risk and Vulnerability Assessment (CRVA)
Climate Change Risk Assessment Reports
Physical Climate Risk Assessments
Transition Climate Risk Assessments
Climate Scenario Analysis
Adaptation and Resilience Strategy
Climate Change Action Plan
Assessment of Climate-Related Hazards (flooding, extreme rainfall, drought, heat stress, storm surge, sea level rise, tropical cyclones, etc.)
Natural Hazard and Multi-Hazard Risk Assessments
Greenhouse Gas (GHG) Emissions and Carbon Management
GHG Inventory and Emissions Accounting Reports
Scope 1 and Scope 2 Emissions Data
Scope 3 Emissions Assessments (if available)
Carbon Footprint Assessments
GHG Quantification Methodologies
Emissions Monitoring Reports
GHG Reduction Targets and Decarbonization Strategy
Carbon Neutrality or Net-Zero Commitments (if any)
Energy and Resource Efficiency
Energy Management Policy
Energy Consumption Data (minimum last 3-5 years)
Energy Audits and Efficiency Assessments
Renewable Energy Assessments and Plans
Resource Efficiency Programs
Water Efficiency and Conservation Programs

Information
Energy Performance Monitoring Reports
Governance, Strategy, and Reporting
Climate Change Policy
Sustainability and ESG Strategy
Board and Management Oversight of Climate Risks
Climate-Related Risk Register
ESG Reports, if available
TCFD-, ISSB-, CDP-, or GRI-aligned Climate Disclosures, if available
Climate-Related KPIs and Performance Monitoring Reports
Financial and Operational Resilience
Business Continuity Plans addressing climate-related risks
Infrastructure Resilience Assessments
Asset Vulnerability Assessments
Climate Stress Testing Results, if available
Insurance Coverage Assessments for Climate and Natural Hazard Risks
Investment Plans for Climate Adaptation or Emissions Reduction

Additional RFIs
E&S Audit
Environmental Permits and Regulatory Compliance
ECC and EPRMP (2nd Amendment)
Hazardous Waste Generator Registration
MMT CMRs/CVMRs (2026)
Environmental Management Plans and Procedures
Construction Environmental Management Plan (CEMP)
Updated Turbidity Management Plan
Waste Management Plan
Hazardous Waste Management Plan
Updated Wastewater Management Strategy
Updated Stormwater Management Strategy
Water Use/Reuse Plan
Fuel Storage and Handling Procedures
Environmental Monitoring and Performance Records
Turbidity Monitoring Results (daily and quarterly)
Incident and Spill Records
Waste Manifests, COTs, and Disposal Records
Environmental Monitoring Reports
Contaminated Land, Soil and Material Quality
TCLP Results for Fill Materials
Soil Quality Assessment Report
Historical Area Use Information
Reclamation Material Source Documentation
5. Environmental Studies and Technical Assessments
Geotechnical Investigation Report
Bucao River Study
Smart City Pre-Feasibility Documentation
Manila Bay Cumulative Impact Assessment
Occupational Health and Safety (OHS) Management System
HSE Organizational Chart
Journey Management Plan
Method Statements
Job Safety Analyses (JSAs)
PTW Samples
OHS Training, Communication and Worker Engagement
Safety Induction and Training Records
Daily Safety Briefing Records

Additional RFIs
E&S Audit
Daily Closeout Meeting Records
Toolbox Talk Records
OHS Incident Management and Corrective Actions
Incident Logs
Near Miss Reports
Incident Investigation Reports
Corrective Action Records
OHS Inspection, Equipment and PPE Management
PPE Issuance Records
Safety Inspection Reports
Equipment Inspection Records
Maintenance Records
Labor Management System and Policies
HR Policy Manual
Labor Management Procedures
Contractor Labor Management Plans
Workforce Demographic Data
Local labor recruitment plan
Employment Practices and Worker Records
Employment Contracts
Workforce Demographic Data
Payroll Records
Benefits Records
Attendance and Overtime Records
Worker Engagement and Grievance Management
Worker Grievance Registers
Employee Engagement Survey Results
Labor Regulatory Compliance
DOLE Compliance Reports
Internal and external labor audit findings
Stakeholder Engagement
Strategic IEC Plan (August 2022)
Annual IEC Plans
Stakeholder Engagement Plan (SEP)
MMT Manual of Operations (Grievance and Redress Mechanisms)
Social sentiment analysis reports
Stakeholder database and mapping records
Grievance logs and registers
Other Documents
Audit presentation deck
Presentation deck provided to PLAA showing restricted areas in the coastal waters near the project site
Available plans and supporting documentation related to current and proposed future access restrictions

Appendix B1. Environmental and Social (E&S) Audit Programme

Environmental & Social Audit

24 August 2026



Time	Activity	Key Personnel	Proposed Venue
08:30 - 09:00	Opening Meeting with Management and Key Personnel	President/Project Sponsor, Project Director, Project Manager, ESG/Sustainability Lead, HSE Manager, Corporate Compliance Representative	SMSCIDC Office
09:00 - 09:30	Site Orientation and Overview of Project Activities	Project Director, Project Manager, Construction Manager, Site Manager	SMSCIDC Office
09:30 - 09:45	Break	-	-
09:45 - 10:00	Travel to Project Site	-	En Route
10:00 - 11:00	Site Inspection covering Environmental Management, Waste Management, Pollution Prevention, Resource Efficiency, Community Health & Safety, Occupational Health & Safety, Contractor Management, Emergency Preparedness, and Worker Welfare Facilities	Pollution Control Officer (PCO), Environmental Manager/Officer, HSE Manager, Safety Officers, Facilities/Operations Representative, Construction Manager, Contractor Representatives, and Emergency Response Team Representative	Project Site
11:00 - 12:00	Interviews with Site Management, Contractors, HSE Personnel, and Workers	Site Manager, Construction Manager, Contractor Project Managers, HSE Personnel, Worker Representatives	Project Site
12:00 - 13:30	Lunch Break and Travel Back to SMSCIDC Project Office	-	-
13:30 - 15:30	Review of Permits, Monitoring Data, Incident Records, and Compliance Documentation	PCO, Environmental Officer, HSE Manager, ESG/Sustainability Representative, Compliance Officer, Document Controller	SMSCIDC Office
15:30 - 15:45	Break		
15:45 - 17:00	Internal Team Debrief and Preliminary E&S Audit Findings	Audit Team Only	SMSCIDC Office

Appendix B2. Stakeholder Engagement Programme

Stakeholder Engagement Day 1
25 August 2026

Time	Activity	Key Audience	Proposed Venue
08:30 - 09:00	Opening and Introduction to Audit Objectives	Barangay 76 Stakeholder representatives and SMSCIDC representatives	Pasay City Hall Conference Room
09:00 - 10:00	FGD (Team A): Barangay 76 Chairperson and Barangay Council	Barangay Chairperson, Barangay Council Members, Barangay Secretary	Pasay City Hall Conference Room
09:00 - 10:00	FGD (Team B): Barangay 76 Representatives	Barangay Representatives • 3-4 Residents living nearest the project site • 3-4 Vulnerable group representatives (women, seniors, PWDs, solo parents) • 2-3 Residents who attended previous consultations • 2-3 Residents who have not attended consultations • 1-2 Community business/residential)	Pasay City Hall Conference Room
10:00 - 10:15	Break		
10:15 - 11:15	FGD (Team A): Pasay Libertad Anglers Association (PLAA)	PLAA Officers • 3 representatives who are familiar with previous consultations and communications with the Project, i.e. President/Chairperson, VP, Secretary or designated representative)	Pasay City Hall Conference Room
11:15 - 12:15	FGD (Team B): Fisherfolk Representatives	Fisherfolk Representatives • 6 active members with varying fishing patterns • 3 individuals representing vulnerable groups	Pasay City Hall Conference Room
12:15 - 13:30	Lunch		
13:30 - 15:00	Multi-agency FGD: Pasay City Government Representatives (CPDO, CENRO, City Health Office, Office of the Mayor)	CPDO, CENRO, City Health Office, Mayor's Office Representatives	Pasay City Hall Conference Room
15:00 - 17:00	Documentation and Consolidation of Stakeholder Feedback	Audit Team and SMSCIDC Representatives	Pasay City Hall Conference Room

Stakeholder Engagement Day 2
27 August 2026

Time	Activity	Key Audience	Proposed Venue
08:30 - 10:00	Follow-up Consultations and Clarification Interviews (as required)	Relevant Stakeholder Representatives (Barangay 76, PLAA, Pasay City LGU), SMSCIDC Representatives	SMSCIDC Office/Virtual Meeting with relevant stakeholders for clarifications
10:00 - 10:15	Break	-	
10:15 - 12:00	Review of Stakeholder Engagement Procedures, Grievance Mechanism, Incident Reporting, and Corrective Action Tracking (Project Level)	Audit Team, ESG/Sustainability Representatives, Community Relations Representatives, Compliance Representatives	SMSCIDC Office
12:00 - 13:00	Lunch Break		
13:00 - 15:00	Consolidation of Stakeholder Issues, Concerns, Commitments, and Responses	Audit Team, ESG/Sustainability Representatives, Community Relations Representatives	SMSCIDC Office
15:00 - 17:00	Preparation of Stakeholder Engagement Findings Summary	Audit Team	SMSCIDC Office

Corporate ESMS Audit and Final Audit Close-Out
26 August 2026

Time	Activity	Key Personnel	Proposed Venue
08:30 – 09:00	Opening Meeting, Introductions, Audit Objectives, Scope, Methodology, and Agenda Alignment	SMSCIDC Senior Management, ESG/Sustainability Head, Project Director, Project Manager, Compliance Manager, HSE Manager, Audit Team	SMSCIDC Head Office
09:00 - 09:45	Review of ESMS Framework, E&S Policies, Governance Structure, Roles and Responsibilities	ESG/Sustainability Head, Compliance Manager, Corporate Governance Representative, Risk Management Representative, HSE Manager	SMSCIDC Head Office
09:45 - 10:30	Review of E&S Risk and Impact Assessment Processes, Legal Compliance Management, and Risk Controls	ESG/Sustainability Team, Environmental Manager/PCO, Compliance Manager, Risk Management Representative	SMSCIDC Head Office
10:30 - 10:45	Break	-	-
10:45 - 11:30	Review of Labor and Working Conditions, Worker Grievance Mechanisms, Human Rights, Contractor and Supply Chain Management	HR Representative, Compliance Manager, Procurement Representative, Contractor Management Representative, ESG Team	SMSCIDC Head Office
11:30 - 12:15	Review of Environmental Management, Resource Efficiency, Pollution Prevention, Biodiversity, and Climate Change Management	Environmental Manager/PCO, ESG/Sustainability Team, Sustainability Representative	SMSCIDC Head Office
12:15 - 13:15	Lunch Break	-	-
13:15 - 14:00	Review of Occupational Health and Safety, Emergency Preparedness and Response, and Community Health and Safety Management	HSE Manager, Security Manager, Emergency Response Team Representative	SMSCIDC Head Office
14:00 - 14:45	Review of Monitoring, Inspection, Auditing, Incident Management, Corrective Actions, Reporting, and Management Review Processes	ESG/Sustainability Head, Compliance Manager, Internal Audit Representative, Risk Management Representative	SMSCIDC Head Office
14:45 - 15:30	Audit Team Consolidation of Findings	Audit Team	Audit Team Workroom / Breakout Room
15:30 - 16:00	Closing Meeting and Presentation of Preliminary Findings	SMSCIDC Senior Management, ESG/Sustainability Head, Project Director, Project Manager, HSE Manager, Compliance Manager, Corporate Affairs/Stakeholder Relations Representative, Relevant Functional Leads, Audit Team	SMSCIDC Head Office

Appendix D. Preliminary Human Rights Risk Assessment

This preliminary review has been prepared based on the E&S studies, management plans, stakeholder engagement materials, labor management arrangements, grievance mechanisms, and other project documentation reviewed for the Pasay 360 Project. The review is based on the framework of the UN Guiding Principles on Business and Human Rights (UNGPs), particularly Principles 17 to 21 relating to human rights due diligence.

This review is not intended to constitute a comprehensive or standalone Human Rights Risk Assessment (HRRRA). Rather, it provides a high-level assessment of potential human rights issues based on the information currently available and identifies areas that may warrant further consideration as part of future environmental and social assessment activities.

The review indicates that human rights considerations, including labor and working conditions, occupational health and safety, stakeholder engagement, community health and safety, livelihoods, vulnerable groups, grievance management, and supply chain issues, have already been addressed through existing environmental and social assessment processes. However, these issues have not been consolidated within a formal Human Rights Due Diligence Framework or a dedicated Human Rights Risk Assessment. Accordingly, the review highlights the principal human rights considerations evident from the available documentation and identifies potential areas where additional assessment or enhancement of management processes may be warranted.

Human Rights Context

The Pasay 360 Project is a large-scale reclamation and urban development project within Manila Bay, involving reclamation works, future infrastructure development, transport connections, utilities, commercial developments, and associated facilities. It is not expected to involve involuntary physical displacement or acquisition of privately owned land. However, it has potential interactions with a range of stakeholders whose rights and interests may be affected directly or indirectly, including workers, contractors, fisherfolk, coastal resource users, local communities, vulnerable groups, women, and other stakeholders within its area of influence.

The environmental and social documentation reviewed identifies several issues that have direct human rights dimensions, including labor and working conditions, occupational health and safety, community health and safety, fisheries livelihoods, access to marine resources, stakeholder participation, grievance management, gender inclusion, and supply chain management. Public and media discourse associated with Manila Bay reclamation projects further highlights continuing concerns regarding fisherfolk livelihoods, environmental impacts, flooding, access restrictions, and community wellbeing.

Human Rights Risk Screening

Labor and Working Conditions

SMSCIDC has established labor management arrangements through employment contracts, Code of Conduct, grievance mechanisms, whistleblowing channels, onboarding programmes, workforce development initiatives, and supplier management procedures. These arrangements address employment terms and conditions, workplace conduct, employee welfare, occupational health and safety, and grievance management.

The principal human rights risks in this area relate to:

- Freedom of association and collective bargaining
- Child labor and forced labor prevention
- Equal opportunity and non-discrimination
- Worker consultation and participation

- Conditions applicable to contractor and subcontractor workers
- Gender-based violence, harassment, and SEAH risks.

Although many of these topics are partially addressed through existing policies and procedures, dedicated human rights commitments and due diligence processes were not consistently identified across the Company's labor management framework. Overall Human Rights Risk Rating: Medium

Occupational Health and Safety

SMSCIDC has established occupational health and safety arrangements through Company and contractor procedures, worker training, emergency preparedness arrangements, incident management processes, and contractor management requirements. Health and safety oversight responsibilities are defined within the organizational structure and are supported by designated safety personnel and compliance functions.

The primary human rights risks relate to occupational injuries, fatalities, contractor safety performance, emergency response effectiveness, and worker welfare. Existing controls provide a substantial framework for managing these risks; however, opportunities remain to strengthen performance monitoring, management review, and contractor performance evaluation processes. Overall Human Rights Risk Rating: Medium-Low

Community Health and Safety

SMSCIDC has established management arrangements relating to community health and safety through stakeholder engagement processes, grievance mechanisms, issue management systems, emergency response arrangements, and environmental and social management programmes. Key issues identified through SM Pasay 360 Project studies include flooding, fisheries-related concerns, traffic impacts, coastal access, and broader community concerns associated with reclamation activities.

Potential human rights risks relate to

- Community health and safety impacts
- Flooding-related concerns
- Traffic and mobility impact
- Access to marine resources
- Community access to information and grievance mechanisms.

These risks are actively discussed in stakeholder engagement processes and public discourse and therefore remain important areas for continued management attention. Overall Human Rights Risk Rating: Medium

Livelihoods and Economic Displacement

The most significant human rights-related risk identified through the review relates to potential economic displacement and livelihood impacts affecting fisherfolk, coastal resource users, informal resource users, and other marine-dependent stakeholders. The Project documentation acknowledges livelihood-related concerns through the EIS, EPRMP, SDP, SEP, and associated consultation processes. Livelihood support programs and social development initiatives have also been established. However, both the ESMS audit and media review indicate ongoing stakeholder concerns relating to fisheries livelihoods, access restrictions, resource access, and future livelihood outcomes. Stakeholder engagement and livelihood programs have been established but a formal process for assessing continuing and future livelihood impacts, indirect economic displacement, and restrictions on access to marine resources was not fully demonstrated.

Under the UNGPs, livelihood impacts and access restrictions may represent significant human rights issues because they affect the ability of affected stakeholders to maintain their means of subsistence and economic wellbeing. Overall Human Rights Risk Rating: High

Gender, Harassment and Vulnerable Groups

The documentation reviewed demonstrates commitments to diversity, equity, inclusion, equal opportunity, worker welfare, and anti-harassment requirements. SMSCIDC leverages the broader SM Prime programs that support workforce inclusion, women's participation, salary parity, inclusive hiring, and equal opportunity practices. Women reportedly comprise approximately 56% of the workforce, and the Company supports the UN Women's Empowerment Principles. However, a standalone Gender Equality Policy, Gender Action Plan, formal GBV/SEAH framework, survivor-centered response procedures, and gender-specific performance monitoring arrangements were not identified. These issues therefore remain relevant from a human rights perspective. Overall Human Rights Risk Rating: Medium

Supply Chain and Contractor Management

The Project has established supplier accreditation, prequalification, procurement, and contractor management processes. Environmental sustainability, labor standards, human rights, and ethical business conduct are addressed through the Supplier Business Code of Conduct and associated supplier management requirements.

However, the review identified that a formal risk-based human rights due diligence framework for suppliers and contractors was not established. This includes supplier human rights screening, labor rights assessments, supplier monitoring, and risk-based oversight of higher-risk suppliers and contractors.

Overall Human Rights Risk Rating: Medium

Indigenous Peoples

The SEP references the Indigenous Peoples' Rights Act (RA 8371) and includes screening requirements relating to ancestral domain claims. However, no standalone Indigenous Peoples framework or formal procedure for identifying and engaging Indigenous Peoples as a stakeholder group was identified. Existing requirements focus primarily on ancestral domain screening rather than broader Indigenous Peoples considerations.

No evidence was identified that Indigenous Peoples or ancestral domains are directly affected by the Project. Nevertheless, future developments or associated facilities may warrant continued screening.

Overall Human Rights Risk Rating: Low

Review Against UNGP Principles 17-21

The audit showed that SMSCIDC has many of the E&S management processes that would ordinarily support a Human Rights Due Diligence system. Existing arrangements address stakeholder engagement, labor management, occupational health and safety, grievance mechanisms, livelihoods, community health and safety, contractor management, and compliance monitoring. However, these processes are currently dispersed across multiple management systems and are not consolidated into a formal Human Rights Due Diligence framework. A dedicated process for identifying, assessing, managing, monitoring, and reporting human rights risks consistent with UNGP Principles 17-21 was not identified. Formal human rights risk screening, human rights impact assessment, human rights performance monitoring, and human rights reporting requirements were not evident within the current ESMS.

Based on the information reviewed, SMSCIDC has established environmental and social management processes that address many of the issues typically covered within a Human Rights Risk Assessment. The most significant human rights risks identified relate to:

- Fisheries and livelihood impacts
- Indirect economic displacement
- Access restrictions to marine resources

- Contractor and supply chain labor risks
- Gender and SEAH-related risks
- Community health and safety impacts

The existing evidence base developed through the EIS, EPRMP, SDP, SEP, ESMS, and stakeholder engagement processes appears broadly sufficient to support a project-specific Human Rights Risk Assessment. However, a formal Human Rights Due Diligence process consistent with UNGP Principles 17-21 and Equator Principles 4 has not yet been fully demonstrated and would enhance the SMSCIDC's alignment with international lender expectations.

8 Limitations

The Environmental and Social Management System (ESMS) review and Environmental and Social Assessment (ESA) assessment is based on the documents /information provided by SM Smart City Infrastructure and Development Corporation (SMSCIDC) and information available on public domain. Any limitations in the scope or accuracy of these documents could affect the findings and recommendations.

The ESA has been conducted in a rapid approach to accommodate the overall financing process and schedule with ongoing support given by parties relating to documents provision, and the review was done by Aurecon progressively.

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