

# Supplemental ESG Disclosures

## ENVIRONMENTAL DIMENSION

### Sustainable Materials (Certified Wood)

Makati Development Corporation's (MDC) construction methodology uses minimal wood, as most of the materials used are steel and concrete. Wood purchases are used for finishing works or form works. Most wood supplies are purchased directly by the subcontractors. In 2024, wood purchased directly from suppliers accounted for less than 1% of the total materials purchased by MDC. Out of the total wood purchased in 2024, 1.15% was traced to have certifications (e.g., Global Green Tag Level C and ISO 9001:2000 for Wood Processing).

Ayala Land is reviewing its procurement practices to incorporate certified wood (e.g., FSC, PEFC) in procurement requirements for construction projects. Future disclosures will include usage percentages and certification standards.

## SOCIAL DIMENSION

### A. Gender Pay Review

As part of our ongoing commitment to equity, transparency, and inclusion, we regularly conduct a gender pay gap analysis across the organization. Our analysis indicates that our gender pay gap generally falls within industry benchmarks\*.

While no significant discrepancies were identified, we recognize that pay equity is an ongoing process that requires continuous attention and review.

We remain committed to fostering a workplace where everyone is fairly recognized and rewarded for their contributions. Our efforts will continue to include regular compensation reviews and initiatives that support career development and advancement for all employees.

*\*Based on an uncontrolled or unadjusted pay gap review. Benchmarks used are the World Economic Forum 2025 and the Forbes Advisor 2024*

## **B. Human Rights Commitment & Due Diligence**

Ayala Land is committed to upholding international human rights standards, including freedom from forced labor, child labor, and discrimination. The company is developing a due diligence process to assess risks in its operations and supply chain, which will be disclosed publicly in 2025.

In 2024, no incidents involving human rights issues were reported.

## **C. Human Rights Mitigating Measures**

### **Mitigation Measures**

We proactively identify and address potential human rights risks through:

- Human Rights Impact Assessments (HRIAs) conducted during project planning, development, operations and major operational changes.
- Stakeholder engagement with affected communities, workers, and vulnerable groups to understand concerns and co-develop solutions.
- Supplier due diligence to ensure labor rights, fair wages, and safe working conditions are upheld throughout our supply chain.
- Training and capacity building for employees and contractors on human rights awareness and grievance handling.

### **Remediation Mechanisms**

When actual human rights impacts occur, Ayala Land ensures timely and effective remedies through:

- Accessible grievance mechanisms available to employees, contractors, and community members, with clear escalation protocols.
- Independent investigations into reported incidents, ensuring impartiality and protection for whistleblowers.
- Corrective actions tailored to the nature and severity of the impact, including restitution, compensation, or policy changes.
- Collaboration with external stakeholders, including regulators and civil society, when appropriate, to ensure transparency and accountability.

## **D. Performance Appraisal**

### **Ayala Land's Performance Appraisal and Rewards System**

Ayala Land's performance management system is designed to align individual contributions with the company's strategic priorities, foster a high-performance culture, and support employee development and career progression. The system integrates goal setting, competency-based evaluation, and structured feedback mechanisms to ensure fairness, transparency, and continuous improvement.

#### **Performance Appraisal Framework**

At the start of each year, employees and their managers collaboratively set Key Result Areas (KRAs) that reflect both individual responsibilities and broader business objectives. These KRAs are aligned top-down from Ayala Land's corporate goals and are tracked using the company's digital performance management platform, Insights. Each employee is allowed a maximum of ten KRAs to ensure focus and manageability, and all goals must follow the SMART criteria—Specific, Measurable, Achievable, Relevant, and Time-bound.

In parallel, employees develop Individual Development Plans (IDPs), which outline their learning and growth objectives for the year. These plans follow the 70-20-10 model: 70% on-the-job learning, 20% social learning through mentoring and collaboration, and 10% formal training such as workshops and courses. Quarterly checkpoints are conducted to review progress on both KRAs and IDPs.

Mid-year reviews provide an opportunity for employees and managers to assess performance and recalibrate goals if necessary. At year-end, employees complete a self-assessment, followed by a formal evaluation from their manager. Ratings are deliberated by leadership teams to ensure consistency and fairness across business units.

#### **Sustainability KRA**

A minimum of 5% to 15% of the total SBU and employee KRA are linked to Sustainability Targets. These targets are aligned with the overall Ayala Land Sustainability Goals set for the year, which include the following:

- Net Zero absolute emissions and reduction
- Circular Economy and resource efficiency targets
- Green Certifications for properties
- Renewable energy adoption (i.e., shift to RE sources, on-site generation, and sustainable transportation with EV charging and fleet decarbonization)
- Decarbonization of the supply chain and reduction in embodied carbon in projects
- Use of recycled content in construction materials
- Implementation of programs specific to the business units, including review and monitoring of the ESMS and other sustainability policies and programs

These sustainability KRA and weights apply to all employees from Rank and File, supervisors, managers, senior managers, executives, and the CEO.

#### **Appraisal Grouping and Feedback**

Employees are grouped based on their roles—either within business units or functional centers of excellence (COEs). Business unit roles are rated by the BU Head, while functional roles are rated by the Functional Head, with input from the BU Head when applicable. Employees may also request feedback from both rating authorities to gain a holistic view of their performance.

The employees' weighted scores are composed of the Individual KRA results (80%) and the business unit KRA results (20%).

## **Competency-Based Assessment**

Ayala Land evaluates employees not only on results but also on competencies. Staff and supervisors are assessed on four core competencies: Drive for Results, Problem Solving, Customer Focus, and Collaboration. Managers and executives are evaluated on a broader set of core and leadership competencies, including Strategic Agility, Innovation and Change Management, Influential Leadership, and Developing Others.

## **Rating and Evaluation**

**Ayala Land uses a five-point rating scale to assess performance:**

- A rating of 5 indicates outstanding performance, where the employee has exceeded all targets
- A rating of 4 reflects performance that exceeds expectations
- A rating of 3 signifies that the employee has met all targets
- A rating of 2 suggests that some targets were met, but improvement is needed.
- A rating of 1 indicates underperformance, where most targets were missed. In such cases, a Performance Improvement Plan (PIP) is initiated to support the employee's development.

These ratings are linked to coaching and development actions, and they directly inform annual performance bonuses and promotion decisions.

## **Promotion Standards**

Promotion decisions are based on a structured set of criteria to ensure objectivity and meritocracy. Employees must demonstrate consistent performance, typically a rating of 3 or higher over the past three years. They must also meet the competencies of the next level and provide evidence of behaviors aligned with Ayala Land's core values. A concrete development plan, including cross-posting assignments and timelines, is required to support the promotion.

## **Rewards and Recognition**

Ayala Land's rewards system is closely tied to performance outcomes. Annual bonuses are determined based on KRA ratings and may be awarded in cash or stock options. For executives, performance evaluations include both financial and non-financial metrics.

In addition to monetary rewards, Ayala Land invests in employee development through platforms like LinkedIn Learning, with a minimum requirement of nine hours of training per employee annually. The company also tracks globally certified talent development across key functions such as project development, construction, marketing, and sales.

## **Engagement and Feedback**

Employee engagement is a critical component of Ayala Land's performance culture. The company conducts engagement surveys every 2 years with a target of 100% participation. Results are cascaded through focus group discussions, and action plans are developed to address employee concerns. These insights inform both individual development and organizational strategy.

## **Annual Timeline**

The performance appraisal cycle follows a structured annual timeline. Goal setting and IDP planning occur in January, followed by ratings and promotion deliberations in February and March. KRAs are finalized in April, with quarterly IDP checkpoints and mid-year reviews conducted from June to September. Final ratings and self-assessments are completed in December, along with the finalization of IDPs.

## **E. Tenant Health & Wellbeing**

Initiatives for tenant health and well-being are integrated into the design and operations of the properties.

1. Indoor air quality – HVAC systems are equipped with HEPA filters and cleaned regularly. IAQ is also measured and monitored regularly.
2. Water quality – Regular testing is conducted on the water running within the building to ensure potable levels.
3. Visual comfort of daylight – Buildings are designed to maximize natural daylight while maintaining optimal cooling. Sun paths are considered in the orientation of the building.
4. Physical activity – Most properties are situated near facilities that encourage exercise and official activities such as gyms, sports centers, and parks.
5. Thermal comfort – temperature in common areas is monitored regularly and maintained at comfortable levels through the central cooling system.
6. Accessibility – Properties are designed for accessibility and universal design, such as ramps, handlebars, elevators, escalators, lactation rooms, family restrooms, etc.
7. Biophilic design or connection to the environment – properties incorporate green or open space as much as possible. Green roofs and vertical gardens are integrated into the design of newer buildings.
8. Safety – Buildings are compliant with the fire code and building codes of the Philippines. Evacuation plans are cascaded to all tenants. Information campaigns, trainings, and emergency drills are conducted regularly in coordination with related government agencies, such as the Bureau of Fire Protection, Local Police, Municipal Health Office, Red Cross, and the Disaster Risk and Management unit of the local government.

The company aims to develop future buildings aligned with WELL Building standards for certification. Tenant feedback is collected quarterly through a customer satisfaction survey and feedback channels. Tenant feedback is used to improve services and amenities.